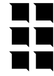
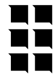
Eaton Vance

2014 Annual Report



Celebrating ninety years



and just getting started.

To Shareholders and Friends of Eaton Vance:

Fiscal 2014 was a year of transition and investment for Eaton Vance. We completed a leadership change in the equity group of Eaton Vance Management (EVM), which had one of its best performance years in recent history. We enhanced the leadership of our municipal income group and, here again, had one of our best performance periods in recent years. At affiliate Parametric Portfolio Associates (Parametric), we finalized the transition to an integrated institutional marketing and client service team covering all Parametric strategies, and saw nearly 30 percent annual growth in the businesses of the former Clifton Group Investment Management Company (Clifton) acquired at the end of 2012. Our broader sales and marketing organization focused attention on developing four emerging franchises with significant growth potential, driving an increase in their managed assets to $9.2 billion from $3.3 billion at the beginning of the fiscal year. And we advanced our NextShares™ exchange-traded managed fund initiative toward expected market introduction in 2015.

When a company's chief executive describes a recently completed fiscal year as a period of transition and investment, it may suggest that financial results did not meet expectations. I am pleased to report that was not the case for Eaton Vance in 2014.

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Eaton Vance had a record $2.48 of adjusted earnings per diluted share[1] in fiscal 2014, an increase of 19 percent over the $2.08 of adjusted earnings per diluted share in fiscal 2013. As determined under U.S. generally accepted accounting principles (GAAP), we earned $2.44 per diluted share in fiscal 2014 compared to $1.53 per diluted share in fiscal 2013. Adjusted earnings differed from GAAP earnings in fiscal 2014 due primarily to increases in the estimated redemption value of non-controlling interests in our affiliates.

In fiscal 2014, the Company's consolidated revenue increased seven percent to $1.45 billion, while operating income grew 15 percent to $520 million. Operating margins increased to 35.8 percent from 33.4 percent in fiscal 2013, reflecting solid revenue growth and diligent cost control.

During the fiscal year, we used $322 million to repurchase and retire 8.5 million shares of our non-voting common stock and paid $106 million of dividends to shareholders. We declared regular quarterly dividends of $0.91 per share, an increase of 11 percent. This was the 34th consecutive fiscal year in which we raised our regular dividend.

Consolidated assets under management climbed to an all-time high $297.7 billion at October 31, 2014, an increase of six percent over $280.7 billion at the end of fiscal 2013. The year-over-year increase in consolidated assets under management reflects $14.4 billion of price appreciation in managed assets and $2.8 billion of net inflows into long-term funds and separate accounts, our 19th consecutive year of positive net flows.

Fiscal 2014 consolidated net flows were led by Parametric customized exposure management services, which had $9.2 billion of net inflows, equating to 22 percent organic growth. The growth of this former Clifton franchise reflects the compelling value proposition offered to large institutional investors and expanded distribution post-transaction. Parametric customized exposure management services utilize financial futures and other instruments to enable clients to add or subtract specified market exposures as overlays to their underlying portfolio positions, thereby reducing cash drag, better matching the duration of assets and liabilities, and facilitating more efficient and flexible management across their portfolios. Following the Clifton acquisition, Parametric has quickly emerged as a market leader in this growing specialty.

Also contributing to our net flows and organic growth in fiscal 2014 were four emerging franchises: multi-sector income, municipal bond ladders, defensive equity and global allocation strategies offered in conjunction with Richard Bernstein Advisors (RBA). Altogether, these four investment areas had net inflows of $5.1 billion during the fiscal year.

[1]See footnote 1 at bottom of page 17.

Our multi-sector income franchise, led by EVM's co-head of investment-grade fixed income Kathleen Gaffney, continues to build an exceptional record of investor returns and business growth. Eaton Vance Bond Fund, our flagship multi-sector fund, has delivered industry-leading total returns since its introduction in January 2013.

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As of fiscal year-end, Bond Fund's class I shares ranked in the top three percent of its Morningstar category on both a one-year and life-of-fund basis. The $1.6 billion of net flows into EVM multi-sector income strategies in fiscal 2014 brought managed assets to $1.8 billion. Assets and flows were heavily concentrated in the retail channel, and Bond Fund in particular. We introduced a version of Bond Fund for the variable annuity market late in fiscal 2014 and a related strategy, Eaton Vance Bond Fund II, shortly after fiscal year-end. In fiscal 2015, we expect to begin funding multi-sector income separate account mandates in the institutional market, a significant untapped opportunity. We view multi-sector income as one of our most promising growth avenues over the coming years.

Since initiating the management of municipal bond laddered separate accounts in 2011, we have established ourselves as a market leader in this rapidly growing segment of the municipal bond marketplace. Fiscal 2014 net inflows of $1.6 billion increased managed assets to $3.3 billion at fiscal year-end. Developed by our Tax-Advantaged Bond Strategies (TABS) team in New York, EVM's laddered municipal capability offers unrivaled flexibility, customization and analytical support to financial advisors and their clients, backed by a robust technology infrastructure to support large-scale operations. We see enormous growth opportunities as more and more advisors and investors discover this low-cost management option for their municipal portfolios. According to the Federal Reserve, over $1.5 trillion of municipal bonds are held directly by the household sector, generally without ongoing oversight by municipal investment professionals.

Our defensive equity strategy is offered by Parametric to institutional investors in both collective fund and separate account formats. Managed by the former Clifton team in Minneapolis, the strategy applies a transparent, rules-based options overlay to a portfolio of equity and cash investments, providing a hedged equity return profile at significantly lower cost than hedge funds. The $1.2 billion of net inflows into Parametric defensive equity mandates increased managed assets in the strategy to $2.5 billion at fiscal year-end. Based on the broad appeal to institutions of hedged equity exposures with favorable pricing, we expect strong growth to continue.

Our collaboration with RBA includes sponsorship of RBA-subadvised Eaton Vance mutual funds and the distribution of RBA-advised exchange-traded fund (ETF) model portfolios through major broker-dealers. In fiscal 2014, strategies offered in collaboration with RBA had net inflows of approximately $800 million and increased net assets to $1.6 billion. In September, we launched Eaton Vance Richard Bernstein Market Opportunities Fund, a long/short all-asset strategy, as our third fund offering in this lineup. Growth of this franchise is supported by the widespread

appeal of the top-down, global allocation strategies in which RBA specializes and Richard Bernstein's outstanding reputation in the marketplace.

Organic growth in the above-described strategies in fiscal 2014 was largely offset by net outflows from three investment areas: EVM large-cap value equity, EVM global income and Atlanta Capital Management (Atlanta Capital) growth and core equity. Net outflows from large-cap value were $5.0 billion, reflecting the retirement of long-time value team leader Michael Mach during the fiscal year. With new leadership and a much-improved investment performance record, better days appear to be ahead for this $8.5 billion franchise.

The $3.4 billion of net outflows from global income mandates was concentrated in the first half of the fiscal year, reflecting heightened uncertainty during that period regarding the outlook for emerging-market economies and disappointment in the 2013 returns of Eaton Vance Global Macro Absolute Return (GMAR) Fund, which were modestly negative. Although concerns about the health of emerging-market economies continue, the better absolute and relative performance of GMAR Fund in 2014 supports an improving outlook for our global income franchise. Just after the end of the fiscal year, we introduced Eaton Vance Global Macro Capital Opportunities Fund, an equity fund emphasizing country allocation across emerging and frontier markets.

Net outflows from Atlanta Capital growth and core equity franchises totaled $2.0 billion in fiscal 2014, reflecting disappointing relative performance amid a challenging environment for high-quality investing. On the growth side, $600 million of the $1.6 billion net outflows came as the result of a long-standing client's decision to convert to passive management. Net outflows from Atlanta Capital's core equity strategies largely reflect the 2013 decision to close the successful Eaton Vance Atlanta Capital SMID-Cap Fund to most new investors due to capacity constraints.

A large and important investment franchise with variable flows during the fiscal year was floating-rate bank loans. After exceptional growth in fiscal 2013, our bank loan flows turned negative in the second half of fiscal 2014, as continuing strong institutional flows were offset by outflows from retail investors. Floating-rate net inflows were $900 million for fiscal 2014 as a whole, versus $14.9 billion in fiscal 2013. The deteriorating trend of bank loan net flows reflects growing complacency among retail investors about the potential for U.S. interest rates to rise. This strikes us as unwarranted, given signals from the Federal Reserve that they intend to begin orchestrating interest rate increases in 2015. Unlike fixed-income securities, floating-rate loans are not susceptible to declines in value due to rising interest rates.

Parametric continued to be a growth engine inside Eaton Vance in fiscal 2014, as managed assets increased 16 percent to $136.2 billion.

Parametric continued to be a growth engine inside Eaton Vance in fiscal 2014, as managed assets increased 16 percent to $136.2 billion. Among traditional Parametric offerings, net inflows were $1.0 billion for systematic emerging-market equities (EME) and $800 million for tax-managed core equities. Net assets in systematic EME strategies increased to nearly $22 billion, driven by continuing strong relative investment performance.

At fiscal year-end, Parametric's flagship Tax-Managed Emerging Markets Fund was rated five stars by Morningstar.

As of fiscal year-end, 43 Eaton Vance and Parametric mutual funds—representing over 70 percent of our fund assets—were rated four or five stars by Morningstar for at least one class of shares. This compares to 35 four or five star-rated funds at the end of fiscal 2013.

> For Eaton Vance as a whole, fiscal 2014 was a period of strong investment performance.

Among our equity mutual funds, 76 percent of managed assets at fiscal year-end were in share classes that ranked in the top half of their respective Morningstar peer groups for one-year performance. During the fiscal year, Eddie Perkin joined EVM as chief equity investment officer and head of the value investing team. Eddie was formerly with Goldman Sachs Asset Management, where he served most recently as Chief Investment Officer of International and Emerging Markets Equity. In a few short months, Eddie has brought renewed energy and focus to EVM's equity management and implemented a series of process enhancements that I am confident will result in sustained performance leadership.

Our fixed income and alternative mutual funds also had strong performance in fiscal 2014, with 93 percent of managed assets beating their Morningstar peer group medians on a one-year basis at fiscal year-end. Among the income areas with notably strong performance was municipal bonds. Early in fiscal 2014, Craig Brandon joined Cindy Clemson as co-director of the Boston municipals group, replacing Tom Metzold in that role. Tom continues to manage or co-manage four of EVM's largest municipal bond funds.

During the fiscal year, we made significant progress advancing NextShares exchange-traded managed funds toward regulatory approval and commercial introduction. NextShares are a proposed new type of open-end investment fund combining features and benefits of actively managed mutual funds and ETFs. Like active mutual funds, NextShares seek to outperform their benchmark index and peer funds by applying their manager's investment insights and research judgments. Like ETFs, NextShares will utilize an exchange-traded structure with built-in cost and tax advantages that can meaningfully enhance shareholder returns. Different from today's actively managed ETFs, NextShares will seek to maintain the confidentiality of fund trading information and offer transparency of shareholder trading costs.

Shortly after the close of the fiscal year, the Securities and Exchange Commission granted EVM and related parties exemptive relief to permit the offering of NextShares and approved a new NASDAQ Stock Exchange rule governing the listing and trading of NextShares. These favorable regulatory developments should position us to introduce the first Eaton Vance-sponsored NextShares funds in 2015, and also support licensing of the underlying technology to other fund families. We continue to view NextShares as a significant advance in the evolution of fund investing, a forward leap for active management and a major business opportunity for Eaton Vance. Fiscal 2015 promises to be a busy year for our NextShares initiative.

Another notable event occurring just after fiscal year-end was the 90th anniversary of the founding of predecessor company Eaton & Howard, Inc. On December 1, 1924, Charles

Eaton and John Howard announced the opening of a new professional firm to conduct a "general investment business" in Boston. Eaton and Howard envisioned "an investment firm of a different type" because they believed "no investment house was taking the point of view of, and working exclusively for, the best interest of the investor." The new firm focused initially on serving investment counsel clients in the northeast, but expanded quickly to add a west coast presence – opening a San Francisco office in 1929 – and a fund management business – establishing what we now know as Eaton Vance Large-Cap Value Fund in 1931. In 1979, Eaton & Howard merged with another old-line Boston money manager, Vance, Sanders & Company, to form Eaton Vance.

Since 1924, the secret to Eaton Vance's success has been one thing: our people.

This anniversary is a reminder of Eaton Vance's long history, and the commitment to investment excellence, innovation and client service that has characterized the Company over nine decades. Since 1924, the secret to Eaton Vance's success has been one thing: our people.

Our strong business reputation, the performance excellence we deliver and our record of value-added innovation are all testimony to the people of Eaton Vance and the culture that binds us together in pursuit of outstanding results for our clients and business partners. The 1,403 employees listed on the back of this report are stewards of a proud legacy. In closing, I wish to thank them for another strong performance year.

Sincerely,

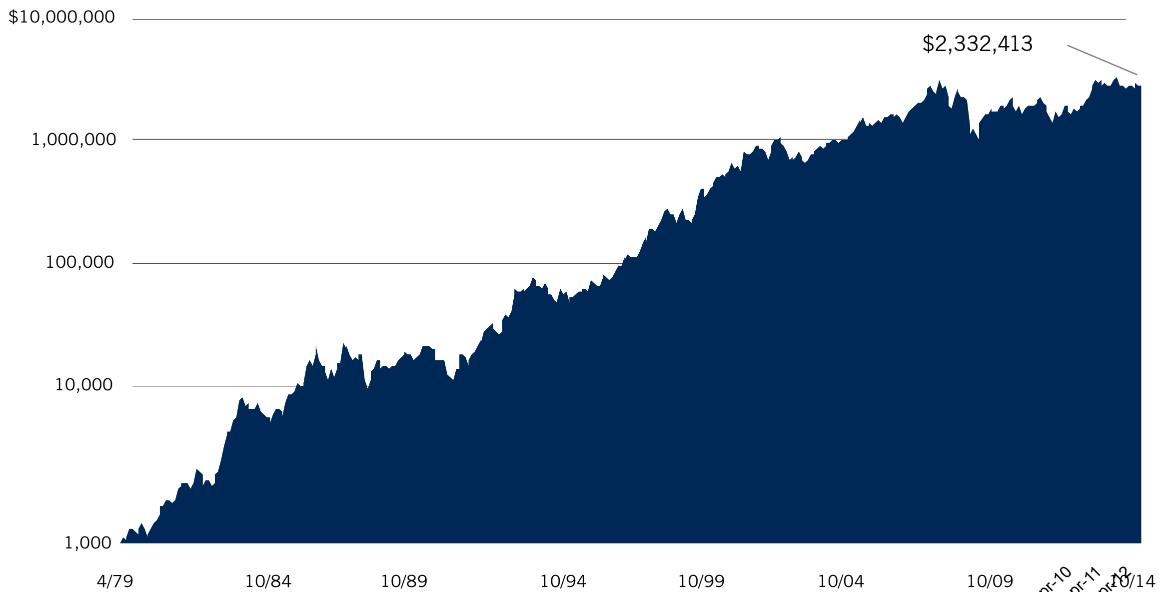
Thomas E. Faust Jr.
Chairman and Chief Executive Officer

Historical Stock Returns

Eaton Vance Corp. was formed by the merger on April 30, 1979 of two Boston-based investment managers: Eaton & Howard, Inc. founded in 1924, and Vance, Sanders & Company, organized in 1934.

Eaton Vance Corp.

Value of $1,000 invested April 30, 1979



Assumes reinvestment of all dividends and proceeds of 1995 spinoff of Investors Financial Services Corp. Source: FactSet, Eaton Vance.

Best-Performing Publicly Traded U.S. Stocks

April 30, 1979 to October 31, 2014

Rank	Company	Annual Return
1	Eaton Vance Corp.	24.4%
2	Kansas City Southern	24.1
3	Helen of Troy Limited	22.8
4	TJX Companies, Inc.	22.8
5	L Brands, Inc.	22.3
	Standard & Poor's 500 Index	11.9

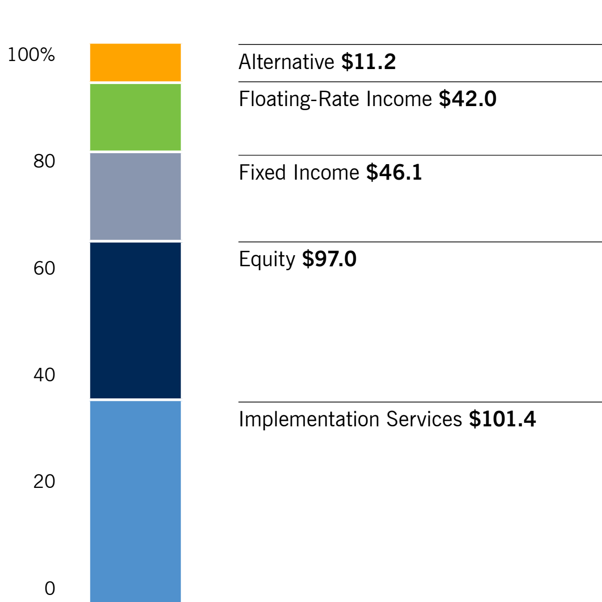
Total return with dividends reinvested. Source: FactSet.

Assets Under Management

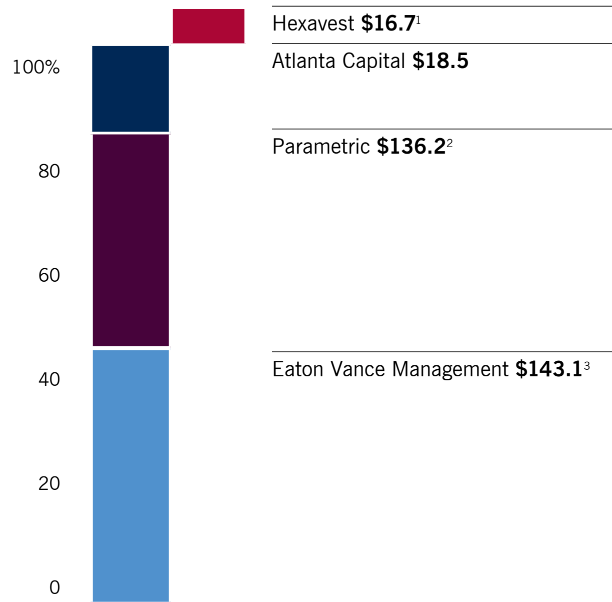
as of October 31, 2014

Consolidated Total: $297.7 billion

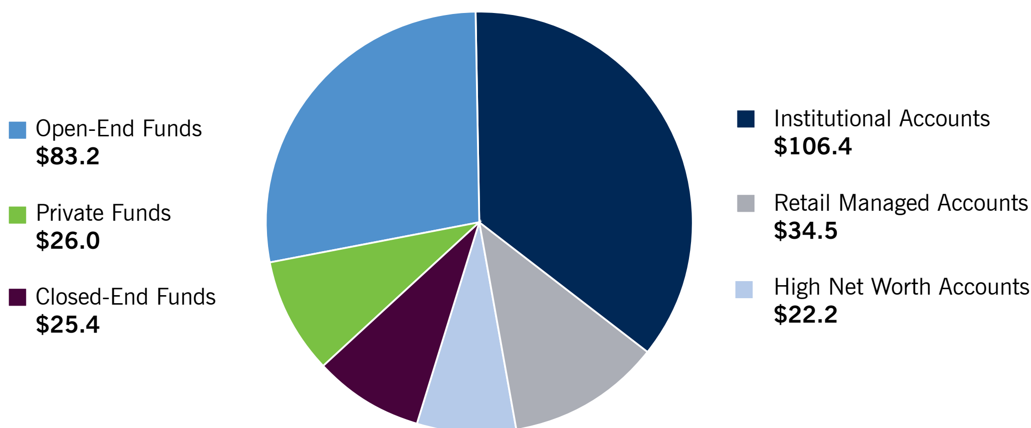
by Investment Category (in billions)



by Investment Affiliate (in billions)



by Investment Vehicle (in billions)



[1]Eaton Vance holds a 49% interest in Hexavest Inc., a Montreal-based investment adviser. Other than Eaton Vance-sponsored funds for which Hexavest is adviser or subadviser, the managed assets of Hexavest are not included in Eaton Vance's consolidated totals.

[2]Includes managed assets of Parametric Risk Advisors LLC.

[3]Includes managed assets of Eaton Vance Investment Counsel and Fox Asset Management LLC. Also includes approximately $4.1 billion of Eaton Vance-sponsored funds and accounts managed by third-party advisers under Eaton Vance supervision.

The Eaton Vance Investment Affiliates

Our principal investment affiliates Eaton Vance Management, Parametric, Atlanta Capital and Hexavest offer a range of distinctive strategies. Investment approaches include bottom-up and top-down fundamental active management, rules-based systematic alpha investing and implementation of passive strategies. This broad diversification provides us the opportunity to address a wide range of investor needs and to offer products and services suited for various market environments.

Eaton Vance Management

History dating to 1924
AUM: $143.1 billion

Fundamental active managers: In-depth fundamental analysis is the primary basis for our investment decision-making across a broad range of equity, income and alternative strategies.

Equity	U.S. Open-End Funds	Closed-End Funds	Retail Managed Accounts	Institutional Vehicles	Non-U.S. Funds
Dividend/Global Dividend	●	■	○	□	
Equity Option	●	■			
Large-Cap Core	●				
Large-Cap Growth	●		○	□	
Large-Cap Value	●		○	□	△
Multi-Cap Growth	●				
Real Estate	●			□	
Small-Cap Core	●			□	
Small-Cap Value	●		○	□	
SMID-Cap Core	●			□	
Tax-Managed	●	■			

Taxable Fixed Income	U.S. Open-End Funds	Closed-End Funds	Retail Managed Accounts	Institutional Vehicles	Non-U.S. Funds
Cash Management	●			□	
Core Bond/Core Plus	●		○	□	
Emerging Market Local Debt	●			□	△
High Yield	●			□	△
High Yield-Short Duration	●			□	
Investment-Grade Corporate			○	□	
Laddered Corporate			○		
Mortgage-Backed Securities	●				
Multi-Sector	●	■		□	△
Preferred Securities			○	□	
Inflation-Linked	●				
Taxable Municipal	●		○		

Floating-Rate Income	U.S. Open-End Funds	Closed-End Funds	Retail Managed Accounts	Institutional Vehicles	Non-U.S. Funds
Floating-Rate Loans	●	■		□	△

Tax-Advantaged/Municipal Income	U.S. Open-End Funds	Closed-End Funds	Retail Managed Accounts	Institutional Vehicles	Non-U.S. Funds
Laddered Municipal					
National			○		
State-Specific			○		
Municipal Income					
Floating Rate	●				
High Yield	●				
National	●	■	○		
State-Specific	●	■	○		
Opportunistic Municipal	●	■			
Tax-Advantaged Bond	●	■	○	□	

Asset Allocation	U.S. Open-End Funds	Closed-End Funds	Retail Managed Accounts	Institutional Vehicles	Non-U.S. Funds
Balanced	●		○	□	
Global Tactical Asset Allocation	●			□	
Multi-Asset Income			○		

Alternative	U.S. Open-End Funds	Closed-End Funds	Retail Managed Accounts	Institutional Vehicles	Non-U.S. Funds
Currency	●			□	
Global Macro Absolute Return	●			□	△
Hedged Equity	●	■			
Multi-Strategy Absolute Return	●			□	

● U.S. Open-End Funds
■ Closed-End Funds
○ Retail Managed Accounts
□ Institutional Vehicles
△ Non-U.S. Funds

Founded in 1987
AUM: $136.20 billion

Leaders in engineered portfolio solutions: Rules-based alpha-seeking equity, alternative and options strategies, and implementation services such as tax-managed core equity, customized exposure management and centralized portfolio management.

Equity					
Dividend Income	●		○	□	
Emerging Markets	●			□	△
Global				□	
Global Small-Cap	●			□	
Global ex U.S.	●			□	
U.S.			○	□	

Options				
Absolute Return	●	■	○	□
Covered Calls			○	□
Defensive Equity				□
Dynamic Hedged Equity			○	□

Alternative and Income			
Commodity	●		□
Enhanced Income	●	○	□
Risk Parity	●		□

Implementation		
Centralized Portfolio Management	○	□
Customized Exposure Management		□
Specialty Index	○	□
Tax-Managed Core	○	□

Founded in 1969
AUM: $18.5 billion

Specialists in high-quality investing: Actively managed high-quality U.S. stock and bond portfolios constructed using bottom-up fundamental analysis.

Equity			
Large-Cap Growth	●	○	□
Mid-Cap Growth	●		□
Mid-Large Cap	●		□
Small-Cap		○	□
SMID-Cap	●	○	□

Taxable Fixed Income	
High Quality Broad Market	□
High Quality Intermediate	□
High Quality Short Term	□

Founded in 2004
AUM: $16.7 billion

Top-down global managers: Global equity and tactical asset allocation strategies combining fundamental research and proprietary quantitative models.

Equity			
Canadian		□	
Emerging Markets	●	□	
European		□	△
Global – All Country		□	△
Global – Developed	●	□	△
Global ex U.S.	●	□	
U.S.	●	□	

Alternative	
Global Macro	□
Global Tactical Asset Allocation	□

Eaton Vance also sponsers U.S. mutual funds managed by third-party managers

AGF Investments	Global Natural Resources
Armored Wolf	Commodity Strategy
LGM Investments	Asian Small Companies Greater India Greater China Growth
Richard Bernstein Advisors	All Asset Strategy Equity Strategy Market Opportunities
Orbimed Advisors	Worldwide Health Sciences

Key Statistics

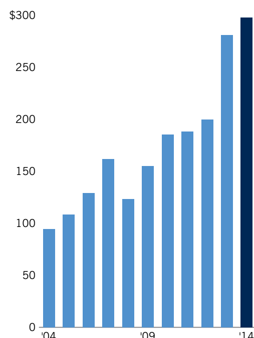
Fiscal Year Ending October 31, (in $ millions, except per share and employee amounts)	2014	2013	% Change
Ending consolidated assets under management	297,735	280,669	6%
Average consolidated assets under management	288,206	251,251	15%
Gross inflows	106,750	97,635	9%
Net inflows	2,752	24,715	-89%
Revenue	1,450	1,358	7%
Operating income	520	453	15%
Operating income margin	*35.8%*	*33.4%*	-
Net income attributable to Eaton Vance Corp. shareholders	304	194	57%
Net income margin	*21.0%*	*14.3%*	-
Adjusted net income attributable to Eaton Vance Corp. shareholders[1]	*310*	*263*	*18%*
Adjusted net income margin	*21.4%*	*19.4%*	-
Earnings per diluted share	2.44	1.53	59%
Adjusted earnings per diluted share[1]	2.48	2.08	19%
Dividends declared per share			
-Regular	0.91	0.82	11%
-Special	-	1.00	NM
Cash and cash equivalents	385	462	-17%
Debt	574	573	0%
Employees	1,403	1,330	5%
Market capitalization	4,340	5,069	-14%

NM = not meaningful

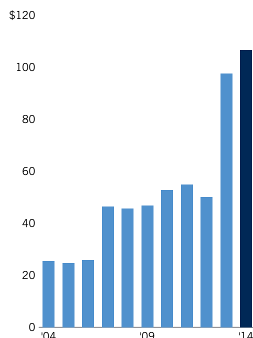
[1]See footnote on next page.

Performance Trends

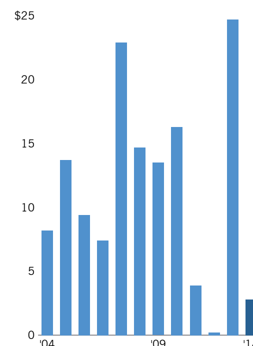
Assets Under Management
(in billions)



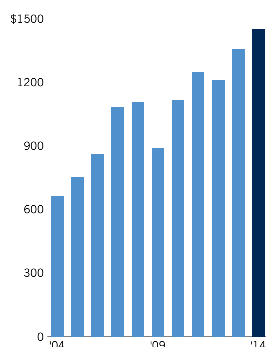
Gross Inflows
(in billions)



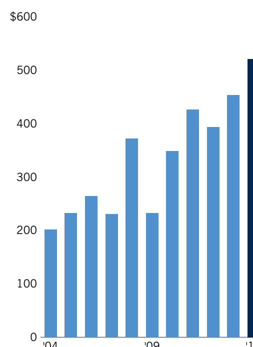
Net Inflows
(in billions)



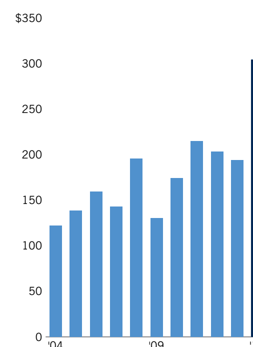
Revenue
(in millions)



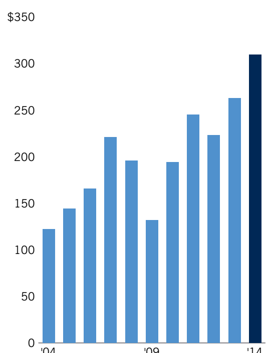
Operating Income
(in millions)



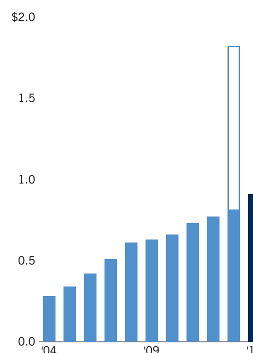
Net Income Attributable to
Eaton Vance Shareholders
(in millions)



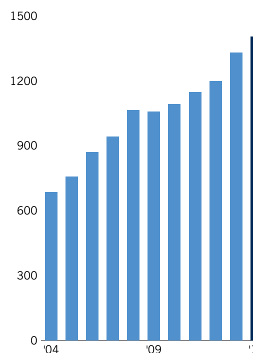
Adjusted Net Income Attributable to
Eaton Vance Shareholders[1]
(in millions)



Dividends Declared Per Share[2]



Employees



[1]Adjusted net income attributable to EVC shareholders differs from net income attributable to EVC shareholders as determined under U.S. generally accepted accounting principals (GAAP) due to adjustments in connection with changes in the estimated redemption value of non-controlling interests in affiliates redeemable at other than fair value, closed-end fund structuring fees and other items management deems non-recurring or non-operating in nature, such as special dividends, costs associated with the extinguishing of debt and tax settlements. Adjusted earnings per diluted share applies the same adjustments to earnings per diluted share. The Company's use of these adjusted numbers, including reconciliations of net income attributable to EVC shareholders to adjusted net income attributable to EVC shareholders and earnings per diluted share to adjusted earnings per diluted share, is discussed in "Management's Discussion and Analysis of Financial Condition and Results of Operations" included within this Annual Report.

[2]The Company declared and paid a special dividend of $1.00 per share in fiscal 2013.

Financial Review

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Five-Year Financial Summary

The following table contains selected financial data for the last five years. This data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Consolidated Financial Statements and Notes to the Consolidated Financial Statements included elsewhere in the Annual Report.

Financial Highlights

	For the Years Ended October 31,				
(in thousands, except per share data)	**2014**	**2013**	**2012**	**2011**	**2010**
Income Statement Data:					
Total revenue	$ 1,450,294	$ 1,357,503	$ 1,209,036	$ 1,248,606	$ 1,115,960
Operating income	519,857	453,007	392,992	426,232	347,581
Net income	321,164	230,426	264,768	227,574	201,225
Net income attributable to non-controlling and other beneficial interests[1]	16,848	36,585	61,303	12,672	26,927
Net income attributable to Eaton Vance Corp. shareholders	304,316	193,841	203,465	214,902	174,298
Adjusted net income attributable to Eaton Vance Corp. shareholders[2]	309,627	262,942	223,331	245,118	194,269
Balance Sheet Data:					
Total assets[3]	$ 1,860,086	$ 2,407,249	$ 1,979,491	$ 1,831,300	$ 1,258,540
Debt[4]	573,655	573,499	500,000	500,000	500,000
Redeemable non-controlling interests (temporary equity)	107,466	74,856	98,765	100,824	67,019
Total Eaton Vance Corp. shareholders' equity	655,176	669,784	612,072	460,415	410,285
Non-redeemable non-controlling interests	2,305	1,755	1,513	889	570
Total permanent equity	657,481	671,539	613,585	461,304	410,855
Per Share Data:					
Earnings per share:					
Basic earnings	$ 2.55	$ 1.60	$ 1.76	$ 1.82	$ 1.47
Diluted earnings	2.44	1.53	1.72	1.75	1.40
Adjusted diluted earnings[2]	2.48	2.08	1.89	2.00	1.56
Cash dividends declared	0.91	1.82	0.77	0.73	0.66

(1) *Net income attributable to non-controlling and other beneficial interests reflects an increase of $5.3 million, $24.3 million, $19.9 million, $30.2 million and $18.4 million in the estimated redemption value of redeemable non-controlling interests in our majority-owned subsidiaries in fiscal 2014, 2013, 2012, 2011 and 2010, respectively. Net income attributable to non-controlling and other beneficial interests also includes net income (loss) of $(4.1) million, $(8.5) million, $22.6 million and $(34.5) million, respectively, in fiscal 2014, 2013, 2012, and 2011 substantially borne by other beneficial interest holders of consolidated collateralized loan obligation ("CLO") entities.*

(2) *The Company defines adjusted net income attributable to Eaton Vance Corp. shareholders and adjusted earnings per diluted share as net income attributable to Eaton Vance Corp. shareholders and earnings per diluted share, respectively, adjusted to exclude changes in the estimated redemption value of non-controlling interests redeemable at other than fair value ("non-controlling interest value adjustments"), closed-end fund structuring fees and other items management deems non-recurring or non-operating in nature, or otherwise outside the ordinary course (such as special dividends, costs associated with the extinguishment of debt and tax settlements). Adjusted net income attributable to Eaton Vance Corp. shareholders and adjusted earnings per diluted share should not be construed to be a substitute for, or superior to, net income attributable to Eaton Vance Corp. shareholders and earnings per diluted share computed in accordance with accounting principles generally accepted in the United States of America. Our use of these adjusted numbers, including reconciliations of net income attributable to Eaton Vance Corp. shareholders to adjusted net income attributable to Eaton Vance Corp. shareholders and earnings per diluted share to adjusted earnings per diluted share, is discussed in "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this report.*

(3) *Total assets on October 31, 2014, 2013, 2012 and 2011 include $156.5 million, $728.1 million, $468.4 million and $481.8 million of assets held by consolidated CLO entities, respectively.*

(4) *In fiscal 2013, the Company tendered $250 million of its 6.5 percent Senior Notes due 2017 and issued $325 million of 3.625 percent Senior Notes due 2023. The Company recognized a loss on extinguishment of debt totaling $53.0 million in conjunction with the tender in fiscal 2013.*

Management's Discussion and Analysis of Financial Condition and Results of Operations

General

Our principal business is managing investment funds and providing investment management and advisory services to high-net-worth individuals and institutions. Our core strategy is to develop and sustain management expertise across a range of investment disciplines and to offer leading investment products and services through multiple distribution channels. In executing this strategy, we have developed broadly diversified investment management capabilities and a highly functional marketing, distribution and customer service organization. Although we manage and distribute a wide range of investment products and services, we operate in one business segment, namely as an investment adviser to funds and separate accounts.

Through our subsidiaries Eaton Vance Management ("EVM") and Atlanta Capital Management, LLC ("Atlanta Capital") and other affiliates we manage active equity, income and alternative strategies across a range of investment styles and asset classes, including U.S. and global equities, floating-rate bank loans, municipal bonds, global income, high-yield and investment grade bonds. Through our subsidiary Parametric Portfolio Associates LLC ("Parametric"), we manage a range of engineered alpha strategies, including systematic equity, systematic alternatives and managed options strategies, and provide portfolio implementation services, including tax-managed core and specialty index strategies, customized exposure management services and centralized portfolio management of multi-manager portfolios. We also oversee the management of, and distribute, investment funds sub-advised by third-party managers, including global, regional and sector equity, commodity and asset allocation strategies. Our breadth of investment management capabilities supports a wide range of products and services offered to fund shareholders, retail managed account investors, institutional investors and high-net-worth clients. Our equity strategies encompass a diversity of investment objectives, risk profiles, income levels and geographic representation. Our income investment strategies cover a broad duration and credit quality range and encompass both taxable and tax-free investments. We also offer a range of alternative investment strategies, including commodity- and currency-based investments and a spectrum of absolute return strategies. As of October 31, 2014, we had $297.7 billion in assets under management.

Our principal retail marketing strategy is to distribute funds and separately managed accounts principally through financial intermediaries in the advisory channel. We have a broad reach in this marketplace, with distribution partners including national and regional broker-dealers, independent broker-dealers, registered investment advisors, banks and insurance companies. We support these distribution partners with a team of approximately 130 sales professionals covering U.S. and international markets.

We also commit significant resources to serving institutional and high-net-worth clients who access investment management services on a direct basis. Through our wholly owned affiliates and consolidated subsidiaries we manage investments for a broad range of clients in the institutional and high-net-worth marketplace in the U.S. and internationally, including corporations, sovereign wealth funds, endowments, foundations, family offices and public and private employee retirement plans.

Our revenue is derived primarily from investment advisory, administrative, distribution and service fees received from Eaton Vance funds and investment advisory fees received from separate accounts. Our fees are based primarily on the value of the investment portfolios we manage and fluctuate with changes in the total value and mix of assets under management. As a matter of course, investors in our sponsored open-end funds and separate accounts have the ability to redeem their investments at any time, without prior notice, and there are no material restrictions that would prevent them from doing so. Our major expenses are employee compensation, distribution-related expenses, facilities expense and information technology expense.

Our discussion and analysis of our financial condition and results of operations is based upon our Consolidated Financial Statements, which have been prepared in accordance with accounting principles generally accepted in

the United States of America ("U.S. GAAP"). The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosures of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates, including those related to goodwill and intangible assets, income taxes, investments and stock-based compensation. We base our estimates on historical experience and on various assumptions that we believe to be reasonable under current circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates.

Business Developments

Prevailing equity and income market conditions and investor sentiment affect the sales and redemptions of our investment products, managed asset levels, operating results and the recoverability of our investments. During fiscal 2014, the S&P 500 Index, a broad measure of U.S. equity market performance, had total returns of 17.3%. Over the same period, the Barclays U.S. Aggregate Bond Index, a broad measure of U.S. bond market performance, had total returns of 4.1%.

Our ending consolidated assets under management increased by $17.1 billion, or 6 percent, in fiscal 2014 to $297.7 billion on October 31, 2014, reflecting a 1 percent organic growth rate and market appreciation. Average consolidated assets under management increased by $37.0 billion, or 15 percent, to $288.2 billion in fiscal 2014.

Please see the "Recent Developments" within Item 1 Business Section of our Annual Report on Form 10-K for a summary of our recent business developments.

The primary drivers of our overall and investment advisory effective fee rates are the mix of our assets by product, distribution channel and investment mandate, and the timing and amount of performance fees recognized. Shifts in managed assets among products, distribution channels and investment mandates with differing fee schedules can alter the total effective fee rate earned on our assets under management. Our overall average effective fee rate decreased to 50 basis points in fiscal 2014 from 54 basis points in fiscal 2013. Our average effective investment advisory and administrative fee rate similarly decreased to 43 basis points in fiscal 2014 from 45 basis points in fiscal 2013.

Consolidated Assets under Management

Consolidated assets under management of $297.7 billion on October 31, 2014 increased $17.1 billion, or 6 percent from the $280.7 billion reported a year earlier. Long-term fund and separate account net inflows totaled $2.8 billion in fiscal 2014, representing an organic growth rate of 1 percent. Net market appreciation in managed assets contributed $14.4 billion in fiscal 2014.

We report managed assets and flow data by investment mandate. The "Alternative" category includes a range of absolute return strategies, as well as commodity- and currency-linked investments. The "Implementation Services" category includes Parametric's tax-managed core, specialty index, customized exposure management and centralized portfolio management strategies and services.

Consolidated Assets under Management by Investment Mandate[1] [2]

	October 31,						2014	2013
		% of		**% of**		**% of**	**vs.**	**vs.**
(in millions)	**2014**	**Total**	**2013**	**Total**	**2012**	**Total**	**2013**	**2012**
Equity [3]	$ 96,952	33%	$ 93,585	33%	$ 80,782	41%	4%	16%
Fixed income[4]	45,887	15%	44,211	16%	49,003	25%	4%	-10%
Floating-rate income	42,009	14%	41,821	15%	26,388	13%	0%	58%
Alternative	11,241	4%	15,212	5%	12,864	6%	-26%	18%
Implementation services	101,471	34%	85,637	31%	30,302	15%	18%	183%
Cash management funds	175	0%	203	0%	169	0%	-14%	20%
Total	$ 297,735	100%	$ 280,669	100%	$ 199,508	100%	6%	41%

[1] *Consolidated Eaton Vance Corp. See table on page 26 for managed assets and flows of 49 percent-owned Hexavest Inc., which are not included in the table above.*

[2] *Assets under management for which we estimate fair value using significant unobservable inputs are not material to the total value of the assets we manage.*

[3] *Includes assets in balanced accounts holding income securities.*

[4] *Includes assets in institutional cash management separate accounts.*

Equity and implementation services assets under management included $68.6 billion, $59.1 billion and $51.4 billion of assets managed for after-tax returns on October 31, 2014, 2013 and 2012, respectively. Fixed income assets included $27.5 billion, $25.8 billion and $29.5 billion of tax-exempt municipal bond assets on October 31, 2014, 2013 and 2012, respectively.

The following tables summarize our consolidated assets under management and asset flows by investment mandate and investment vehicle for the fiscal years ended October 31, 2014, 2013 and 2012:

Consolidated Net Flows by Investment Mandate[(1)]

(in millions)	Years Ended October 31, 2014	2013	2012	2014 vs. 2013	2013 vs. 2012
Equity assets - beginning of period[(2)]	$ 93,585	$ 80,782	$ 84,281	16%	-4%
Sales and other inflows	14,687	16,989	16,572	-14%	3%
Redemptions/outflows	(19,183)	(19,459)	(26,033)	-1%	-25%
Net flows	(4,496)	(2,470)	(9,461)	82%	-74%
Assets acquired[(4)]	-	1,572	-	NM[(3)]	NM
Exchanges	1,019	328	15	211%	NM
Market value change	6,844	13,373	5,947	-49%	125%
Equity assets - end of period	**$ 96,952**	**$ 93,585**	**$ 80,782**	**4%**	**16%**
Fixed income assets - beginning of period[(5)]	44,211	49,003	43,708	-10%	12%
Sales and other inflows	12,024	10,881	12,278	11%	-11%
Redemptions/outflows	(11,867)	(14,015)	(9,455)	-15%	48%
Net flows	157	(3,134)	2,823	NM	NM
Assets acquired[(4)]	-	472	-	NM	NM
Exchanges	96	(510)	84	NM	NM
Market value change	1,423	(1,620)	2,388	NM	NM
Fixed income assets - end of period	**$ 45,887**	**$ 44,211**	**$ 49,003**	**4%**	**-10%**
Floating-rate income assets - beginning of period	41,821	26,388	24,322	58%	8%
Sales and other inflows	15,669	21,729	7,401	-28%	194%
Redemptions/outflows	(14,742)	(6,871)	(5,662)	115%	21%
Net flows	927	14,858	1,739	-94%	754%
Exchanges	(145)	397	45	NM	782%
Market value change	(594)	178	282	NM	-37%
Floating-rate income assets - end of period	**$ 42,009**	**$ 41,821**	**$ 26,388**	**0%**	**58%**
Alternative assets - beginning of period	15,212	12,864	10,650	18%	21%
Sales and other inflows	3,339	8,195	6,736	-59%	22%
Redemptions/outflows	(7,237)	(5,688)	(4,348)	27%	31%
Net flows	(3,898)	2,507	2,388	NM	5%
Assets acquired[(4)]	-	650	-	NM	NM
Exchanges	(89)	(184)	(94)	-52%	96%
Market value change	16	(625)	(80)	NM	681%
Alternative assets - end of period	**$ 11,241**	**$ 15,212**	**$ 12,864**	**-26%**	**18%**
Implementation services assets - beginning of period[(5)]	85,637	30,302	24,574	183%	23%
Sales and other inflows	61,031	39,841	7,096	53%	461%
Redemptions/outflows	(50,969)	(26,887)	(4,411)	90%	510%
Net flows	10,062	12,954	2,685	-22%	382%
Assets acquired[(4)]	-	32,064	-	NM	NM
Exchanges	(913)	(118)	(1)	674%	NM
Market value change	6,685	10,435	3,044	-36%	243%
Implementation services assets - end of period	**$ 101,471**	**$ 85,637**	**$ 30,302**	**18%**	**183%**
Total long-term fund and separate account assets - beginning of period	280,466	199,339	187,535	41%	6%
Sales and other inflows	106,750	97,635	50,083	9%	95%
Redemptions/outflows	(103,998)	(72,920)	(49,909)	43%	46%
Net flows	2,752	24,715	174	-89%	NM
Assets acquired[(4)]	-	34,758	-	NM	NM
Exchanges	(32)	(87)	49	-63%	NM
Market value change	14,374	21,741	11,581	-34%	88%
Total long-term fund and separate account assets - end of period	**$ 297,560**	**$ 280,466**	**$ 199,339**	**6%**	**41%**
Cash management fund assets - end of period	**175**	**203**	**169**	**-14%**	**20%**
Total assets under management - end of period	**$ 297,735**	**$ 280,669**	**$ 199,508**	**6%**	**41%**

(1) *Consolidated Eaton Vance Corp. See table on page 26 for managed assets and flows of 49 percent-owned Hexavest Inc., which are not included in the table above.*

(2) *Includes assets in balanced accounts holding income securities.*

(3) *Not meaningful ("NM")*

(4) *Represents assets gained in the acquisition of The Clifton Group Investment Management Company on December 31, 2012.*

(5) *Includes assets in institutional cash management separate accounts.*

***Consolidated Net Flows by Investment Vehicle*[1]**

(in millions)	Years Ended October 31, 2014	2013	2012	2014 vs. 2013	2013 vs. 2012
Long-term fund assets - beginning of period	$ 133,198	$ 113,249	$ 111,705	18%	1%
Sales and other inflows	35,408	43,606	27,080	-19%	61%
Redemptions/outflows	(38,077)	(29,970)	(30,895)	27%	-3%
Net flows	(2,669)	13,636	(3,815)	NM	NM
Assets acquired[2]	-	638	-	NM	NM
Exchanges	(32)	(279)	(13)	-89%	NM
Market value change	3,892	5,954	5,372	-35%	11%
Long-term fund assets - end of period	**$ 134,389**	**$ 133,198**	**$ 113,249**	**1%**	**18%**
Institutional separate account assets - beginning of period[3]	95,724	43,338	38,003	121%	14%
Sales and other inflows	59,938	41,108	12,496	46%	229%
Redemptions/outflows	(54,957)	(31,548)	(10,514)	74%	200%
Net flows	4,981	9,560	1,982	-48%	382%
Assets acquired[2]	-	34,120	-	NM	NM
Exchanges	216	183	38	18%	382%
Market value change	5,522	8,523	3,315	-35%	157%
Institutional separate account assets - end of period	**$ 106,443**	**$ 95,724**	**$ 43,338**	**11%**	**121%**
High-net-worth separate account assets - beginning of period	19,699	15,036	13,256	31%	13%
Sales and other inflows	3,532	4,763	3,609	-26%	32%
Redemptions/outflows	(3,620)	(3,699)	(2,283)	-2%	62%
Net flows	(88)	1,064	1,326	NM	-20%
Exchanges	286	(16)	(990)	NM	-98%
Market value change	2,338	3,615	1,444	-35%	150%
High-net-worth separate account assets - end of period	**$ 22,235**	**$ 19,699**	**$ 15,036**	**13%**	**31%**
Retail managed account assets - beginning of period	31,845	27,716	24,571	15%	13%
Sales and other inflows	7,872	8,158	6,898	-4%	18%
Redemptions/outflows	(7,344)	(7,703)	(6,217)	-5%	24%
Net flows	528	455	681	16%	-33%
Exchanges	(502)	25	1,014	NM	-98%
Market value change	2,622	3,649	1,450	-28%	152%
Retail managed account assets - end of period	**$ 34,493**	**$ 31,845**	**$ 27,716**	**8%**	**15%**
Total long-term fund and separate account assets - beginning of period	280,466	199,339	187,535	41%	6%
Sales and other inflows	106,750	97,635	50,083	9%	95%
Redemptions/outflows	(103,998)	(72,920)	(49,909)	43%	46%
Net flows	2,752	24,715	174	-89%	NM
Assets acquired[2]	-	34,758	-	NM	NM
Exchanges	(32)	(87)	49	-63%	NM
Market value change	14,374	21,741	11,581	-34%	88%
Total long-term fund and separate account assets - end of period	**$ 297,560**	**$ 280,466**	**$ 199,339**	**6%**	**41%**
Cash management fund assets - end of period	**175**	**203**	**169**	**-14%**	**20%**
Total assets under management - end of period	**$ 297,735**	**$ 280,669**	**$ 199,508**	**6%**	**41%**

[1] *Consolidated Eaton Vance Corp. See table on page 26 for managed assets and flows of 49 percent-owned Hexavest Inc., which are not included in the table above.*

[2] *Represents assets gained in the acquisition of The Clifton Group Investment Management Company on December 31, 2012.*

[3] *Includes assets in institutional cash management separate accounts.*

The following table summarizes our assets under management by investment affiliate as of October 31, 2014, 2013 and 2012:

Consolidated Assets under Management by Investment Affiliate [(1)]

	Years Ended October 31,			2014 vs.	2013 vs.
(in millions)	**2014**	**2013**	**2012**	**2013**	**2012**
Eaton Vance Management [(2)]	$ 143,100	$ 144,729	$ 131,055	-1%	10%
Parametric	136,176	117,008	53,281	16%	120%
Atlanta Capital	18,459	18,932	15,172	-2%	25%
Total	$ 297,735	$ 280,669	$ 199,508	6%	41%

(1) *Consolidated Eaton Vance Corp. See table on page 26 for managed assets and flows of 49 percent-owned Hexavest Inc., which are not included in the table above.*

(2) *Includes managed assets of wholly owned subsidiaries Eaton Vance Investment Counsel and Fox Asset Management LLC, as well as certain Eaton Vance-sponsored funds and accounts managed by Hexavest and unaffiliated third-party advisers under Eaton Vance supervision.*

As of October 31, 2014, 49 percent-owned affiliate Hexavest Inc. ("Hexavest") managed $16.7 billion of client assets, a decrease of 1 percent from $16.9 billion of managed assets on October 31, 2013. Other than Eaton Vance-sponsored funds for which Hexavest is adviser or sub-adviser, the managed assets of Hexavest are not included in Eaton Vance consolidated totals.

The following table summarizes assets under management and asset flow information for Hexavest for the fiscal years ended October 31, 2014 and 2013:

Hexavest Assets under Management and Net Flows

(in millions)	Years Ended October 31, 2014	2013	2012 (1)	2014 vs. 2013	2013 vs. 2012
Eaton Vance distributed:					
Eaton Vance sponsored funds – beginning of period(2)	$ 211	$ 37	$ -	470%	NM
Sales and other inflows	58	162	36	-64%	350%
Redemptions/outflows	(57)	(15)	-	280%	NM
Net flows	1	147	36	-99%	308%
Market value change	15	27	1	-44%	NM
Eaton Vance sponsored funds – end of period	$ 227	$ 211	$ 37	8%	470%
Eaton Vance distributed separate accounts – beginning of period(3)	$ 1,574	$ -	$ -	NM	NM
Sales and other inflows	531	1,381	-	-62%	NM
Redemptions/outflows	(260)	(33)	-	688%	NM
Net flows	271	1,348	-	-80%	NM
Exchanges	389	-	-	NM	NM
Market value change	133	226	-	-41%	NM
Eaton Vance distributed separate accounts – end of period	$ 2,367	$ 1,574	$ -	50%	NM
Total Eaton Vance distributed – beginning of period	$ 1,785	$ 37	$ -	NM	NM
Sales and other inflows	589	1,543	36	-62%	NM
Redemptions/outflows	(317)	(48)	-	560%	NM
Net flows	272	1,495	36	-82%	NM
Exchanges	389	-	-	NM	NM
Market value change	148	253	1	-42%	NM
Total Eaton Vance distributed – end of period	**$ 2,594**	**$ 1,785**	**$ 37**	**45%**	**NM**
Hexavest directly distributed – beginning of period(4)	$ 15,136	$ 12,073	$ 10,956	25%	10%
Sales and other inflows	1,637	2,703	1,047	-39%	158%
Redemptions/outflows	(3,046)	(1,853)	(318)	64%	483%
Net flows	(1,409)	850	729	NM	17%
Exchanges	(389)	-	-	NM	NM
Market value change	763	2,213	388	-66%	470%
Hexavest directly distributed – end of period	$ 14,101	$ 15,136	$ 12,073	-7%	25%
Total Hexavest assets – beginning of period	$ 16,921	$ 12,110	$ 10,956	40%	11%
Sales and other inflows	2,226	4,246	1,083	-48%	292%
Redemptions/outflows	(3,363)	(1,901)	(318)	77%	498%
Net flows	(1,137)	2,345	765	NM	207%
Market value change	911	2,466	389	-63%	534%
Total Hexavest assets – end of period	**$ 16,695**	**$ 16,921**	**$ 12,110**	**-1%**	**40%**

(1) *Reflects activity from August 6, 2012, the date that Eaton Vance acquired its 49 percent equity interest in Hexavest, through October 31, 2012.*

(2) *Managed assets and flows of Eaton Vance-sponsored pooled investment vehicles for which Hexavest is adviser or sub-adviser. Eaton Vance receives management and/or distribution revenue on these assets, which are included in the Eaton Vance consolidated results.*

(3) *Managed assets and flows of Eaton Vance-distributed separate accounts managed by Hexavest. Eaton Vance receives distribution revenue, but not investment advisory fees, on these assets, which are not included in the Eaton Vance consolidated results.*

(4) *Managed assets and flows of pre-transaction Hexavest clients and post-transaction Hexavest clients in Canada. Eaton Vance receives no investment advisory or distribution revenue on these assets, which are not included in the Eaton Vance consolidated results.*

We currently sell open-end mutual funds under the Eaton Vance and Parametric brands in five primary pricing structures: front-end load commission (“Class A”); level-load commission (“Class C”); institutional no-load (“Class I, also referred to as “Institutional Class”); retail no-load (“Class N,” referred to as “Investor Class” or “Advisors Class”); and retirement plan no-load (“Class R”). We waive the front-end sales load on Class A shares under certain circumstances and sell such shares at net asset value. Class A shares are offered at net asset value (without a sales charge) to tax-deferred retirement plans and deferred compensation plans, and to clients

of financial intermediaries who charge an ongoing fee for advisory, investment, consulting or similar services. Class A shares are also offered at net asset value to clients of financial intermediaries that have entered into an agreement with Eaton Vance Distributors, Inc. ("EVD") to offer Class A shares through a no-load network or platform, to certain separate account clients of Eaton Vance and its affiliates, and to certain persons affiliated with Eaton Vance.

Consolidated Ending Assets under Management by Asset Class[(1)]

	October 31,						2014	2013
(in millions)	2014	% of Total	2013	% of Total	2012	% of Total	vs. 2013	vs. 2012
Open-end funds:								
Class A	$ 26,955	9%	$ 29,989	11%	$ 28,926	15%	-10%	4%
Class B	449	0%	662	0%	959	0%	-32%	-31%
Class C	9,466	3%	9,800	3%	9,662	5%	-3%	1%
Class I[(2)]	42,073	14%	42,331	15%	30,224	15%	-1%	40%
Class N	1,773	1%	2,311	1%	1,566	1%	-23%	48%
Class R	445	0%	373	0%	312	0%	19%	20%
Other	2,015	1%	1,524	1%	540	0%	32%	182%
Total open-end funds	83,176	28%	86,990	31%	72,189	36%	-4%	21%
Private funds[(3)]	25,969	9%	21,500	8%	18,012	9%	21%	19%
Closed-end funds	25,419	8%	24,911	9%	23,217	12%	2%	7%
Total fund assets	134,564	45%	133,401	48%	113,418	57%	1%	18%
Institutional account assets[(4)]	106,443	36%	95,724	34%	43,338	22%	11%	121%
High-net-worth account assets	22,235	7%	19,699	7%	15,036	7%	13%	31%
Retail managed account assets	34,493	12%	31,845	11%	27,716	14%	8%	15%
Total separate account assets	163,171	55%	147,268	52%	86,090	43%	11%	71%
Total	$ 297,735	100%	$ 280,669	100%	$ 199,508	100%	6%	41%

(1) *Consolidated Eaton Vance Corp. See table on page 26 for managed assets and flows of 49 percent-owned Hexavest Inc., which are not included in the table above.*

(2) *Includes Class R6 shares.*

(3) *Includes privately offered equity, fixed income and floating-rate income funds and CLO entities.*

(4) *Includes assets in institutional cash management separate accounts.*

Consolidated average assets under management presented in the following table represent a monthly average by asset class. This table is intended to provide information useful in the analysis of our asset-based revenue and distribution expenses. Separate account investment advisory fees are generally calculated as a percentage of either beginning, average or ending quarterly assets. Fund investment advisory, administrative, distribution and service fees, as well as certain expenses, are generally calculated as a percentage of average daily assets.

Consolidated Average Assets under Management by Asset Class[1]

(in millions)	Years Ended October 31, 2014	2013	2012	2014 vs. 2013	2013 vs. 2012
Open-end funds:					
Class A	$ 27,338	$ 29,550	$ 30,105	-7%	-2%
Class B	571	813	1,118	-30%	-27%
Class C	9,656	9,814	9,628	-2%	2%
Class I[2]	42,245	36,986	28,240	14%	31%
Class N	3,888	1,885	1,339	106%	41%
Class R	412	329	340	25%	-3%
Other	1,795	923	604	94%	53%
Total open-end funds	85,905	80,300	71,374	7%	13%
Private funds[3]	23,617	19,756	17,870	20%	11%
Closed-end funds	25,395	23,945	23,086	6%	4%
Total fund assets	134,917	124,001	112,330	9%	10%
Institutional account assets[4]	99,224	80,028	39,733	24%	101%
High-net-worth account assets	20,681	17,521	14,005	18%	25%
Retail managed account assets	33,384	29,701	26,829	12%	11%
Total separate account assets	153,289	127,250	80,567	20%	58%
Total	$ 288,206	$ 251,251	$ 192,897	15%	30%

(1) *Assets under management attributable to acquisitions that closed during the relevant periods are included on a weighted average basis for the period from their respective closing dates.*

(2) *Includes Class R6 shares.*

(3) *Includes privately offered equity, fixed income and floating-rate bank loan funds and CLO entities.*

(4) *Includes assets in institutional cash management separate accounts.*

Results of Operations

In evaluating operating performance, we consider net income attributable to Eaton Vance Corp. shareholders and earnings per diluted share, which are calculated on a basis consistent with U.S. GAAP, as well as adjusted net income attributable to Eaton Vance Corp. shareholders and adjusted earnings per diluted share, both of which are internally derived non-U.S. GAAP performance measures.

We define adjusted net income attributable to Eaton Vance Corp. shareholders and adjusted earnings per diluted share as net income attributable to Eaton Vance Corp. shareholders and earnings per diluted share, respectively, adjusted to exclude changes in the estimated redemption value of non-controlling interests redeemable at other than fair value ("non-controlling interest value adjustments"), closed-end fund structuring fees and items management deems non-recurring or non-operating in nature, or otherwise outside the ordinary course (such as the impact of special dividends, costs associated with the extinguishment of debt and tax settlements). Adjusted

net income attributable to Eaton Vance Corp. shareholders and adjusted earnings per diluted share should not be construed to be a substitute for, or superior to, net income attributable to Eaton Vance Corp. shareholders and earnings per diluted share computed in accordance with U.S. GAAP. We provide disclosures of adjusted net income attributable to Eaton Vance Corp. shareholders and adjusted earnings per diluted share to reflect the fact that our management and Board of Directors consider these adjusted numbers a measure of the Company's underlying operating performance.

The following table provides a reconciliation of net income attributable to Eaton Vance Corp. shareholders and earnings per diluted share to adjusted net income attributable to Eaton Vance Corp. shareholders and adjusted earnings per diluted share, respectively, for the fiscal years ended October 31, 2014, 2013 and 2012:

	Years Ended October 31,			2014 vs.	2013 vs.
(in thousands, except per share data)	**2014**	**2013**	**2012**	**2013**	**2012**
Net income attributable to Eaton Vance Corp. shareholders	$ 304,316	$ 193,841	$ 203,465	57%	-5%
Non-controlling interest value adjustments[(1)]	5,311	24,320	19,866	-78%	22%
Closed-end fund structuring fees, net of tax[(2)]	-	2,851	-	NM	NM
Loss on extinguishment of debt, net of tax[(3)]	-	35,239	-	NM	NM
Settlement of state tax audit[(4)]	-	6,691	-	NM	NM
Adjusted net income attributable to Eaton Vance Corp. shareholders	$ 309,627	$ 262,942	$ 223,331	18%	18%
Earnings per diluted share	$ 2.44	$ 1.53	$ 1.72	59%	-11%
Non-controlling interest value adjustments	0.04	0.19	0.17	-79%	12%
Closed-end fund structuring fees, net of tax	-	0.02	-	NM	NM
Loss on extinguishment of debt, net of tax	-	0.28	-	NM	NM
Settlement of state tax audit	-	0.05	-	NM	NM
Special dividend adjustment[(5)]	-	0.01	-	NM	NM
Adjusted earnings per diluted share	$ 2.48	$ 2.08	$ 1.89	19%	10%

(1) *Please see page 39, "Net Income Attributable to Non-controlling and Other Beneficial Interests," for a further discussion of the non-controlling interest value adjustments referenced above.*

(2) *Closed-end fund structuring fees, net of tax, associated with the initial public offering of Eaton Vance Municipal Income Term Trust and Eaton Vance Floating-Rate Income Plus Fund in fiscal 2013.*

(3) *Reflects the loss on the Company's retirement of $250 million of its outstanding Senior Notes due in 2017. The loss on extinguishment of debt, net of tax, consists of the make-whole provision, acceleration of deferred financing costs and discounts tied to the original issuance, transaction costs associated with the tender offer, the loss recognized on a reverse treasury lock entered into in conjunction with the tender and accelerated amortization of a treasury rate lock tied to the original issuance.*

(4) *Please see page 38, "Income Taxes" for further discussion of the tax settlement adjustment referenced above.*

(5) *Reflects the impact of the special dividend paid in the first quarter of fiscal 2013 due to the disproportionate allocation of distributions in excess of earnings to common shareholders under the two-class method.*

We reported net income attributable to Eaton Vance Corp. shareholders of $304.3 million, or $2.44 per diluted share, in fiscal 2014 compared to net income attributable to Eaton Vance Corp. shareholders of $193.8 million, or $1.53 per diluted share, in fiscal 2013. We reported adjusted net income attributable to Eaton Vance Corp. shareholders of $309.6 million, or $2.48 per diluted share, in fiscal 2014 compared to adjusted net income attributable to Eaton Vance Corp. shareholders of $262.9 million, or $2.08 per diluted share, in fiscal 2013. The change in net income attributable to Eaton Vance Corp. shareholders in fiscal 2014 compared to fiscal 2013 can be primarily attributed to the following:

- An increase in revenue of $92.8 million, or 7 percent, reflecting a 15 percent increase in consolidated average assets under management offset by a decrease in our annualized effective fee rate to 50 basis points in fiscal 2014 from 54 basis points in fiscal 2013 due to a shift in product mix.
- An increase in expenses of $25.9 million, or 3 percent, reflecting increases in compensation, distribution and service fee expenses, fund-related expenses and other operating expenses, offset by reduced amortization of deferred sales commissions.
- A $3.7 million improvement in net investment gains (losses) and other investment income, net, primarily reflecting an increase of $1.7 million in interest income, a $1.2 million decline in net investment losses and a $0.8 million decline in foreign currency losses. Net investment losses in fiscal 2013 include a $3.1 million loss on a reverse treasury lock entered into in conjunction with the retirement of $250 million of our 6.5 percent Senior Notes due in October 2017 (the “2017 Senior Notes”).
- A $3.8 million decline in interest expense, reflecting the retirement of $250 million of our 2017 Senior Notes and the contemporaneous issuance of $325 million of 3.625 percent Senior Notes due 2023 (the “2023 Senior Notes”) in the third quarter of fiscal 2013.
- The non-recurrence of a $53.0 million loss on extinguishment of debt related to the retirement of the 2017 Senior Notes referenced above.
- A $4.3 million decline in other expenses of the Company’s consolidated CLO entities, reflecting a decrease in interest and other expenses recognized by those entities in fiscal 2014.
- An increase in income taxes of $42.8 million, or 30 percent, reflecting an increase in the Company’s income before taxes, offset by a fiscal 2013 tax adjustment of $6.7 million related to the settlement of a state tax audit. Consolidated CLO entity income that is allocated to other beneficial interest holders is not subject to tax in the Company’s provision.
- An increase in equity in net income of affiliates, net of tax, of $1.9 million, reflecting an increase in our proportionate net interest in Hexavest’s earnings and an increase in the Company’s net interest in the earnings of sponsored funds accounted for under the equity method.
- A decrease in net income attributable to non-controlling interests of $19.7 million, primarily reflecting a decrease in the annual adjustments made to the estimated redemption value of non-controlling interests in the Company’s majority-owned subsidiaries redeemable at other than fair value, a decrease in net gains recognized by the Company’s consolidated CLO entities that are borne by other beneficial interests and a decrease in net income attributable to non-controlling interest holders in the Company’s majority-owned subsidiaries, offset by an increase in net income attributable to non-controlling interest holders in the Company’s consolidated sponsored funds.

Weighted average diluted shares outstanding decreased by 0.8 million shares, or 1 percent, in fiscal 2014 versus fiscal 2013. The change reflects a decrease in the total number of shares outstanding due to the impact of shares repurchased, offset by the exercise of employee stock options and the impact of annual vesting of restricted stock.

We reported net income attributable to Eaton Vance Corp. shareholders of $193.8 million, or $1.53 per diluted share, in fiscal 2013 compared to net income attributable to Eaton Vance Corp. shareholders of $203.5 million, or $1.72 per diluted share, in fiscal 2012. We reported adjusted net income attributable to Eaton Vance Corp. shareholders of $262.9 million, or $2.08 per diluted share, in fiscal 2013 compared to adjusted net income

attributable to Eaton Vance Corp. shareholders of $223.3 million, or $1.89 per diluted share, in fiscal 2012. The change in net income and adjusted net income attributable to Eaton Vance Corp. shareholders can be primarily attributed to the following:

- An increase in revenue of $148.5 million, or 12 percent, reflecting a 30 percent increase in consolidated average assets under management offset by a decrease in our annualized effective fee rate to 54 basis points in fiscal 2013 from 62 basis points in fiscal 2012, largely as a result of the Clifton acquisition.
- An increase in expenses of $88.5 million, or 11 percent, reflecting increases in compensation, distribution and service fee expenses, fund-related expenses and other operating expenses, offset by reduced amortization of deferred sales commissions.
- A decrease of $20.9 million in gains (losses) and other investment income, net, reflecting a decline in investment gains and income recognized on our seed capital investments as well as a $3.1 million loss on the reverse treasury lock entered into in conjunction with the retirement of $250 million of our 2017 Senior Notes.
- A $53.0 million loss on extinguishment of debt related to the retirement of $250 million of our 2017 Senior Notes as referenced above.
- A $30.6 million decline in other expenses of the Company's consolidated CLO entities, reflecting a decrease in investment gains recognized by those entities in fiscal 2013.
- An increase in income taxes of $1.5 million, or 1 percent, reflecting a $6.7 million tax adjustment related to the settlement of a state tax audit partially offset by a decrease in taxable income attributable to Eaton Vance Corp. shareholders. Consolidated CLO entity income that is allocated to other beneficial interest holders is not subject to tax in the Company's provision.
- An increase in equity in net income of affiliates, net of tax, of $11.5 million, reflecting an increase in our proportionate net interest in Hexavest's earnings and an increase in our net interest in the earnings of sponsored funds accounted for under the equity method of accounting.
- A decrease in net income attributable to non-controlling interests of $24.7 million, primarily reflecting a decrease in the net gains recognized by the Company's consolidated CLO entities that are borne by other beneficial interest holders, partially offset by an increase in the annual adjustments made to the estimated redemption value of non-controlling interests in the Company's majority-owned subsidiaries and an increase in net income attributable to non-controlling interest holders in the Company's majority-owned subsidiaries.

Weighted average diluted shares outstanding increased by 7.3 million shares, or 6 percent, in fiscal 2013 over fiscal 2012. The change reflects an increase in the total number of shares outstanding due to the exercise of employee stock options, an increase in the dilutive effect of in-the-money options resulting from a 44 percent increase in the average share price of the Company's Non-Voting Common Stock during the period, and the impact of annual vesting of restricted stock, offset by share repurchases.

Revenue

Our overall average effective fee rate (total revenue, excluding other revenue, as a percentage of average assets under management) was 50 basis points in fiscal 2014 compared to 54 basis points in fiscal 2013 and 62 basis points in fiscal 2012. The decrease in our average overall effective fee rate in fiscal 2014 and fiscal 2013 can be primarily attributed to the acquisition of Clifton in December 2012 and the subsequent strong growth of the acquired customized exposure management business, which operates at fee rates well below corporate averages. Product mix continues to be the most significant determinant of our overall effective fee rate.

The following table shows our investment advisory and administrative fees, distribution and underwriter fees, service fees and other revenue for the fiscal years ended October 31, 2014, 2013 and 2012:

(in thousands)	Years Ended October 31, 2014	2013	2012	2014 vs. 2013	2013 vs. 2012
Investment advisory and administrative fees	$ 1,231,188	$ 1,135,327	$ 988,058	8%	15%
Distribution and underwriter fees	85,514	89,234	89,410	-4%	0%
Service fees	125,713	126,560	126,345	-1%	0%
Other revenue	7,879	6,382	5,223	23%	22%
Total revenue	$ 1,450,294	$ 1,357,503	$ 1,209,036	7%	12%

Investment advisory and administrative fees
Investment advisory and administrative fees are determined by contractual agreements with our sponsored funds and separate accounts and are generally based upon a percentage of the market value of assets under management. Net asset flows and changes in the market value of managed assets affect the amount of managed assets on which investment advisory and administrative fees are earned, while changes in asset mix among different strategies and services affect our average effective fee rate. Investment advisory and administrative fees represented 85 percent of total revenue in fiscal 2014 compared to 84 percent in fiscal 2013 and 82 percent in fiscal 2012.

The increase in investment advisory and administrative fees of 8 percent, or $95.9 million, in fiscal 2014 from fiscal 2013 can be primarily attributed to the 15 percent increase in average assets under management, offset by a decline in our average effective fee rates. The decline in our effective investment advisory and administrative fee rate to 43 basis points in fiscal 2014 from 45 basis points in fiscal 2013 can be primarily attributed to the impact of a shift in product mix from higher-fee to lower-fee mandates. Fund assets, which had an average effective fee rate of 67 basis points in both fiscal 2014 and fiscal 2013, decreased to 45 percent of total assets under management on October 31, 2014 from 48 percent of total assets under management on October 31, 2013, while separately managed account assets, which had an average effective fee rate of 22 basis points in fiscal 2014 and 24 basis points in fiscal 2013, increased to 55 percent of total assets under management on October 31, 2014 from 52 percent of total assets under management on October 31, 2013. Performance fees totaled $8.3 million and $4.4 million in fiscal 2014 and fiscal 2013, respectively.

The increase in investment advisory and administrative fees of 15 percent, or $147.3 million, in fiscal 2013 from fiscal 2012 can be primarily attributed to the 30 percent increase in average assets under management, offset by lower average effective fee rates due primarily to a shift in product mix resulting from the Clifton acquisition. Fund assets, which had an average effective fee rate of 67 basis points in fiscal 2013 and 66 basis points in fiscal 2012, decreased to 48 percent of total assets under management on October 31, 2013 from 57 percent of total assets under management on October 31, 2012, while separately managed account assets, which had an average effective fee rate of 24 basis points in fiscal 2013 and 30 basis points in fiscal 2012, increased to 52 percent of total assets under management on October 31, 2013 from 43 percent of total assets under management on October 31, 2012.

Distribution and underwriter fees
Distribution plan payments, which are made under contractual agreements with certain sponsored funds, are calculated as a percentage of average assets under management of the applicable funds and fund share classes. These fees fluctuate with both the level of average assets under management and sales of sponsored funds and fund share classes that are subject to these fees.

The following table shows the total distribution payments with respect to our Class A, Class B, Class C, Class N, Class R and private equity funds for the fiscal years ended October 31, 2014, 2013 and 2012:

	Years Ended October 31,			2014 vs.	2013 vs.
(in thousands)	**2014**	**2013**	**2012**	**2013**	**2012**
Class A	$ 1,241	$ 1,105	$ 671	12%	65%
Class B	3,540	5,298	7,459	-33%	-29%
Class C	67,739	69,081	67,974	-2%	2%
Class N	273	142	4	92%	NM
Class R	1,030	821	844	25%	-3%
Private funds	3,874	3,626	3,967	7%	-9%
Total distribution plan payments	$ 77,697	$ 80,073	$ 80,919	-3%	-1%

Underwriter commissions are earned on sales of shares of our sponsored mutual funds on which investors pay a sales charge at the time of purchase (Class A share sales). Sales charges and underwriter commissions are waived or reduced on shareholder purchases that exceed specified minimum amounts and on purchases by certain categories of investors. Underwriter commissions vary with the level of Class A share sales and the mix of Class A shares offered with and without sales charges.

Underwriter fees and other distribution income decreased 15 percent, or $1.3 million, to $7.8 million in fiscal 2014, primarily reflecting a decrease of $1.2 million in underwriter fees received on sales of Class A shares and a decrease of $0.3 million in contingent deferred sales charges received on certain Class A redemptions.

Underwriter fees and other distribution income increased 8 percent, or $0.7 million, to $9.2 million in fiscal 2013, reflecting an increase of $0.7 million in contingent deferred sales charges received on certain Class A redemptions.

Service fees

Service fees, which are paid to EVD pursuant to distribution or service plans adopted by our sponsored mutual funds, are calculated as a percent of average assets under management in specific mutual fund share classes (principally Classes A, B, C, N and R). Certain private funds also make service fee payments to EVD. Service fees are paid to EVD as principal underwriter or placement agent to the funds for service and/or the maintenance of shareholder accounts.

Service fee revenue decreased 1 percent, or $0.8 million, to $125.7 million in fiscal 2014 from fiscal 2013, primarily reflecting a decrease in average assets under management in funds and classes of funds subject to service fees.

Service fee revenue was $126.6 million in both fiscal 2013 and fiscal 2012, reflecting substantially unchanged average assets under management in funds and classes of funds subject to service fees.

Other revenue

Other revenue, which consists primarily of sub-transfer agent fees, miscellaneous dealer income, custody fees, Hexavest-related distribution and service revenue, and sub-lease income, increased by $1.5 million in fiscal 2014, primarily reflecting an increase in Hexavest-related revenue. Other revenue increased by $1.2 million in fiscal 2013, primarily reflecting an increase in Hexavest-related revenue.

Expenses

Operating expenses increased by 3 percent, or $25.9 million, in fiscal 2014 from fiscal 2013, reflecting increases in compensation, distribution and service fees, and fund-related and other expenses, offset by reduced amortization of deferred sales commissions as more fully described below.

The following table shows our operating expenses for the fiscal years ended October 31, 2014, 2013 and 2012:

	Years Ended October 31,			2014 vs.	2013 vs.
(in thousands)	**2014**	**2013**	**2012**	**2013**	**2012**
Compensation and related costs:					
Cash compensation	$ 400,890	$ 387,343	$ 329,088	3%	18%
Stock-based compensation	60,548	59,791	56,307	1%	6%
Total compensation and related costs	461,438	447,134	385,395	3%	16%
Distribution expense	141,544	139,618	130,914	1%	7%
Service fee expense	116,620	115,149	113,485	1%	1%
Amortization of deferred sales commissions	17,590	19,581	20,441	-10%	-4%
Fund-related expenses	35,415	34,230	27,375	3%	25%
Other expenses	157,830	148,784	138,434	6%	7%
Total expenses	$ 930,437	$ 904,496	$ 816,044	3%	11%

Compensation and related costs

The following table shows our compensation and related costs for the fiscal years ended October 31, 2014, 2013 and 2012:

	Years Ended October 31,			2014 vs.	2013 vs.
(in thousands)	**2014**	**2013**	**2012**	**2013**	**2012**
Base salaries and employee benefits	$ 204,935	$ 187,734	$ 167,085	9%	12%
Stock-based compensation	60,548	59,791	56,307	1%	6%
Operating income-based incentives	137,563	130,359	111,754	6%	17%
Sales incentives	54,989	64,730	45,591	-15%	42%
Other compensation expense	3,403	4,520	4,658	-25%	-3%
Total	$ 461,438	$ 447,134	$ 385,395	3%	16%

The increase in base salaries and employee benefits in fiscal 2014 primarily reflects an increase in base compensation associated with an increase in headcount, annual merit increases and a corresponding increase in employee benefits. The increase in stock-based compensation in fiscal 2014 primarily reflects the increase in headcount. The increase in operating income-based incentives in fiscal 2014 reflects higher pre-bonus adjusted operating income and a modest decrease in bonus payouts relative to pre-bonus adjusted operating income. The

decrease in sales incentives in fiscal 2014 reflects lower compensation-eligible sales. Other compensation expense, which decreased year over year, primarily reflects a reduction in signing bonuses paid.

The increase in base salaries and employee benefits in fiscal 2013 primarily reflects the Clifton acquisition, an increase in base compensation driven by the increase in headcount and annual merit increases, and an increase in payroll taxes associated with the increase in base salaries and incentives. The increase in stock-based compensation in fiscal 2013 reflects the increase in headcount. Operating income-based incentives increased in fiscal 2013, primarily reflecting higher pre-bonus adjusted operating income and the impact of the Clifton acquisition. Sales incentives increased in fiscal 2013, reflecting a 55 percent increase in long-term fund and retail managed account gross sales and a modest decrease in our average retail incentive rate. Other compensation expense, which was down slightly year over year, primarily reflects a reduction in severance costs and signing bonuses paid.

Distribution expense
Distribution expense consists primarily of commissions paid to broker-dealers on the sale of Class A shares at net asset value, ongoing asset-based payments made to distribution partners pursuant to third-party distribution arrangements for certain Class C share and closed-end funds, marketing support arrangements to distribution partners and other discretionary marketing expenses.

The following table shows our distribution expense for the fiscal years ended October 31, 2014, 2013 and 2012:

	Years Ended October 31,			**2014 vs. 2013**	**2013 vs. 2012**
(in thousands)	**2014**	**2013**	**2012**		
Class A share commissions	$ 4,264	$ 6,507	$ 5,492	-34%	18%
Class C share distribution fees	54,423	54,631	55,528	0%	-2%
Closed-end fund structuring fees	-	4,614	-	NM	NM
Closed-end fund dealer compensation payments	18,833	17,701	16,977	6%	4%
Intermediary marketing support payments	46,950	40,442	36,332	16%	11%
Discretionary marketing expenses	17,074	15,723	16,585	9%	-5%
Total	$ 141,544	$ 139,618	$ 130,914	1%	7%

Class A share commissions decreased in fiscal 2014 and increased in fiscal 2013, in both cases reflecting changes in Class A sales on which we pay commissions. Class C share distribution fees decreased in fiscal 2014 and fiscal 2013, reflecting declines in Class C share assets held more than one year. The absence of closed-end fund structuring fees in fiscal 2014 reflects the fact that no closed-end funds were offered during the fiscal year. Closed-end fund dealer compensation payments increased in fiscal 2014 and fiscal 2013, reflecting increases in closed-end fund assets under management. Marketing expenses associated with intermediary marketing support payments to our distribution partners increased in fiscal 2014 and fiscal 2013, reflecting changes in average assets subject to those arrangements. Discretionary marketing expenses increased in fiscal 2014, primarily reflecting an increase in the use of outside agencies, and decreased in fiscal 2013, primarily reflecting a decrease in the use of outside agencies.

Service fee expense
Service fees we receive from sponsored funds are generally retained in the first year and paid to broker-dealers thereafter pursuant to third-party selling agreements. These fees are calculated as a percent of average assets under management in certain share classes of our mutual funds (principally Classes A, B, C, N and R), as well as certain private funds. Service fee expense increased by 1 percent in both fiscal 2014 and fiscal 2013,

reflecting modest increases in average assets retained more than one year in funds and share classes that are subject to service fees.

Amortization of deferred sales commissions
Amortization expense is affected by ongoing sales and redemptions of mutual fund Class C shares and certain private funds and redemptions of Class B shares. Amortization expense decreased 10 percent in fiscal 2014, reflecting a decrease in average Class B shares and Class C shares deferred sales commissions, partially offset by an increase in deferred sales commissions related to privately offered equity funds. In fiscal 2014, 9 percent of total amortization related to Class B shares, 83 percent to Class C shares and 8 percent to privately offered equity funds.

Amortization expense decreased 4 percent in fiscal 2013, reflecting a decrease in average deferred sales commissions related to Class B shares and privately offered equity funds, partially offset by an increase in average Class C share deferred sales commissions. In fiscal 2013, 19 percent of total amortization related to Class B shares, 76 percent to Class C shares and 5 percent to privately offered equity funds.

Fund-related expenses
Fund-related expenses consist primarily of fees paid to sub-advisers, compliance costs and other fund-related expenses we incur. Fund-related expenses increased 3 percent, or $1.2 million, in fiscal 2014, primarily reflecting an increase in sub-advisory expenses associated with the use of unaffiliated sub-advisers on certain funds, offset by a decrease other fund-related expenses.

Fund-related expenses increased 25 percent, or $6.9 million, in fiscal 2013, primarily reflecting an increase in sub-advisory expenses associated with the use of unaffiliated sub-advisers on certain funds, an increase in other fund-related expenses and the recognition of $0.6 million of fund-related costs incurred in conjunction with the launch of closed-end funds during the year.

Other expenses
Other expenses consist primarily of travel, professional services, information technology, facilities, communications and other miscellaneous corporate expenses, including the amortization of intangible assets.

The following table shows our other expense for the fiscal years ended October 31, 2014, 2013 and 2012:

	Years Ended October 31,			2014 vs.	2013 vs.
(in thousands)	**2014**	**2013**	**2012**	**2013**	**2012**
Information technology	$ 64,051	$ 57,040	$ 46,839	12%	22%
Facilities-related	38,761	39,536	43,816	-2%	-10%
Travel	16,480	14,739	13,176	12%	12%
Professional services	12,065	12,415	11,544	-3%	8%
Communications	5,250	5,273	5,307	0%	-1%
Other corporate expense	21,223	19,781	17,752	7%	11%
Total	$ 157,830	$ 148,784	$ 138,434	6%	7%

The increase in information technology expense in fiscal 2014 over fiscal 2013 can be primarily attributed to increases in software maintenance fees, market data costs and project-related consulting associated with budgeted technology projects. The decrease in facilities-related expenses can be primarily attributed to lower depreciation expense. The increase in travel expense relates to an increase in travel activity. The decrease in professional services expense can be primarily attributed to a decrease in external legal costs. The increase in

other corporate expenses reflects an increase in the amortization of intangible assets related to the Clifton acquisition and increases in charitable giving.

The increase in information technology expense in fiscal 2013 over fiscal 2012 can be primarily attributed to increases in outside custody and other back-office services, other information technology consulting expense and software licenses and maintenance associated with budgeted technology projects. The decrease in facilities-related expenses in fiscal 2013 from fiscal 2012 can be primarily attributed to lower depreciation expense, offset by a modest increase in consolidated rent expense. The increase in travel expense relates to an increase in travel activity in fiscal 2013. The increase in professional services expense can be primarily attributed to an increase in external legal costs. The increase in other corporate expenses reflects the amortization of intangible assets related to the Clifton acquisition and increases in charitable giving and other corporate taxes.

Non-operating Income (Expense)

The main categories of non-operating income (expense) for the fiscal years ended October 31, 2014, 2013 and 2012 are as follows:

	Years Ended October 31,			2014 vs.	2013 vs.
(in thousands)	2014	2013	2012	2013	2012
Gains (losses) and other investment income, net	$ 1,139	$ (2,513)	$ 18,417	NM	NM
Interest expense	(29,892)	(33,708)	(33,930)	-11%	-1%
Loss on extinguishment of debt	-	(52,996)	-	NM	NM
Other income (expense) of consolidated CLO entities:					
Gains and other investment income, net	14,892	14,815	44,706	1%	-67%
Interest and other expense	(14,847)	(19,152)	(18,447)	-22%	4%
Total non-operating income (expense)	$ (28,708)	$ (93,554)	$ 10,746	-69%	NM

Gains (losses) and other investment income, net, improved by $3.7 million in fiscal 2014 compared to fiscal 2013, primarily reflecting an increase of $1.7 million in interest income earned, a $1.2 million decline in net investment losses and a $0.8 million decline in foreign currency losses. In fiscal 2014 we recognized $6.9 million of net losses related to our seed capital investments and associated hedges, compared to $8.2 million of net losses in fiscal 2013. Gains (losses) and other investment income, net, in fiscal 2013 reflect a loss of $3.1 million recognized on a reverse treasury lock entered into in conjunction with the retirement of the Company's 2017 Senior Notes.

Gains (losses) and other investment income, net, declined $20.9 million in fiscal 2013 compared to fiscal 2012, primarily reflecting a decrease of $1.4 million in interest income earned, a $19.1 million decrease in gains recognized on our seed capital investments and a $0.4 million increase in foreign currency losses. In fiscal 2013, we recognized $8.2 million of losses related to our seed capital investments and associated hedges, compared to $10.9 million of net gains in fiscal 2012. In fiscal 2012, we recognized $2.4 million of investment gains related to the fiscal 2011 sale of our equity interest in Lloyd George Management, representing additional settlement payments received.

Interest expense decreased $3.8 million in fiscal 2014, reflecting the retirement of $250 million of our 2017 Senior Notes and the contemporaneous issuance of $325 million of the 2023 Senior Notes during the third quarter of fiscal 2013.

Loss on extinguishment of debt of $53.0 million in fiscal 2013 consisted of the tender premium associated with the retirement of $250 million of the 2017 Senior Notes, acceleration of certain deferred financing costs and discounts tied to the retired portion of the 2017 Senior Notes, and transaction costs associated with the debt retirement.

Net losses of the consolidated CLO entities were $0.3 million in fiscal 2014. Approximately $4.1 million of consolidated CLO entities' losses were included in net income attributable to non-controlling and other beneficial interests during fiscal 2014, reflecting third-party note holders' proportionate interests in the net income (loss) of each consolidated CLO entity. Net income attributable to Eaton Vance Corp. shareholders included $3.8 million of income associated with the consolidated CLO entities for fiscal 2014, representing management fees earned by the Company plus (offset by) the Company's proportionate interest in the net income (losses) of the consolidated CLO entities.

Net losses of consolidated CLO entities totaled $4.7 million in fiscal 2013, representing $4.3 million of other losses and $0.4 million of other operating expenses. Approximately $8.5 million of consolidated CLO entity net losses were included in net income attributable to non-controlling and other beneficial interests, reflecting third-party note holders' proportionate interests in the net loss of each entity. Net income attributable to Eaton Vance Corp. shareholders included $3.8 million of income associated with the consolidated CLO entities in fiscal 2013, representing management fees earned by the Company offset by the Company's proportionate interest in net losses of the entities.

Consolidated CLO entity net income totaled $25.9 million in fiscal 2012, representing $26.3 million of other income and $0.4 million of other operating expenses. Approximately $22.6 million of the consolidated CLO entity net income was included in net income attributable to non-controlling and other beneficial interests, reflecting third-party note holders' proportionate interests in consolidated CLO entity net income. The remaining $3.3 million in fiscal 2012 was included in net income attributable to Eaton Vance Corp. shareholders, representing the Company's proportionate interest in entity net income and management fees earned.

Income Taxes

Our effective tax rate calculated as income taxes as a percentage of income before income taxes and equity in net income of affiliates was 38.0 percent, 40.0 percent and 35.3 percent in fiscal 2014, 2013 and 2012, respectively. During fiscal 2013, we reached a settlement with one state to resolve all matters relating to such state's audit of our fiscal years 2004 through 2009 for a lump sum payment of $19.6 million. The $19.6 million payment resulted in a net increase to income tax expense of $6.7 million, equal to the amount of the payment less previously recorded reserves of $9.3 million and a federal tax benefit on the increased state tax of $3.6 million. Excluding the effect of the consolidated CLO entities' net income (loss) allocated to other beneficial interest holders and the impact of the tax settlement, our effective tax rate would have been 37.7 percent, 37.3 percent and 37.2 percent in fiscal 2014, 2013 and 2012, respectively.

Our policy for accounting for income taxes includes monitoring our business activities and tax policies for compliance with federal, state and foreign tax laws. In the ordinary course of business, various taxing authorities may not agree with certain tax positions we have taken, or applicable law may not be clear. We periodically review these tax positions and provide for and adjust as necessary estimated liabilities relating to such positions as part of our overall tax provision.

Equity in Net Income of Affiliates, Net of Tax

Equity in net income of affiliates, net of tax, for fiscal 2014 primarily reflects our 49 percent equity interest in Hexavest, our seven percent minority equity interest in a private equity partnership managed by a third party and equity interests in certain funds we sponsor or manage. Equity in net income of affiliates, net of tax, was $16.7 million, $14.9 million and $3.4 million in fiscal 2014, 2013, and 2012, respectively.

The following table summarizes the components of equity in net income of affiliates, net of tax, for the fiscal years ended October 31, 2014, 2013 and 2012:

	Years Ended October 31,			2014 vs. 2013	2013 vs. 2012
(in thousands)	**2014**	**2013**	**2012**		
Investments in sponsored funds, net of tax	$ 5,245	$ 4,821	$ 466	9%	935%
Investment in private equity partnership, net of tax	517	369	1,086	40%	-66%
Investment in Hexavest, net of tax and amortization	10,963	9,679	1,863	13%	420%
Total	$ 16,725	$ 14,869	$ 3,415	12%	335%

Net Income Attributable to Non-controlling and Other Beneficial Interests

The following table summarizes the components of net income attributable to non-controlling and other beneficial interests for the fiscal years ended October 31, 2014, 2013 and 2012:

	Years Ended October 31,			2014 vs. 2013	2013 vs. 2012
(in thousands)	**2014**	**2013**	**2012**		
Consolidated sponsored funds	$ 318	$ (4,095)	$ (4,353)	NM	-6%
Majority-owned subsidiaries	(15,950)	(16,620)	(14,518)	-4%	14%
Non-controlling interest value adjustments[(1)]	(5,311)	(24,320)	(19,866)	-78%	22%
Consolidated CLO entities	4,095	8,450	(22,566)	-52%	NM
Net income attributable to non-controlling and other beneficial interests	$ (16,848)	$ (36,585)	$ (61,303)	-54%	-40%

[(1)] *Relates to non-controlling interests redeemable at other than fair value.*

Net income attributable to non-controlling and other beneficial interests is not adjusted for taxes due to the underlying tax status of our consolidated subsidiaries, which are treated as partnerships or other pass-through entities for tax purposes. Funds and the CLO entities we consolidate are registered investment companies or private funds that are treated as pass-through entities for tax purposes.

In fiscal 2014, increases in the estimated redemption value of non-controlling interests in Parametric Risk Advisors and Atlanta Capital redeemable at other than fair value were $1.3 million and $4.0 million, respectively.

In fiscal 2013, the increases in the estimated redemption value of non-controlling interests in Parametric, Parametric Risk Advisors and Atlanta Capital redeemable at other than fair value were $10.9 million, $0.5 million and $12.9 million, respectively. In fiscal 2012, increases in the estimated redemption value of non-controlling interests in Parametric, Parametric Risk Advisors and Atlanta Capital redeemable at other than fair value were $8.1 million, $1.4 million and $10.4 million, respectively.

Changes in Financial Condition, Liquidity and Capital Resources

The assets and liabilities of our consolidated CLO entities do not affect our liquidity or capital resources. The collateral assets of our consolidated CLO entities are held solely to satisfy the obligations of these entities and we have no right to these assets beyond our direct investment in, and management fees generated from, these entities. The note holders of these entities have no recourse to the general credit of the Company. As a result, the assets and liabilities of our consolidated CLO entities are excluded from the discussion of liquidity and capital resources below.

The following table summarizes certain key financial data relating to our liquidity and capital resources on October 31, 2014, 2013 and 2012 and uses of cash for the years then ended:

Balance Sheet and Cash Flow Data

	October 31,		
(in thousands)	**2014**	**2013**	**2012**
Balance sheet data:			
Assets:			
Cash and cash equivalents	$ 385,215	$ 461,906	$ 462,076
Investment advisory fees and other receivables	186,344	170,220	133,589
Total liquid assets	$ 571,559	$ 632,126	$ 595,665
Investments	$ 624,605	$ 536,323	$ 486,933
Liabilities:			
Debt	$ 573,655	$ 573,499	$ 500,000

	Years Ended October 31,		
(in thousands)	**2014**	**2013**	**2012**
Cash flow data:			
Operating cash flows	$ 98,785	$ 116,367	$ 178,778
Investing cash flows	185,460	177,028	(90,905)
Financing cash flows	(359,378)	(293,018)	(136,748)

Liquidity and Capital Resources

Liquid assets consist of cash and cash equivalents and investment advisory fees and other receivables. Cash and cash equivalents consist of cash and short-term, highly liquid investments that are readily convertible to cash. Investment advisory fees and other receivables primarily represent receivables due from sponsored funds and separately managed accounts for investment advisory and distribution services provided. Liquid assets represented 34 percent and 38 percent of total assets on October 31, 2014 and 2013, respectively, excluding

those assets identified as assets of consolidated CLO entities. Not included in the liquid asset amounts are $157.0 million and $20.1 million of highly liquid short-term debt securities with remaining maturities between three and 12 months held as of October 31, 2014 and October 31, 2013, respectively, which are included within Investments on our Consolidated Balance Sheets. Our seed investments in consolidated funds and separate accounts are not treated as liquid assets because they may be longer term in nature.

The $60.6 million decrease in liquid assets in fiscal 2014 primarily reflects the payment of $105.9 million of dividends to shareholders, the repurchase of $322.0 million of Non-Voting Common Stock and the payment of $26.9 million to acquire additional interests in Atlanta Capital, offset by net cash provided by operating activities of $98.8 million, net proceeds from sales and purchases of available-for-sale securities of $67.9 million, proceeds from the issuance of Non-Voting Common Stock of $88.2 million, excess tax benefits of $18.6 million associated with stock option exercises and $118.5 million impact of the consolidated CLO entities' investing and financing activities.

The $36.5 million increase in liquid assets in fiscal 2013 primarily reflects $116.4 million of net cash provided by operating activities, net proceeds of $17.5 million from the debt transactions described below, net inflows into consolidated funds from non-controlling interest holders of $57.0 million, proceeds from the issuance of Non-Voting Common Stock of $119.3 million, net proceeds of $99.9 million from the sale of available-for-sale securities, excess tax benefits of $20.6 million associated with stock option exercises and the $8.9 million impact of consolidated CLO entity operating, investing and financing activities, offset by the repurchase of $73.9 million of Non-Voting Common Stock, the payment of $215.5 million of dividends to shareholders, the payment of $43.5 million to acquire additional interests in Parametric, contingent payments of $14.1 million to the sellers of the former Tax-Advantaged Bond Strategies ("TABS") business of M.D. Sass Investors Services and the $72.3 million net cash paid to acquire Clifton.

In fiscal 2013, we issued $325 million of 2023 Senior Notes. The proceeds of the issuance were used primarily to purchase $250 million in aggregate principal amount of our 2017 Senior Notes. The Company paid $305.4 million to retire the 2017 Senior Notes, which included an early tender premium and accrued and unpaid interest. Executing these transactions enabled us to stagger the maturity of our debt, with $250 million now due in 2017 and $325 million due in 2023.

We also maintain a $300 million unsecured revolving credit facility with several banks that expires on October 21, 2019. The facility, which we entered into on October 21, 2014, provides that we may borrow at LIBOR-based rates of interest that vary depending on the level of usage of the facility and our credit ratings. The agreement contains financial covenants with respect to leverage and interest coverage and requires us to pay an annual facility fee on any unused portion. We had no borrowings under our revolving credit facility at October 31, 2014 or at any point during the fiscal year. We were in compliance with all debt covenants as of October 31, 2014.

We continue to monitor our liquidity daily. We remain committed to growing our business and expect that our main uses of cash will be paying dividends, acquiring shares of our Non-Voting Common Stock, making seed investments in new products and strategic acquisitions, enhancing our technology infrastructure and paying the operating expenses of our business, which are largely variable in nature and fluctuate with revenue and assets under management. We believe that our existing liquid assets, cash flows from operations and borrowing capacity under our existing credit facility are sufficient to meet our current and forecasted operating cash needs for the next twelve months. The risk exists, however, that if we need to raise additional capital or refinance existing debt in the future, resources may not be available to us in sufficient amounts or on acceptable terms. Our ability to enter the capital markets in a timely manner depends on a number of factors, including the state of global credit and equity markets, interest rates, credit spreads and our credit ratings. If we are unable to access capital markets to issue new debt, refinance existing debt or sell shares of our Non-Voting Common Stock as

needed, or if we are unable to obtain such financing on acceptable terms, our business could be adversely affected.

We have a "well-known seasoned issuer" shelf registration statement on Form S-3 on file with the Securities and Exchange Commission ("SEC") that registers an unspecified amount of Non-Voting Common Stock, debt securities, depositary shares, warrants, stock purchase contracts and stock purchase units for future issuance. We would expect to use the net proceeds of future securities sales under the shelf registration for general corporate purposes.

Recoverability of our Investments

Our $624.6 million of investments as of October 31, 2014 consisted of our 49 percent equity interest in Hexavest, positions in Company-sponsored funds and separate accounts entered into for investment and business development purposes, and certain other investments held directly by the Company. Investments in Company-sponsored funds and separate accounts and direct investments by the Company are generally in liquid debt or equity securities and are carried at fair market value. We test our investments, other than equity method investments, for impairment on a quarterly basis. We evaluate our investments in non-consolidated CLO entities and investments classified as available-for-sale for impairment using quantitative factors, including how long the investment has been in a net unrealized loss position, and qualitative factors, including the credit quality of the underlying issuer and our ability and intent to continue holding the investment. If markets deteriorate in the quarters ahead, our assessment of impairment on a quantitative basis may lead us to impair investments in future quarters that were in an unrealized loss position at October 31, 2014.

We test our investments in equity method investees, goodwill and indefinite-lived intangible assets in the fourth quarter of each fiscal year, or as facts and circumstances indicate that additional analysis is warranted. There have been no significant changes in financial condition in fiscal 2014 that would indicate that an impairment loss exists at October 31, 2014.

We periodically review our deferred sales commissions and identifiable intangible assets for impairment as events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. There have been no significant changes in financial condition in fiscal 2014 that would indicate that an impairment loss exists at October 31, 2014.

Operating Cash Flows

Our operating cash flows are calculated by adjusting net income to reflect other significant sources and uses of cash, certain significant non-cash items and timing differences in the cash settlement of other assets and liabilities. Significant sources and uses of cash that are not reflected in either revenue or operating expenses include net cash flows associated with our deferred sales commission assets (capitalized sales commissions paid net of contingent deferred sales charges received), as well as net cash flows associated with the purchase and sale of investments within the portfolios of our consolidated sponsored funds and separate accounts (proceeds received from the sale of trading investments net of cash outflows associated with the purchase of trading investments). Significant non-cash items include the amortization of deferred sales commissions and intangible assets, depreciation, stock-based compensation and net change in deferred income taxes.

Cash provided by operating activities totaled $98.8 million in fiscal 2014, a decrease of $17.7 million from $116.4 million in fiscal 2013. The decrease in net cash provided by operating activities year-over-year primarily reflects an increase in the net cash used in the operating activities of our consolidated CLO entities, partially offset by an increase in deferred taxes and a decrease in the net purchase of trading securities.

Cash provided by operating activities totaled $116.4 million in fiscal 2013, a decrease of $62.4 million from $178.8 million in fiscal 2012. The decrease in net cash provided by operating activities primarily reflects an increase in the net purchase of trading securities and net losses on seed capital investments in fiscal 2013 compared to net gains in fiscal 2012, partially offset by adjustments to reflect classification of the loss on extinguishment of debt as a financing activity and consolidated CLO entity net losses compared to net gains in fiscal 2012. Cash used for operating activities in the fiscal year ended October 31, 2013 reflects the impact of a $19.6 million payment made to resolve matters relating to a state tax audit.

Investing Cash Flows

Cash flows from investing activities consist primarily of the purchase of equipment and leasehold improvements, cash paid in acquisitions and the purchase and sale of available-for-sale investments in sponsored funds that we do not consolidate.

Cash provided by investing activities totaled $185.5 million in fiscal 2014 compared to $177.0 million in fiscal 2013. The increase in cash provided by investing activities year-over-year can be primarily attributed to a decrease in cash utilized for acquisitions in fiscal 2014 offset by a decrease of $32.0 million in the net proceeds from the sales and purchases of available-for-sale securities and a decrease of $45.0 million in the net proceeds from the sales of consolidated CLO entity investments. Net cash paid in acquisitions in fiscal 2013 included payments to the sellers of Clifton and TABS under the terms of the respective acquisition agreements of $72.3 million and $14.1 million, respectively.

Cash provided by investing activities totaled $177.0 million in fiscal 2013 compared to cash used for investing activities of $90.9 million in fiscal 2012. The increase in cash provided by investing activities can be primarily attributed to an increase of $227.4 million in net proceeds from the sale of available-for-sale securities and a $116.9 million increase in the net proceeds from the sale and maturities of consolidated CLO entity investments, offset by the $72.3 million net cash paid in the Clifton acquisition. In fiscal 2013 and 2012, the Company made contingent payments of $14.1 million and $12.3 million, respectively, to the sellers of TABS under the terms of the 2009 acquisition agreement.

Financing Cash Flows

Financing cash flows primarily reflect distributions to non-controlling interest holders of our majority-owned subsidiaries and consolidated funds, the purchase of additional non-controlling interests in our majority-owned subsidiaries, the issuance and repurchase of our Non-Voting Common Stock, excess tax benefits associated with stock option exercises, the payment of dividends to our shareholders and the proceeds and payments associated with the Company's debt. Financing cash flows also include proceeds from the issuance of capital stock by consolidated funds and cash paid to meet redemptions by non-controlling interest holders of these funds.

Cash used for financing activities totaled $359.4 million, $293.0 million and $136.7 million in fiscal 2014, 2013 and 2012, respectively. In fiscal 2014, we paid $26.9 million to acquire additional interests in Atlanta Capital, repurchased and retired approximately 8.5 million shares of our Non-Voting Common Stock for $322.0 million under our authorized repurchase programs and issued 4.1 million shares of our Non-Voting Common Stock in connection with the grant of restricted share awards, the exercise of stock options and other employee stock purchases for total proceeds of $88.2 million. As of October 31, 2014, we have authorization to purchase an additional 4.7 million shares under our current share repurchase authorization and anticipate that future repurchases will continue to be an ongoing use of cash. Our dividends declared per share were $0.91 in fiscal 2014, compared to $1.82 in fiscal 2013, which included a one-time special dividend of $1.00 per share declared and paid in December 2012, and $0.77 in fiscal 2012. We currently expect to declare and pay quarterly dividends on our Voting and Non-Voting Common Stock comparable to the dividend declared in the fourth quarter of fiscal 2014.

In fiscal 2014, cash used for financing activities also included $436.2 million in principal payments made on senior notes, lines of credit and redeemable preferred shares of consolidated CLO entities, as well as $429.6 million related to the issuance of new senior notes and redeemable preferred shares of those entities. In fiscal 2013, cash used for financing activities included $177.5 million in principal payments made on senior notes of consolidated CLO entities.

During fiscal 2013, we issued $325 million in aggregate principal amount of 3.625 percent Senior Notes due 2023 and, concurrent with the issuance, retired $250 million principal amount of our outstanding 6.5 percent Senior Notes due 2017, paying a tender premium of $51.5 million.

Contractual Obligations

The following table details our contractual obligations as of October 31, 2014:

	Payments due by period				
(in millions)	**Total**	**Less than 1 Year**	**1-3 Years**	**4-5 Years**	**After 5 Years**
Operating leases – facilities and equipment[(1)]	$ 362	$ 22	$ 41	$ 40	$ 259
Senior notes	575	-	250	-	325
Interest payment on senior notes	155	28	56	24	47
Payments to non-controlling interest holders of majority-owned subsidiaries	12	12	-	-	-
Investment in private equity partnership	1	1	-	-	-
Unrecognized tax benefits[(2)]	3	2	1	-	-
Total	$ 1,108	$ 65	$ 348	$ 64	$ 631
Contractual obligations of consolidated CLO entity:					
Senior and subordinated note obligations	$ 166	$ -	$ -	$ 166	$ -
Interest payments on senior and subordinated note obligations	5	1	2	2	-
Total contractual obligations of consolidated CLO entity	$ 171	$ 1	$ 2	$ 168	$ -

(1) *Minimum payments have not been reduced by minimum sublease rentals of $1.7 million to be received in the future under non-cancelable subleases.*

(2) *This amount includes unrecognized tax benefits along with accrued interest and penalties.*

In July 2006, we committed to invest up to $15.0 million in a private equity partnership that invests in companies in the financial services industry. We had invested $14.5 million of the maximum $15.0 million as of October 31, 2014. The remaining commitment is included in the table above.

Interests held by non-controlling interest holders of Atlanta Capital and Parametric are not subject to mandatory redemption. The purchase of non-controlling interests is predicated on the exercise of a series of puts held by non-controlling interest holders and calls held by us. The puts provide the non-controlling interest holders the right to require us to purchase these retained interests at specific intervals over time, while the calls provide us with the right to require the non-controlling interest holders to sell their retained equity interests to us at specified intervals over time, as well as upon the occurrence of certain events such as death or permanent

disability. As a result, there is significant uncertainty as to the timing of any non-controlling interest purchase in the future. Non-controlling interests are redeemable at fair value or based on a multiple of earnings before interest and taxes of the subsidiary, which is a measure that is intended to represent fair value. As a result, there is significant uncertainty as to the amount of any non-controlling interest purchase in the future. Accordingly, future payments to be made to purchase non-controlling interests have been excluded from the above table, unless a put or call option has been exercised and a mandatory firm commitment exists for us to purchase such non-controlling interests. Although the timing and amounts of these purchases cannot be predicted with certainty, we anticipate that the purchase of non-controlling interests in our consolidated subsidiaries may be a significant use of cash in future years.

We have presented all redeemable non-controlling interests at redemption value on our Consolidated Balance Sheet as of October 31, 2014. We have recorded the current year change in the estimated redemption value of non-controlling interests redeemable at fair value as a component of additional paid-in capital and have recorded the current year change in the estimated redemption value of non-controlling interests redeemable at other than fair value (non-controlling interests redeemable based on a multiple of earnings before interest and taxes of the subsidiary) as a component of net income attributable to non-controlling and other beneficial interests. Based on our calculations, the estimated redemption value of our non-controlling interests, redeemable at either fair value or other than fair value, totaled $107.5 million on October 31, 2014 compared to $74.9 million on October 31, 2013.

Redeemable non-controlling interests as of October 31, 2014 consist of third-party investors' ownership in consolidated investment funds of $8.9 million, non-controlling interests in Parametric issued in conjunction with the Clifton acquisition of $27.0 million, non-controlling interests in Parametric issued in conjunction with the Parametric Risk Advisors final put option of $11.7 million, and profit interests granted under the long-term incentive plans of Parametric and Atlanta Capital of $33.6 million and $16.2 million, respectively, all of which are redeemable at fair value. Redeemable non-controlling interests as of October 31, 2014 also include non-controlling interests in Atlanta Capital redeemable at other than fair value of $10.0 million. Redeemable non-controlling interests as of October 31, 2013 consist of third-party investors' ownership in consolidated investment funds of $4.0 million, non-controlling interests in Parametric issued in conjunction with the Clifton acquisition of $13.9 million and redeemable profit interests granted under the long-term incentive plans of Parametric and Atlanta Capital of $24.9 million and $12.3 million, respectively, all of which are redeemable at fair value. Non-controlling interests as of October 31, 2013 also include non-controlling interests in Parametric Risk Advisors and Atlanta Capital redeemable at other than fair value of $6.1 million and $13.6 million, respectively.

We have included in the table above $6.9 million related to execution of a put option by the non-controlling interest holders of Atlanta Capital and an Atlanta Capital employee's exercise of a put option related to indirect profit interests granted under a long-term incentive plan, both of which occurred in September 2014. We have also included in the table above $5.4 million related to Parametric employees' exercises of put options related to indirect profit interests granted under a long-term incentive plan that occurred in September 2014.

Related to our acquisition of the TABS business in December 2008, we are obligated to make three additional annual contingent payments based on prescribed multiples of TABS's revenue for the twelve months ending December 31, 2014, 2015 and 2016. There is no defined floor or ceiling on such payments, resulting in significant uncertainty as to the amount of any payment in the future. Accordingly, future payments to be made have been excluded from the above table.

We have the option to acquire an additional 26 percent interest in Hexavest in 2017. There is no defined floor or ceiling related to this payment, resulting in significant uncertainty as to the amount of any payment in the future. Accordingly, any future payment to be made has been excluded from the above table until such time as the

uncertainty has been resolved. Although the amounts of this payment cannot be predicted with certainty, we anticipate that it may represent a significant use of cash in fiscal 2017.

In November 2010, we acquired intellectual property and patents from Managed ETFs LLC, a developer of intellectual property in the field of exchange-traded funds. This intellectual property is the foundation of the Company's NextShares™ exchange-traded managed funds initiative. The success of the NextShares initiative became reasonably possible when, on December 2, 2014, the SEC issued the Company an exemption from certain provisions of the Investment Company Act of 1940 to permit the offering of exchange-traded managed funds.

The terms of the acquisition of the patents and other intellectual property of Managed ETFs LLC include approximately $9.0 million in aggregate contingent milestone payments that are based on specific events representing key developments in the advancements of exchange-traded managed funds for commercial purposes. There is no defined timing on these payments, resulting in significant uncertainty as to when the amount of any payment is due in the future. Accordingly, future payments to be made have been excluded from the above table until such time as the uncertainty has been resolved. If and when the milestones are reached, Managed ETFs LLC is also entitled to revenue sharing payments that are calculated as a percentage of licensing revenue that we receive for use of the acquired intellectual property.

Foreign Subsidiaries

We consider the undistributed earnings of our Canadian and Australian subsidiaries as of October 31, 2014 to be indefinitely reinvested in foreign operations. Accordingly, no U.S. income taxes have been provided thereon. As of October 31, 2014, the Company had approximately $21.2 million of undistributed earnings in our Canadian and Australian subsidiaries that is not available to fund domestic operations or to distribute to shareholders unless repatriated. Repatriation would require the Company to accrue and pay U.S. corporate income taxes. The unrecognized deferred income tax liability on this temporary difference is estimated to be $2.5 million. The Company does not have a current plan to repatriate these funds.

Off-Balance Sheet Arrangements

We do not invest in any off-balance sheet vehicles that provide financing, liquidity, market or credit risk support or engage in any leasing activities that expose us to any liability that is not reflected in our Consolidated Financial Statements.

Critical Accounting Policies

We believe the following critical accounting policies reflect our accounting policies that require significant judgments and estimates used in the preparation of our Consolidated Financial Statements. Actual results may differ from these estimates.

Consolidation of Variable Interest Entities
Accounting guidance provides a framework for determining whether an entity should be considered a variable interest entity ("VIE"), and, if so, whether our involvement with the entity results in a variable interest in the entity. If we determine that we do have a variable interest in the entity, we must then perform an analysis to determine whether we are the primary beneficiary of the VIE. If we determine that we are the primary beneficiary of the VIE, we are required to consolidate the assets, liabilities, results of operations and cash flows of the VIE into the Consolidated Financial Statements of the Company.

A company is the primary beneficiary of a VIE if it has a controlling financial interest in the VIE. A company is deemed to have a controlling financial interest in a VIE if it has both (i) the power to direct the activities of the

VIE that most significantly impact the VIE's economic performance and (ii) the obligation to absorb the losses of the VIE that could potentially be significant to the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE.

Our evaluation of whether we qualify as the primary beneficiary of a VIE is highly complex. In our analysis, we must make significant estimates and assumptions regarding future cash flows of the VIE. These estimates and assumptions relate primarily to market interest rates, credit default rates, pre-payment rates, discount rates, the marketability of certain securities and the probability of certain outcomes. There is also judgment involved in assessing whether we have the power to direct the activities that most significantly impact the VIE's economic performance and the obligation to absorb losses of, or the right to receive benefits from, the VIE that could potentially be significant to the entity.

While we believe that our evaluation is appropriate, future changes in estimates, judgments, assumptions and in the ownership interests of the Company in a VIE may affect the determination of the primary beneficiary status and the resulting consolidation or deconsolidation of the assets, liabilities and results of operations of the VIE in our Consolidated Financial Statements.

Fair Value Measurements

Accounting standards define fair value as the price that would be received for an asset or the exit price that would be paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants at the measurement date. The fair value hierarchy established in these standards prioritizes the inputs to valuation techniques and gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs.

Assets and liabilities measured and reported at fair value are classified and disclosed in one of the following categories based on the nature of the inputs that are significant to the fair value measurements in their entirety. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value measurement hierarchy. In such cases, an investment's classification within the fair value measurement hierarchy is based on the lowest level of input that is significant to the fair value measurement.

Level 1 — Unadjusted quoted market prices in active markets for identical assets or liabilities at the reporting date.

Level 2 — Observable inputs other than Level 1 unadjusted quoted market prices, such as quoted market prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities that are not active, and inputs other than quoted prices that are observable or corroborated by observable market data.

Level 3 — Unobservable inputs that are supported by little or no market activity.

Goodwill

Goodwill represents the excess of the cost of our investment in the net assets of acquired companies over the fair value of the underlying identifiable net assets at the dates of acquisition. We attribute all goodwill associated with the acquisitions of Atlanta Capital, Parametric and Clifton, which share similar economic characteristics, to a single reporting unit. Management believes that the inclusion of these entities in a single reporting unit for the purposes of goodwill impairment testing most accurately reflects the synergies achieved in acquiring these entities, namely centralized distribution of similar products and services to similar clients. We attribute all goodwill associated with the acquisition of TABS and Fox Asset Management to a second reporting unit.

Goodwill is not amortized but is tested annually for impairment in the fourth quarter of each fiscal year by comparing the fair value of the reporting units to the carrying amounts, including goodwill. We establish fair

value for the purpose of impairment testing by averaging fair value established using an income approach and fair value established using a market approach for each reporting unit.

The income approach employs a discounted cash flow model that takes into account (1) assumptions that marketplace participants would use in their estimates of fair value, (2) current period actual results, and (3) budgeted results for future periods that have been vetted by senior management at the reporting unit level. Budgeted results for future periods are most significantly impacted by assumptions made as to the growth in assets under management, future revenue run rates and future operating margins. The discounted cash flow model incorporates the same fundamental pricing concepts used to calculate fair value in the acquisition due diligence process and a discount rate that takes into consideration our estimated cost of capital adjusted for the uncertainty inherent in the acquisition.

The market approach employs market multiples for comparable transactions in the financial services industry obtained from industry sources, taking into consideration the nature, scope and size of the acquired reporting unit. Estimates of fair value are established using a multiple of assets under management and current and forward multiples of both revenue and earnings before interest, tax, depreciation and amortization (“EBITDA”) adjusted for size and performance level relative to peer companies. A weighted average calculation is then performed, giving greater weight to fair value calculated based on multiples of revenue and EBITDA and lesser weight to fair value calculated as a multiple of assets under management. Fair values calculated using one year, two year and trailing twelve-month revenue multiples and one year, two year and trailing twelve-month EBITDA multiples are each weighted 15 percent, while fair value calculated based on a multiple of assets under management is weighted 10 percent. We believe that fair value calculated based on multiples of revenue and EBITDA is a better indicator of fair value in that these fair values provide information as to both scale and profitability.

To evaluate the sensitivity of the goodwill impairment testing to the calculation of fair value, we apply a hypothetical 10 percent and 20 percent decrease to the fair value of each reporting unit. If the carrying amount of the reporting unit exceeds its calculated fair value, the second step of the goodwill impairment test will be performed to measure the amount of the impairment loss, if any.

Intangible Assets
Amortized identifiable intangible assets generally represent the cost of client relationships and management contracts acquired. In valuing these assets, we make assumptions regarding useful lives and projected growth rates, and significant judgment is required. We periodically review identifiable intangibles for impairment as events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. If the carrying amounts of the assets exceed their respective fair values, additional impairment tests are performed to measure the amount of the impairment loss, if any.

Non-amortizing intangible assets generally represent the cost of mutual fund management contracts acquired. Non-amortizing intangible assets are tested for impairment in the fourth quarter of each fiscal year by comparing the fair value of the management contracts acquired to their carrying values. The Company establishes fair value for purposes of impairment testing using the income approach. If the carrying value of a management contract acquired exceeds its fair value, an impairment loss is recognized equal to that excess.

Accounting for Income Taxes
Our effective tax rate reflects the statutory tax rates of the many jurisdictions in which we operate. Significant judgment is required in determining our effective tax rate and in evaluating our tax positions. In the ordinary course of business, many transactions occur for which the ultimate tax outcome is uncertain, and we adjust our income tax provision in the period in which we determine that actual outcomes will likely be different from our estimates. Accounting standards require that the tax effects of a position be recognized only if it is more likely than not to be sustained based solely on its technical merits as of the reporting date. The more-likely-than-not

threshold must continue to be met in each reporting period to support continued recognition of a benefit. Unrecognized tax benefits, as well as the related interest, are adjusted regularly to reflect changing facts and circumstances. While we have considered future taxable income and ongoing tax planning in assessing our taxes, changes in tax laws may result in a change to our tax position and effective tax rate. We classify any interest or penalties incurred as a component of income tax expense.

Management is required to estimate the timing of the recognition of deferred tax assets and liabilities and to make assumptions about the future deductibility of deferred tax assets. We assess whether a valuation allowance should be established against our deferred tax assets based on consideration of all available evidence, using a more-likely-than-not standard. This assessment takes into account our forecast of future profitability, the duration of statutory carryback and carryforward periods, our experience with the tax attributes expiring unused, tax planning alternatives and other tax considerations.

Stock-Based Compensation
Stock-based compensation expense reflects the fair value of stock-based awards measured at grant date, is recognized on a straight-line basis over the relevant service period (generally five years), and is adjusted each period for anticipated forfeitures.

The fair value of option awards granted is estimated on the date of grant using the Black-Scholes option valuation model. The Black-Scholes option valuation model incorporates assumptions as to dividend yield, volatility, an appropriate risk-free interest rate and the expected life of the option. Many of these assumptions require management's judgment but are not subject to significant variability. Management must also apply judgment in developing an expectation of awards that may be forfeited. If actual experience differs significantly from these estimates, stock-based compensation expense and our results of operations could be materially affected.

The fair value of profit interests granted under subsidiary long-term equity plans is estimated on the date of grant by averaging fair value established using an income approach and fair value established using a market approach for each subsidiary.

The income and fair value approaches used to establish fair value of subsidiary profit interests mirror those described in our significant accounting policy for Goodwill as described above.

Non-controlling interests
Certain interests in our majority-owned subsidiaries are puttable at established multiples of earnings before interest and taxes and, as such, are considered redeemable at other than fair value. The Company's non-controlling interests redeemable at other than fair value are recorded in temporary equity at estimated redemption value and changes in estimated redemption value are recorded in earnings. As a result, net income attributable to Eaton Vance Corp. shareholders and earnings per basic and diluted share are impacted by changes in the estimated redemption values of such redeemable non-controlling interests.

Accounting Developments

Measuring the Financial Assets and the Financial Liabilities of a Consolidated Collateralized Financing Entity
In August 2014, the Financial Accounting Standards Board ("FASB") issued ASU 2014-13, *Measuring the Financial Assets and the Financial Liabilities of a Consolidated Collateralized Financing Entity*, which provides a measurement alternative for an entity that consolidates collateralized financing entities ("CFE's"). If elected, the alternative method results in the reporting entity measuring both the financial assets and financial liabilities of the CFE using the more observable of the two fair value measurements, which effectively removes measurement differences between the financial assets and financial liabilities of the CFE previously recorded as net income (loss) attributable to non-controlling and other beneficial interests and as an adjustment to

appropriated retained earnings. The reporting entity continues to measure its own beneficial interests in the CFE (other than those that represent compensation for services) at fair value. The new guidance is effective for the Company's fiscal year that begins on November 1, 2016 and requires either a retrospective or modified retrospective approach to adoption, with early adoption permitted. The Company is currently evaluating the potential impact on its Consolidated Financial Statements and related disclosures.

Revenue from Contracts with Customers
In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, which supersedes existing accounting standards for revenue recognition and creates a single framework. The standard also specifies the accounting for certain costs to obtain or fulfill a contract with a customer. The new guidance is effective for the Company's fiscal year that begins on November 1, 2017 and interim periods within that fiscal year, and requires either a retrospective or a modified retrospective approach to adoption. The Company is currently evaluating the potential impact on its Consolidated Financial Statements and the related disclosures, as well as the available transition methods. Early adoption is prohibited.

Quantitative and Qualitative Disclosures About Market Risk

In the normal course of business, our financial position is subject to different types of risk, including market risk. Market risk is the risk that we will incur losses due to adverse changes in equity and bond prices, interest rates, credit events or currency exchange rates. Management is responsible for identifying, assessing and managing market and other risks.

In evaluating market risk, it is important to note that most of our revenue is based on the market value of assets under management. As noted in "Risk Factors" in Item 1A, declines of financial market values negatively impact our revenue and net income.

Our primary direct exposure to equity price risk arises from investments in equity securities made by consolidated sponsored funds, investments in equity securities held in separately managed accounts seeded for new product development purposes, our investments in sponsored equity funds that are not consolidated and our investments in equity method investees. Equity price risk as it relates to these investments represents the potential future loss of value that would result from a decline in the fair values of the fund shares or underlying equity securities.

The following is a summary of the effect that a 10 percent increase or decrease in equity prices would have on our investments subject to equity price fluctuation at October 31, 2014:

(in thousands)	**Carrying Value**	**Carrying Value Assuming a 10% Increase**	**Carrying Value Assuming a 10% Decrease**
Investment securities, trading:			
Equity securities	$ 140,249	$ 154,274	$ 126,224
Investment securities, available-for-sale:			
Sponsored funds	16,606	18,267	14,945
Investment in equity method investees:			
Sponsored funds	29,100	32,010	26,190
Total	$ 185,955	$ 204,551	$ 167,359

At October 31, 2014, the Company was exposed to interest rate risk and credit spread risk as a result of approximately $240.8 million in investments in fixed and floating-rate income funds sponsored or managed by us, debt securities held by sponsored funds we consolidate, debt securities held in separately managed accounts seeded for new product development purposes and short-term debt securities held directly by us. Management considered a hypothetical 100 basis point change in interest rates and determined that an increase of such magnitude would result in a decrease of approximately $2.4 million in the carrying amount of the Company's debt investments and that a decrease of 100 basis points would increase the carrying amount of such investments by approximately $2.4 million.

Currently we have a corporate hedging program in place to hedge currency risk, interest rate risk and market price exposures on certain investments in sponsored funds and separately managed accounts seeded for new product development purposes. As part of this program, we enter into futures and forward contracts to hedge certain exposures held within the portfolios of these sponsored funds and separately managed accounts. The contracts negotiated are short term in nature. We do not enter into derivative instruments for speculative purposes.

At October 31, 2014, the Company had outstanding foreign currency forward contracts, stock index futures contracts, commodity futures contracts and interest rate futures contracts with aggregate notional values of approximately $16.8 million, $177.3 million, $32.3 million and $12.4 million, respectively. The Company estimates that a 10 percent adverse change in market prices would result in a decrease of approximately $1.7 million, $17.7 million, $3.2 million and $1.2 million, respectively, in the fair value of open currency, equity, commodity and interest rate derivative contracts held at October 31, 2014.

In addition to utilizing forwards and futures contracts, the Company has also entered into transactions in which securities not yet purchased have been sold. In its short sales, the Company has sold securities that have been borrowed from third-party brokers with the intention of buying back identical assets at a later date to return to the lender, thereby incurring a liability. As of October 31, 2014, the Company had $1.0 million included in other liabilities on its Consolidated Balance Sheet related to securities sold, not yet purchased. The Company estimates that a 10 percent adverse change in market prices would result in a decrease of approximately $0.1 million in the value of these securities.

We are required to maintain cash collateral for margin accounts established to support certain derivative positions and securities sold short, not yet purchased. Our initial margin requirements are currently equal to five percent of the initial underlying value of the stock index futures contracts, commodity futures contracts and interest rate futures contracts. Additional margin requirements include daily posting of variation margin equal to the daily change in the position value and up to 150 percent of the underlying value of securities sold, not yet purchased. We do not have a collateral requirement related to foreign currency forward contracts. Cash collateral supporting margin requirements is classified as restricted cash and is included as a component of other assets on the Company's Consolidated Balance Sheets. At October 31, 2014, cash collateral included in other assets on the Company's Consolidated Balance Sheet totaled $6.0 million.

Direct exposure to credit risk arises from our interest in non-consolidated CLO entities that are included in investments in our Consolidated Balance Sheets as well as our interests in consolidated CLO entities that are eliminated in consolidation. Our CLO entity investments, entitle us to only a residual interest in the CLO entity, making these investments highly sensitive to the default and recovery experiences of the underlying instruments held by the CLO entity. Our CLO investments are subject to an impairment loss in the event that the cash flows generated by the collateral securities are not sufficient to allow equity holders to recover their investments. If there is deterioration in the credit quality of collateral and reference securities and a corresponding increase in defaults, CLO entity cash flows may be adversely impacted and we may be unable to recover our investment. Our total investments in the non-consolidated and consolidated CLO entities were $4.0 million and $1.4 million, respectively, as of October 31, 2014, representing our total value at risk with respect to such entities as of October 31, 2014.

We are subject to foreign currency exchange risk through our international operations. While we operate primarily in the United States and, accordingly, most of our consolidated revenue and associated expenses are denominated in U.S. dollars, we do provide services and earn revenue outside of the United States. Revenue and expenses denominated in foreign currencies may be impacted by movements in foreign currency exchange rates. The exposure to foreign currency exchange rate risk in our Consolidated Balance Sheet relates primarily to an equity method investment and cash and cash equivalents that are denominated in foreign currencies, principally Canadian dollars. This risk will likely increase as our business outside of the United States grows. We generally do not use derivative financial instruments to manage the foreign currency exchange risk exposure we assume in connection with investments in international operations. As a result, both positive and negative currency fluctuations against the U.S. dollar may affect our results of operations and accumulated other comprehensive income. We do not enter into foreign currency transactions for speculative purposes.

Risk Factors

We are subject to substantial competition in all aspects of our investment management business. Our funds and separate accounts compete against a large number of investment products and services sold to the public by investment management companies, investment dealers, banks, insurance companies and others. Many institutions we compete with have greater financial resources than us and there are few barriers to entry. We compete with these firms on the basis of investment performance, diversity of products, distribution capability, scope and quality of services, reputation and the ability to develop new investment strategies and products to meet the changing needs of investors. To the extent that current or potential customers decide to invest in products sponsored by our competitors, the sales of our products as well as our market share, revenue and net income could decline.

The investment management industry is highly competitive and investment management customers are increasingly fee sensitive. In the event that competitors charge lower fees for substantially similar products, we may be forced to compete on the basis of price in order to attract and retain customers. Rules and regulations applicable to investment companies provide, in substance, that each investment advisory agreement between a fund and its investment adviser continues in effect from year to year only if its continuation is approved at least annually by the fund's board of trustees. Periodic review of fund advisory agreements could result in a reduction in the Company's advisory fee revenues from funds. Fee reductions on existing or future business and/or the impact of evolving industry fee structures could have an adverse impact on our future revenue and profitability.

The inability to access clients through intermediaries could have a material adverse effect on our business. Our ability to market investment products is highly dependent on access to the various distribution systems of national and regional securities dealer firms, which generally offer competing products that could limit the distribution of our investment products. There can be no assurance that we will be able to retain access to these channels. The inability to have such access could have a material adverse effect on our business. To the extent that existing or potential customers, including securities broker-dealers, decide to invest in or broaden distribution relationships with our competitors, the sales of our products as well as our market share, revenue and net income could decline. Certain intermediaries with which we conduct business charge the Company fees to maintain access to their distribution networks. If we choose not to pay such fees, our ability to distribute through those intermediaries would be limited.

Our investment advisory agreements are subject to termination on short-notice or non-renewal. We derive almost all of our revenue from investment advisory and administrative fees, distribution income and service fees received from managed funds and separate accounts. As a result, we are dependent upon management contracts, administrative contracts, distribution contracts, underwriting contracts or service contracts under which these fees are paid. Generally, these contracts are terminable upon 30 to 60 days' notice without penalty. If any of these contracts are terminated, not renewed, or amended to reduce fees, our financial results could be adversely affected.

Our assets under management, which impact revenue, are subject to significant fluctuations. Our major sources of revenue, including investment advisory, administrative, distribution and service fees, are generally calculated as percentages of assets under management. Fee rates for our investment products generally vary by investment mandate (e.g., equity, fixed income, floating-rate income, alternative or implementation services) and vehicle (e.g., fund or separate account). An adverse change in asset mix by mandate or vehicle, independent of our level of assets under management, may result in a decrease in our overall effective fee rate, thereby reducing our revenue and net income. Any decrease in the level of our assets under management generally would also reduce our revenue and net income. Assets under management could decrease due to a decline in securities prices, a decline in the sales of our investment products, an increase in open-end fund redemptions or client withdrawals, repurchases of or other reductions in closed-end fund shares outstanding, or reductions in leverage used by investment vehicles. Adverse market conditions and/or lack of investor confidence in the market could lead to a decrease in investor risk tolerance. A decrease in investor risk tolerance could result in investors withdrawing from markets or decreasing their rate of investment, thereby reducing our overall assets under management and adversely affecting our revenue, earnings and growth prospects. Changes in investor risk tolerance could also result in investor allocation away from higher fee products to lower fee products, which could adversely affect our revenue and earnings. Our overall assets under management may not change in tandem with overall market conditions, as changes in our total assets under management may lag improvements or declines in the market based upon product mix and investment performance.

Poor investment performance of our products could affect our sales or reduce the amount of assets under management, negatively impacting revenue and net income. Investment performance is critical to our success. Poor investment performance on an absolute basis or as compared to third-party benchmarks or competitor products could lead to a decrease in sales and stimulate higher redemptions, thereby lowering the amount of assets under management and reducing the investment advisory fees we earn. A decline in investment performance of any investment franchise could have a material adverse effect on the level of assets under management, revenue and net income of that franchise. Past or present performance in the investment products we manage is not indicative of future performance.

Our clients can withdraw the assets we manage on short notice, making our future client and revenue base unpredictable. Our open-end fund clients generally may redeem their investments in these funds each business day without prior notice. While not subject to daily redemption, closed-end funds that we manage may shrink in size due to repurchases of shares in open-market transactions or pursuant to tender offers, or in connection with distributions in excess of realized returns. Institutional and individual separate account clients can terminate their relationships with us for any number of reasons. In a declining stock market, the pace of open-end fund redemptions could accelerate. Poor performance relative to other asset management firms can result in decreased purchases of open-end fund shares, increased redemptions of open-end fund shares, and the loss of institutional or individual separate accounts. The decrease in revenue that could result from any of these events could have a material adverse effect on our business.

We could be impacted by counterparty or client defaults. As we have seen in periods of significant market volatility, the deteriorating financial condition of one financial institution may materially and adversely impact the performance of others. We, and the funds and accounts that we manage, have exposure to many different industries and counterparties, and routinely execute transactions with counterparties in the broader financial industry. We, and the funds and accounts we manage, may be exposed to credit, operational or other risk in the event of a default by a counterparty or client, or in the event of other unrelated systemic market failures.

Our success depends on key personnel and our financial performance could be negatively affected by the loss of their services. Our success depends upon our ability to attract, retain and motivate qualified portfolio managers, analysts, investment counselors, sales and management personnel and other key professionals, including our executive officers. Our key employees generally do not have employment contracts and may

voluntarily terminate their employment at any time. Certain senior executives and the non-employee members of our Board of Directors are subject to our mandatory retirement policy at age 65 and age 72, respectively. The loss of the services of key personnel or our failure to attract replacement or additional qualified personnel could negatively affect our financial performance. An increase in compensation to attract or retain personnel could result in a decrease in net income.

Our expenses are subject to fluctuations that could materially affect our operating results. Our results of operations are dependent on the level of expenses, which can vary significantly from period to period. Our expenses may fluctuate as a result of variations in the level of compensation, expenses incurred to support distribution of our investment products, expenses incurred to enhance our infrastructure (including technology and compliance) and impairments of intangible assets or goodwill. Increases in our level of expenses, or our inability to reduce our level of expenses when necessary, could materially affect our operating results.

Our business is subject to operational risk. In the management and administration of funds and client accounts, we are subject to the risk that we commit errors that cause the Company to incur financial losses and damage our reputation. Because they involve large numbers of accounts and operate at generally low fee rates, our implementation services businesses may be particularly susceptible to losses from operational or trading errors.

Our reputation could be damaged. We have built a reputation of high integrity, prudent investment management and superior client service. Our reputation is extremely important to our success. Any damage to our reputation could result in client withdrawals from funds or separate accounts that are advised by us and ultimately impede our ability to attract and retain key personnel. The loss of either client relationships or key personnel due to damage to our reputation could reduce the amount of assets under management and cause us to suffer a loss in revenue or a reduction in net income.

Success of our NextShares exchange-traded managed funds initiative is highly uncertain. In recent years, the Company has devoted substantial resources to the development NextShares exchange-traded managed funds, a proposed new type of open-end investment fund that seeks to provide the performance and tax advantages of exchange-traded funds to investors in active fund strategies, while maintaining the confidentiality of current portfolio trading information. On December 2, 2014, the SEC granted Eaton Vance and related parties an exemption from certain provisions of the Investment Company Act of 1940 to permit the offering of NextShares. Commercial implementation and success of NextShares requires development of enabling implementation technology and acceptance by market participants, which cannot be assured.

Support provided to new products may reduce fee income, increase expenses and expose us to potential loss on invested capital. We may support the development of new investment products by waiving all or a portion of the fees we receive for managing such products, by subsidizing expenses or by making seed capital investments. Seed investments in new products utilize Company capital that would otherwise be available for general corporate purposes and expose us to capital losses to the extent that realized investment losses are not offset by hedging gains. The risk of loss may be greater for seed capital investments that are not hedged, or if an intended hedge does not perform as expected. Failure to have or devote sufficient capital to support new products could have an adverse impact on our future growth.

We may need to raise additional capital or refinance existing debt in the future, and resources may not be available to us in sufficient amounts or on acceptable terms. Significant future demands on our capital include contractual obligations to service our debt, satisfy the terms of non-cancelable operating leases and purchase non-controlling interests in our majority-owned subsidiaries as described more fully in Contractual Obligations in Management's Discussion and Analysis of Financial Condition and Results of Operations in Item 7 of this Annual Report on Form 10-K and in Note 11 in Item 8 of this Annual Report on Form 10-K. Although we believe our existing cash flows from operations will be sufficient to meet our future capital needs, our ability to satisfy our long-term contractual obligations may be dependent on our ability to access capital markets. Our

ability to access capital markets efficiently depends on a number of factors, including the state of global credit and equity markets, interest rates, credit spreads and our credit ratings. If we are unable to access capital markets to issue new debt, refinance existing debt or sell shares of our Non-Voting Common Stock as needed, or if we are unable to obtain such financing on acceptable terms, our business could be adversely impacted.

We could be subject to losses and reputational harm if we, or our agents, fail to properly safeguard sensitive and confidential information and fail to implement effective cyber security policies. We are dependent on the effectiveness of our information and cyber security policies, procedures and capabilities to protect our computer and telecommunications systems and the data that reside in or are transmitted through them. As part of our normal operations, we maintain and transmit confidential information about our clients as well as proprietary information relating to our business operations. We maintain a system of internal controls designed to provide reasonable assurance that fraudulent activity, including misappropriation of assets, fraudulent financial reporting, and unauthorized access to sensitive or confidential data is either prevented or timely detected. Our technology systems may still be vulnerable to unauthorized access or may be corrupted by cyber attacks, computer viruses or other malicious software code, or authorized persons could inadvertently or intentionally release confidential or proprietary information. Although we take precautions to password protect and encrypt our mobile electronic hardware, if such hardware is stolen, misplaced or left unattended, it may become vulnerable to hacking or other unauthorized use, creating a possible security risk and resulting in potentially costly actions by us. Breach of our technology systems could result in the loss of valuable information, liability for stolen assets or information, remediation costs to repair damage caused by the breach, additional security costs to mitigate against future incidents and litigation costs resulting from the incident. Moreover, loss of confidential customer identification information could harm our reputation, result in the termination of contracts by our existing customers and subject us to liability under laws that protect confidential personal data, resulting in increased costs or loss of revenues.

Failure to maintain adequate infrastructure could impede our productivity and ability to support business growth. Our infrastructure, including our technological capacity, data centers and office space, is vital to the competitiveness of our business. The failure to maintain an infrastructure commensurate with the size and scope of our business, including any expansion, could impede our productivity and growth, which could result in a decline in our earnings.

Failure to maintain adequate business continuity plans could have a material adverse impact on us and our products. Significant portions of our business operations and those of our critical third-party service providers are concentrated in a few geographic areas, including Boston, Massachusetts and Seattle, Washington. Critical operations that are geographically concentrated in Boston and/or Seattle include trading operations, information technology, fund administration, and custody and portfolio accounting services for the Company's products. Should we, or our critical service providers, experience a significant local or regional disaster or other business continuity problem, our continued success will depend in part on the safety and availability of our personnel, our office facilities, and the proper functioning of our computer, telecommunication and other related systems and operations. The failure by us, or our critical service providers, to maintain updated adequate business continuity plans, including backup facilities, could impede our ability to operate in the event of a disruption, which could cause our earnings to decline. We have developed various backup systems and contingency plans but we cannot be assured that they will be adequate in all circumstances that could arise or that material interruptions and disruptions will not occur. In addition, we rely to varying degrees on outside vendors for disaster contingency support, and we cannot be assured that these vendors will be able to perform in an adequate and timely manner. If we, or our critical service providers, are unable to respond adequately to such an event in a timely manner, we may be unable to continue our business operations, which could lead to a damaged reputation and loss of customers that results in a decrease in assets under management, lower revenues and reduced net income.

We pursue growth in the United States and abroad in part through acquisitions, which exposes us to risks inherent in assimilating new operations, expanding into new jurisdictions and executing on new development opportunities. Our growth strategy is based in part on the selective development or acquisition of asset management or related businesses that we believe will add value to our business and generate positive net returns. This strategy may not be effective, and failure to successfully develop and implement such a strategy may decrease earnings and harm the Company's competitive position in the investment management industry. We cannot guarantee that we will identify and consummate any such transactions on acceptable terms or have sufficient resources to accomplish such a strategy. In addition, any strategic transaction can involve a number of risks, including additional demands on our staff; unanticipated problems regarding integration of operating facilities, technologies and new employees; and the existence of liabilities or contingencies not disclosed to or otherwise known by us prior to closing a transaction. As a result, the Company may not be able to realize all of the benefits that it hoped to achieve from such transactions. In addition, we may be required to spend additional time or money on integration that would otherwise be spent on the development and expansion of our business and services.

Expansion into international markets and new products and services increases our operational, regulatory and other risks. We continue to increase our product offerings and international business activities. As a result of such expansion, we face increased operational, regulatory, compliance and reputational risks. The failure of our compliance and internal control systems to properly mitigate such additional risks, or of our operating infrastructure to support such expansion, could result in operational failures and regulatory fines or sanctions. Our operations in the United Kingdom, the European Economic Area, Australia and Singapore are subject to increased compliance, disclosure and other obligations. We may incur additional costs to satisfy the requirements of the European Union Directive on Undertakings for Collective Investments in Transferable Securities and the Alternative Investment Fund Managers Directive (together, the “Directives”). The Directives may also limit our operating flexibility and impact our ability to expand in European markets. Activity in international markets also exposes us to fluctuations in currency exchange rates, which may adversely affect the U.S. dollar value of revenues, expenses and assets associated with our business activities outside the United States. Actual and anticipated changes in current exchange rates may also adversely affect international demand for our investment products and services, most of which represent investments primarily in U.S. dollar-based assets. Because many of our costs to support international business activities are based in U.S. dollars, the profitability of such activities may be adversely affected by a weakening of the U.S. dollar versus other currencies in which we derive significant revenues.

Legal and regulatory developments in the mutual fund and investment advisory industry could increase our regulatory burden, cause a loss of mutual fund investors, and reduce our revenues. Our business is subject to complex and extensive regulation by various regulatory authorities in jurisdictions around the world. This regulatory environment may be altered without notice by new laws or regulations, revisions to existing regulations or new interpretations or guidance. Global financial regulatory reform initiatives are likely to result in more stringent regulation, and changes in laws or regulations and their application to us could have a material adverse impact on our business, our profitability and mode of operations. In recent years, regulators in both the United States and abroad have increased oversight of the financial sector of the economy. Some of the newly adopted and proposed regulations are focused directly on the investment management industry, while others are more broadly focused, but impact our industry.

In July 2010, the Dodd-Frank Act was signed into law. The Dodd-Frank Act established enhanced regulatory requirements for non-bank financial institutions designated as “systemically important” by the FSOC. Under this new systemic risk regulation regime, we could be designated a SIFI. In April 2012, the FSOC issued a final rule and interpretive guidance regarding the process by which it will designate nonbank financial companies as systemically important. Certain nonbank financial companies have since been designated as SIFIs and it is expected that additional nonbank financial companies, which may include large asset management companies may be designated as SIFIs in the future. If we are designated a SIFI, we would be subject to enhanced

prudential measures, which could include capital and liquidity requirements, leverage limits, enhanced public disclosures and risk management requirements, annual stress testing by the Federal Reserve, credit exposure and concentration limits, supervisory and other requirements. These heightened regulatory obligations could, individually or in the aggregate, adversely impact our business and operations.

In February 2012, the CFTC adopted certain amendments to existing rules that required additional registration for our mutual funds and certain other products we sponsor to use futures, swaps or other derivatives. EVM, BMR and Parametric are registered with the CFTC and the NFA as Commodity Pool Operators and Commodity Trading Advisors and other subsidiaries of the Company claim exemptions from registration. We may incur ongoing costs associated with monitoring compliance with the CFTC and NFA registration and exemption obligations and complying with the periodic reporting requirements of Commodity Pool Operators and Commodity Trading Advisors.

Pursuant to the mandate of the Dodd-Frank Act, the CFTC and the SEC have promulgated rules that increase the regulation of over-the-counter derivatives markets. The implementing regulations require many types of derivatives that were previously traded over-the-counter to be executed in regulated markets and submitted for clearing to regulated clearinghouses. Complying with the new regulations may significantly increase the costs of derivatives trading on behalf of our clients.

Certain of our subsidiaries are required to file quarterly reports on Form PF for private funds they manage, pursuant to systemic risk reporting requirements adopted by the SEC. These filings have required, and will continue to require, significant investments in people and systems to ensure timely and accurate reporting.

These new and developing laws and regulations will likely result in greater compliance and administrative burdens on us, increasing our expenses.

In October 2014, the SEC, the Federal Deposit Insurance Corporation, the Federal Reserve and certain other federal regulators finalized regulations that mandate risk retention for securitizations. The rules will be effective for securitization transactions collateralized by residential mortgages beginning one year after the publication of the final regulations in the Federal Register, and for all other securitization transactions beginning two years after the publication of the final regulations in the Federal Register. Under the final rules, the Company may be required to hold interests equal to 5percent of the credit risk of the assets of any new CLO entities that we manage (unless the CLO entity invests only in certain qualifying loans) and would be prohibited from selling or hedging those interests in accordance with the limitations on such sales or hedges set forth in the final rule. The new mandatory risk retention requirement for CLO entities may result in the Company having to invest money to launch new CLO entities that would otherwise be available for other uses. Such investments would also subject the Company to exposure to the underlying performance of the assets of the CLO entities and could have an adverse impact on our results of operations or financial condition.

Our business is subject to risk from regulatory investigation, potential securities laws, liability and litigation. We are subject to federal securities laws, state laws regarding securities fraud, other federal and state laws and rules, and regulations of certain regulatory, self-regulatory and other organizations, including, among others, the SEC, FINRA, the CFTC, the NFA, the FCA and the New York Stock Exchange. While we have focused significant attention and resources on the development and implementation of compliance policies, procedures and practices, non-compliance with applicable laws, rules or regulations, either in the United States or abroad, or our inability to adapt to a complex and ever-changing regulatory environment could result in sanctions against us, which could adversely affect our reputation, business, revenue and earnings. From time to time, various claims against us arise in the ordinary course of business, including employment related claims. We carry insurance in amounts and under terms that we believe are appropriate. We cannot guarantee that our insurance will cover most liabilities and losses to which we may be exposed, or that our insurance policies will continue to be available at acceptable terms and fees. Certain insurance coverage may not be available or may

be prohibitively expensive in future periods. As our insurance policies come up for renewal, we may need to assume higher deductibles or pay higher premiums, which would increase our expenses and reduce our net income.

Changes in corporate tax laws or exposure to additional income tax liabilities could have a material impact on our financial condition, results of operations and/or liquidity. Tax authorities may disagree with certain positions we have taken and assess additional taxes. We regularly assess the likely outcomes of these audits in order to determine the appropriateness of our tax provision. However, there can be no assurance that we will accurately predict the outcomes of these audits, and the actual outcomes of these audits could have a material impact on our net income or financial condition. We are subject to ongoing tax audits in various jurisdictions including several states. Changes in tax laws or tax rulings could materially impact our effective tax rate.

We could be impacted by changes in tax policy. Changes in U.S. tax policy may affect us to a greater degree than many of our competitors because we manage significant assets in funds and separate accounts with an after-tax return objective. We believe an increase in overall tax rates would likely have a positive impact on our municipal income and tax-managed equity businesses. An increase in the tax rate on qualified dividends could have a negative impact on our tax-advantaged equity income business. Changes in tax policy could also adversely affect our privately offered equity funds.

Our Non-Voting Common Stock lacks voting rights. Our Non-Voting Common Stock has no voting rights under any circumstances. All voting power resides with our Voting Common Stock, all shares of which are held by officers of the Company and our subsidiaries and deposited in a voting trust (the "Voting Trust") in exchange for Voting Trust Receipts. As of October 31, 2014, there were 21 holders of Voting Trust Receipts representing Voting Common Stock, each holder of which is a Voting Trustee of the Voting Trust. Holders of Non-Voting Common Stock should understand that such ownership interests have no ability to vote in the election of the Company's Board of Directors or otherwise to influence the Company's management and strategic direction.

Evaluation of Disclosure Controls and Procedures

We evaluated the effectiveness of our disclosure controls and procedures as of October 31, 2014. Disclosure controls and procedures are designed to ensure that the information we are required to disclose in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time period specified in the SEC's rule and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information we are required to disclose in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), to allow timely decisions regarding required disclosure. Our CEO and CFO participated in this evaluation and concluded that, as of October 31, 2014, our disclosure controls and procedures were effective.

There have been no changes in our internal control over financial reporting that occurred during our fourth fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Consolidated Statements of Income

(in thousands, except per share data)	Years Ended October 31, 2014	2013	2012
Revenue:			
Investment advisory and administrative fees	$ 1,231,188	$ 1,135,327	$ 988,058
Distribution and underwriter fees	85,514	89,234	89,410
Service fees	125,713	126,560	126,345
Other revenue	7,879	6,382	5,223
Total revenue	1,450,294	1,357,503	1,209,036
Expenses:			
Compensation and related costs	461,438	447,134	385,395
Distribution expense	141,544	139,618	130,914
Service fee expense	116,620	115,149	113,485
Amortization of deferred sales commissions	17,590	19,581	20,441
Fund-related expenses	35,415	34,230	27,375
Other expenses	157,830	148,784	138,434
Total expenses	930,437	904,496	816,044
Operating income	519,857	453,007	392,992
Non-operating income (expense):			
Gains (losses) and other investment income, net	1,139	(2,513)	18,417
Interest expense	(29,892)	(33,708)	(33,930)
Loss on extinguishment of debt	-	(52,996)	-
Other income (expense) of consolidated collateralized loan obligation ("CLO") entities:			
Gains and other investment income, net	14,892	14,815	44,706
Interest and other expense	(14,847)	(19,152)	(18,447)
Total non-operating income (expense)	(28,708)	(93,554)	10,746
Income before income taxes and equity in net income of affiliates	491,149	359,453	403,738
Income taxes	(186,710)	(143,896)	(142,385)
Equity in net income of affiliates, net of tax	16,725	14,869	3,415
Net income	321,164	230,426	264,768
Net income attributable to non-controlling and other beneficial interests	(16,848)	(36,585)	(61,303)
Net income attributable to Eaton Vance Corp. shareholders	$ 304,316	$ 193,841	$ 203,465
Earnings per share:			
Basic	$ 2.55	$ 1.60	$ 1.76
Diluted	$ 2.44	$ 1.53	$ 1.72
Weighted average shares outstanding:			
Basic	116,440	116,597	112,359
Diluted	121,595	122,444	115,126
Dividends declared per share	$ 0.91	$ 1.82	$ 0.77

See notes to Consolidated Financial Statements.

Consolidated Statements of Comprehensive Income

	Years Ended October 31,		
(in thousands)	2014	2013	2012
Net income	$ 321,164	$ 230,426	$ 264,768
Other comprehensive income (loss):			
Change in unrealized gains on derivative instruments, net of tax	-	1,227	-
Amortization of net gains (losses) on derivatives, net of tax	13	845	290
Unrealized holding gains (losses) on available-for-sale investments, net of tax	1,124	(957)	2,075
Foreign currency translation adjustments, net of tax	(18,956)	(5,215)	218
Other comprehensive income (loss), net of tax	(17,819)	(4,100)	2,583
Total comprehensive income	303,345	226,326	267,351
Comprehensive income attributable to non-controlling and other beneficial interests	(16,848)	(36,585)	(61,303)
Total comprehensive income attributable to Eaton Vance Corp. shareholders	$ 286,497	$ 189,741	$ 206,048

See notes to Consolidated Financial Statements.

Consolidated Balance Sheets

(in thousands, except share data)	October 31, 2014	2013
Assets		
Cash and cash equivalents	$ 385,215	$ 461,906
Investment advisory fees and other receivables	186,344	170,220
Investments	624,605	536,323
Assets of consolidated CLO entities:		
Cash and cash equivalents	8,963	36,641
Bank loans and other investments	147,116	685,681
Other assets	371	5,814
Deferred sales commissions	17,841	17,923
Deferred income taxes	46,099	61,139
Equipment and leasehold improvements, net	45,651	48,746
Intangible assets, net	65,126	74,534
Goodwill	228,876	228,876
Other assets	103,879	79,446
Total assets	$ 1,860,086	$ 2,407,249
Liabilities, Temporary Equity and Permanent Equity		
Liabilities:		
Accrued compensation	$ 181,064	$ 169,953
Accounts payable and accrued expenses	64,598	58,529
Dividend payable	30,057	26,740
Debt	573,655	573,499
Liabilities of consolidated CLO entities:		
Senior and subordinated note obligations	151,982	279,127
Line of credit	-	247,789
Redeemable preferred shares	-	64,952
Other liabilities	298	124,305
Other liabilities	93,485	115,960
Total liabilities	1,095,139	1,660,854
Commitments and contingencies		
Temporary Equity:		
Redeemable non-controlling interests	107,466	74,856
Permanent Equity:		
Voting Common Stock, par value $0.00390625 per share:		
Authorized, 1,280,000 shares		
Issued and outstanding, 415,078 and 399,240 shares, respectively	2	2
Non-Voting Common Stock, par value $0.00390625 per share:		
Authorized, 190,720,000 shares		
Issued and outstanding, 117,846,273 and 121,232,506 shares, respectively	460	474
Additional paid-in capital	-	124,837
Notes receivable from stock option exercises	(8,818)	(7,122)
Accumulated other comprehensive loss	(17,996)	(177)
Appropriated retained earnings	2,467	10,249
Retained earnings	679,061	541,521
Total Eaton Vance Corp. shareholders' equity	655,176	669,784
Non-redeemable non-controlling interests	2,305	1,755
Total permanent equity	657,481	671,539
Total liabilities, temporary equity and permanent equity	$ 1,860,086	$ 2,407,249

See notes to Consolidated Financial Statements.

Consolidated Statements of Shareholders' Equity

(in thousands)	Voting and Non-Voting Common Shares	Voting Common Stock	Non-Voting Common Stock	Additional Paid-In Capital	Notes Receivable from Stock Option Exercises	Accumulated Other Comprehensive Income	Appropriated (Deficit) Retained Earnings	Retained Earnings	Non-Redeemable Non-Controlling Interests	Total Permanent Equity	Redeemable Non-Controlling Interests
	Permanent Equity										Temporary Equity
Balance, November 1, 2011	115,623	$ 2	$ 450	$ -	$ (4,441)	$ 1,340	$ (3,867)	$ 466,931	$ 889	$ 461,304	$ 100,824
Net income	-	-	-	-	-	-	22,566	203,465	3,994	230,025	34,743
Other comprehensive income	-	-	-	-	-	2,583	-	-	-	2,583	-
Dividends declared ($0.77 per share)	-	-	-	-	-	-	-	(88,948)	-	(88,948)	-
Issuance of Voting Common Stock	14	-	-	56	-	-	-	-	-	56	-
Issuance of Non-Voting Common Stock:											
On exercise of stock options	3,208	-	13	50,506	(535)	-	-	-	-	49,984	-
Under employee stock purchase plan	158	-	1	3,653	-	-	-	-	-	3,654	-
Under employee incentive plan	95	-	-	2,068	-	-	-	-	-	2,068	-
Under restricted stock plan, net of forfeitures	1,229	-	5	-	-	-	-	-	-	5	-
Stock-based compensation	-	-	-	56,027	-	-	-	-	-	56,027	-
Tax benefit of stock option exercises	-	-	-	8,618	-	-	-	-	-	8,618	-
Repurchase of Non-Voting Common Stock	(4,035)	-	(16)	(91,426)	-	-	-	(15,028)	-	(106,470)	-
Principal repayments on notes receivable											
from stock option exercises	-	-	-	-	821	-	-	-	-	821	-
Net subscriptions (redemptions/distributions) of											
non-controlling interest holders	-	-	-	-	-	-	-	-	(3,238)	(3,238)	45,250
Deconsolidation	-	-	-	-	-	-	-	-	-	-	(65,092)
Reclass to temporary equity	-	-	-	-	-	-	-	-	(132)	(132)	132
Purchase of non-controlling interests	-	-	-	-	-	-	-	-	-	-	(19,864)
Other changes in non-controlling interests	-	-	-	(2,772)	-	-	-	-	-	(2,772)	2,772
Balance, October 31, 2012	116,292	$ 2	$ 453	$ 26,730	$ (4,155)	$ 3,923	$ 18,699	$ 566,420	$ 1,513	$ 613,585	$ 98,765

See notes to Consolidated Financial Statements.

Consolidated Statements of Shareholders' Equity (continued)

	Permanent Equity										Temporary Equity
(in thousands)	Voting and Non-Voting Common Shares	Voting Common Stock	Non-Voting Common Stock	Additional Paid-In Capital	Notes Receivable from Stock Option Exercises	Accumulated Other Comprehensive Income (Loss)	Appropriated Retained Earnings	Retained Earnings	Non-Redeemable Non-Controlling Interests	Total Permanent Equity	Redeemable Non-Controlling Interests
Balance, November 1, 2012	116,292	$ 2	$ 453	$ 26,730	$ (4,155)	$ 3,923	$ 18,699	$ 566,420	$ 1,513	$ 613,585	$ 98,765
Net income	-	-	-	-	-	-	(8,450)	193,841	5,827	191,218	39,208
Other comprehensive loss	-	-	-	-	-	(4,100)	-	-	-	(4,100)	-
Dividends declared ($1.82 per share)	-	-	-	-	-	-	-	(218,740)	-	(218,740)	-
Issuance of Non-Voting Common Stock:											
On exercise of stock options	5,687	-	22	118,728	(5,102)	-	-	-	-	113,648	-
Under employee stock purchase plan	141	-	1	3,516	-	-	-	-	-	3,517	-
Under employee incentive plan	69	-	-	2,079	-	-	-	-	-	2,079	-
Under restricted stock plan, net of forfeitures	1,460	-	6	-	-	-	-	-	-	6	-
Stock-based compensation	-	-	-	59,285	-	-	-	-	-	59,285	-
Tax benefit of stock option exercises	-	-	-	20,584	-	-	-	-	-	20,584	-
Repurchase of Voting Common Stock	(14)	-	-	(73)	-	-	-	-	-	(73)	-
Repurchase of Non-Voting Common Stock	(2,003)	-	(8)	(73,933)	-	-	-	-	-	(73,941)	-
Principal repayments on notes receivable from stock option exercises	-	-	-	-	2,135	-	-	-	-	2,135	-
Net subscriptions (redemptions/distributions) of non-controlling interest holders	-	-	-	-	-	-	-	-	(5,361)	(5,361)	62,338
Deconsolidation	-	-	-	-	-	-	-	-	-	-	(93,689)
Reclass to temporary equity	-	-	-	(27,444)	-	-	-	-	(224)	(27,668)	27,668
Purchase of non-controlling interests	-	-	-	-	-	-	-	-	-	-	(77,996)
Issuance of subsidiary equity	-	-	-	-	-	-	-	-	-	-	13,927
Other changes in non-controlling interests	-	-	-	(4,635)	-	-	-	-	-	(4,635)	4,635
Balance, October 31, 2013	121,632	$ 2	$ 474	$ 124,837	$ (7,122)	$ (177)	$ 10,249	$ 541,521	$ 1,755	$ 671,539	$ 74,856

See notes to Consolidated Financial Statements.

Consolidated Statements of Shareholders' Equity (continued)

(in thousands)	Permanent Equity										Temporary Equity
	Voting and Non-Voting Common Shares	Voting Common Stock	Non-Voting Common Stock	Additional Paid-In Capital	Notes Receivable from Stock Option Exercises	Accumulated Other Comprehensive Loss	Appropriated Retained Earnings	Retained Earnings	Non-Redeemable Non-Controlling Interests	Total Permanent Equity	Redeemable Non-Controlling Interests
Balance, November 1, 2013	121,632	$ 2	$ 474	$ 124,837	$ (7,122)	$ (177)	$ 10,249	$ 541,521	$ 1,755	$ 671,539	$ 74,856
Net income	-	-	-	-	-	-	(4,095)	304,316	6,228	306,449	14,715
Other comprehensive loss	-	-	-	-	-	(17,819)	-	-	-	(17,819)	-
Dividends declared ($0.91 per share)	-	-	-	-	-	-	-	(109,020)	-	(109,020)	-
Issuance of Voting Common Stock	30	-	-	162	-	-	-	-	-	162	-
Issuance of Non-Voting Common Stock:											
On exercise of stock options	3,732	-	14	84,704	(3,549)	-	-	-	-	81,169	-
Under employee stock purchase plans	110	-	-	3,709	-	-	-	-	-	3,709	-
Under employee stock purchase incentive plans	99	-	-	3,353	-	-	-	-	-	3,353	-
Under restricted stock plans, net of forfeitures	1,176	-	5	-	-	-	-	-	-	5	-
Stock-based compensation	-	-	-	60,281	-	-	-	-	-	60,281	-
Tax benefit of stock option exercises	-	-	-	18,570	-	-	-	-	-	18,570	-
Repurchase of Voting Common Stock	(14)	-	-	(77)	-	-	-	-	-	(77)	-
Repurchase of Non-Voting Common Stock	(8,504)	-	(33)	(266,561)	-	-	-	(55,426)	-	(322,020)	-
Principal repayments on notes receivable from stock option exercises	-	-	-	-	1,853	-	-	-	-	1,853	-
Net subscriptions (redemptions/distributions) of non-controlling interest holders	-	-	-	-	-	-	-	-	(5,326)	(5,326)	(376)
Deconsolidation	-	-	-	-	-	-	(3,687)	-	-	(3,687)	(4,111)
Reclass to temporary equity	-	-	-	-	-	-	-	-	(352)	(352)	352
Purchase of non-controlling interests	-	-	-	-	-	-	-	-	-	-	(19,213)
Issuance of subsidiary equity	-	-	-	-	-	-	-	-	-	-	9,935
Other changes in non-controlling interests	-	-	-	(28,978)	-	-	-	(2,330)	-	(31,308)	31,308
Balance, October 31, 2014	118,261	$ 2	$ 460	$ -	$ (8,818)	$ (17,996)	$ 2,467	$ 679,061	$ 2,305	$ 657,481	$ 107,466

See notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows

(in thousands)	Years Ended October 31, 2014	2013	2012
Cash Flows From Operating Activities:			
Net income	$ 321,164	$ 230,426	$ 264,768
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	21,398	25,397	26,085
Unamortized gain on derivative instrument	-	2,015	-
Amortization of deferred sales commissions	17,664	19,643	20,480
Stock-based compensation	60,281	59,285	56,027
Deferred income taxes	11,382	(7,293)	(11,478)
Net (gains) losses on investments and derivatives	6,946	5,080	(10,957)
Equity in net income of affiliates, net of amortization	(20,274)	(18,020)	(4,161)
Dividends received from affiliates	16,079	16,869	11,369
Loss on extinguishment of debt	-	52,996	-
Consolidated CLO entities' operating activities:			
Net (gains) losses on bank loans, other investments and note obligations	1,282	7,151	(22,648)
Amortization	(754)	(808)	(1,014)
Net increase (decrease) in other assets and liabilities, including cash	(114,974)	9,943	(23,060)
Changes in operating assets and liabilities:			
Investment advisory fees and other receivables	(16,206)	(30,571)	(2,735)
Investments in trading securities	(187,295)	(251,437)	(142,862)
Deferred sales commissions	(17,580)	(18,230)	(11,933)
Other assets	(8,092)	17,501	(5,049)
Accrued compensation	11,140	22,620	7,944
Accounts payable and accrued expenses	5,911	(4,872)	7,549
Other liabilities	(9,287)	(21,328)	20,453
Net cash provided by operating activities	98,785	116,367	178,778
Cash Flows From Investing Activities:			
Additions to equipment and leasehold improvements	(7,580)	(6,274)	(4,109)
Net cash paid in acquisition	-	(86,429)	(12,334)
Cash paid for intangible assets	-	(300)	(200)
Proceeds from sale of investments	95,788	107,285	82,422
Purchase of investments	(27,846)	(7,356)	(209,870)
Consolidated CLO entities' investing activities:			
Proceeds from sales and maturities of bank loans and other investments	378,100	354,806	169,099
Purchase of bank loans and other investments	(253,002)	(184,704)	(115,913)
Net cash provided by (used for) investing activities	185,460	177,028	(90,905)

See notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows (continued)

(in thousands)	Years Ended October 31, 2014	2013	2012
Cash Flows From Financing Activities:			
Purchase of additional non-controlling interest	(26,872)	(43,507)	(19,864)
Proceeds from issuance of subsidiary equity	-	1,092	-
Line of credit issuance costs	(1,111)	-	(1,192)
Debt issuance costs	-	(2,940)	-
Proceeds from issuance of debt	-	323,440	-
Repayment of debt	-	(250,000)	-
Loss on extinguishment of debt	-	(52,996)	-
Proceeds from issuance of Voting Common Stock	162	-	56
Proceeds from issuance of Non-Voting Common Stock	88,236	119,250	55,711
Repurchase of Voting Common Stock	(77)	(73)	-
Repurchase of Non-Voting Common Stock	(322,020)	(73,941)	(106,470)
Principal repayments on notes receivable from stock option exercises	1,853	2,135	821
Excess tax benefit of stock option exercises	18,570	20,584	8,618
Dividends paid	(105,848)	(215,539)	(87,826)
Net subscriptions received from (redemptions/distributions paid to) non-controlling interest holders	(5,702)	56,977	42,012
Consolidated CLO entities' financing activities:			
Repayment of line of credit	(247,789)	-	-
Repayment of redeemable preferred shares	(60,000)	-	-
Issuance of senior and subordinated notes and preferred shares	429,582	-	-
Principal repayments of senior note obligations	(128,362)	(177,500)	(28,614)
Net cash used for financing activities	(359,378)	(293,018)	(136,748)
Effect of currency rate changes on cash and cash equivalents	(1,558)	(547)	38
Net decrease in cash and cash equivalents	(76,691)	(170)	(48,837)
Cash and cash equivalents, beginning of year	461,906	462,076	510,913
Cash and cash equivalents, end of year	$ 385,215	$ 461,906	$ 462,076
Supplemental Cash Flow Information:			
Cash paid for interest	$ 29,298	$ 28,712	$ 32,772
Cash paid for interest by consolidated CLO entities	7,103	13,220	19,508
Cash paid for income taxes, net of refunds	172,119	145,343	152,730
Supplemental Disclosure of Non-Cash Information:			
Increase in equipment and leasehold improvements due to non-cash additions	$ 154	$ 379	$ 513
Exercise of stock options through issuance of notes receivable	3,549	5,102	535
Acquisition of non-controlling interests through issuance of subsidiary equity	9,935	-	-
Non-controlling interest call option exercises recorded in other liabilities	11,594	34,488	-
Initial Consolidation of CLO Entity:			
Increase in other assets, net of other liabilities	$ -	$ (113,731)	$ -
Increase in investments	-	424,152	-
Increase in borrowings	-	307,789	-
Deconsolidation of CLO Entity:			
Decrease in other assets, net of other liabilities	$ (19,210)	$ -	$ -
Decrease in investments	(411,897)	-	-
Decrease in borrowings	(427,418)	-	-
Deconsolidations of Sponsored Investment Funds:			
Decrease in investments	$ (4,122)	$ (92,399)	$ (66,778)
Decrease in non-controlling interests	(4,111)	(93,689)	(65,092)

See notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

1. Summary of Significant Accounting Policies

Business and organization

Eaton Vance Corp. and its subsidiaries (the "Company") manage investment funds and provide investment management and advisory services to high-net-worth individuals and institutions in the United States, Europe and certain other international markets. The Company's retail marketing strategy is to distribute funds and separately managed accounts primarily through financial intermediaries in the advice channel. The Company also commits significant resources to serving institutional and high-net-worth clients who access investment management services on a direct basis.

Revenue is largely dependent on the total value and composition of assets under management, which include sponsored funds and other investment portfolios. Accordingly, fluctuations in financial markets and in the composition of assets under management impact revenue and the results of operations.

Basis of presentation

The preparation of the Company's consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make judgments, estimates and assumptions that affect the amounts reported in the Consolidated Financial Statements and related notes to the Consolidated Financial Statements. Management believes that the accounting estimates are appropriate and the resulting balances are reasonable; however, due to the inherent uncertainties in making estimates, actual results could differ from those estimates.

Principles of consolidation

The Consolidated Financial Statements include the accounts of the Company and its controlled affiliates. The Company consolidates any voting interest entity in which the Company's ownership exceeds 50 percent or where the Company has control. In addition, the Company consolidates any variable interest entity ("VIE"), including the consolidated collateralized loan obligation ("CLO") entity referred to below, for which the Company is considered the primary beneficiary. The Company recognizes non-controlling and other beneficial interests in consolidated affiliates in which the Company's ownership is less than 100 percent. All intercompany accounts and transactions have been eliminated in consolidation.

The Company may be considered the primary beneficiary of certain CLO entities for which it acts as collateral manager. In these instances, the Company consolidates the assets, liabilities, results of operations and cash flows of such entities in the Company's Consolidated Financial Statements. The assets of consolidated CLO entities cannot be used by the Company, and senior and subordinated interest holders of the CLO entities have no recourse to the general credit or assets of the Company. There is a one-month lag between the Company's fiscal year end and that of consolidated CLO entities for reporting purposes. There were no intervening events that would materially affect the Company's consolidated financial position, results of operations or cash flows as of and for the year ended October 31, 2014.

The Company may maintain a controlling interest in an open-end registered investment company that it sponsors (a "sponsored fund"). Under the specialized accounting guidance for investment companies, underlying investments held by consolidated sponsored funds are carried at fair value, with corresponding changes in fair value reflected in gains (losses) and other investment income, net, in the Company's

Consolidated Statements of Income. Upon consolidation, the Company retains the specialized accounting treatment of the sponsored fund.

With limited exceptions, each of the Company's sponsored funds is organized as a separately managed component (or "series") of a series trust. All assets of a series irrevocably belong to that series and are subject to the liabilities of that series; under no circumstances are the liabilities of one series payable by another series. Series trusts themselves have no equity investment at risk, but decisions regarding the trustees of the trust and certain key activities of each sponsored fund within the trust, such as appointment of each sponsored fund's investment adviser, typically reside at the trust level. As a result, shareholders of a sponsored fund that is organized as a series of a series trust lack the ability to control the key decision-making processes that most directly affect the performance of the sponsored fund. Accordingly, the Company believes that each trust is a VIE and each sponsored fund is a silo of a VIE that also meets the definition of a VIE. Having concluded that each silo is a VIE, the primary beneficiary evaluation is focused on an analysis of economic interest. The Company typically holds the majority of the shares of a sponsored fund corresponding to a majority economic interest during the seed investment stage when the fund's investment track record is being established or when the fund is in the early stages of soliciting outside investors. The Company consolidates the fund as primary beneficiary during this period. The Company records fee revenue while the sponsored fund is consolidated but eliminates the fee revenue in consolidation.

The Company regularly seeds new sponsored funds and therefore may consolidate a variety of sponsored funds during a given reporting period. Due to the similarity of risks related to the Company's involvement with each sponsored fund, disclosures required under the VIE model are aggregated, such as those disclosures regarding the carrying amount and classification of assets of the sponsored funds and the gains and losses that the Company recognizes from the sponsored funds.

When the Company is no longer deemed to hold a controlling financial interest in a sponsored fund, which occurs when either the Company redeems its shares or shares held by third parties exceed the number of shares held by the Company, the Company deconsolidates the sponsored fund and removes the related assets, liabilities and non-controlling interests from its balance sheet and classifies the Company's remaining investment as either an equity method investment or as available-for-sale as applicable. Because consolidated sponsored funds utilize fair value measurements, there is no incremental gain or loss recognized upon deconsolidation.

The extent of the Company's exposure to loss with respect to a consolidated sponsored fund is the amount of the Company's investment in the sponsored fund. The Company is not obligated to provide financial support to sponsored funds. Only the assets of a sponsored fund are available to settle its obligations. Beneficial interest holders of sponsored funds do not have recourse to the general credit of the Company.

Consolidation of VIEs

Accounting guidance provides a framework for determining whether an entity should be considered a VIE and, if so, whether a company's involvement with the entity results in a variable interest in the entity. If the Company determines that it does have a variable interest in an entity, it must perform an analysis to determine whether it is the primary beneficiary of the VIE. If the Company determines it is the primary beneficiary of the VIE, it is required to consolidate the assets, liabilities, results of operations and cash flows of the VIE into the consolidated financial statements of the Company.

A company is the primary beneficiary of a VIE if it has a controlling financial interest in the VIE. A company is deemed to have a controlling financial interest in a VIE if it has both (i) the power to direct the activities of the VIE that most significantly impact the VIE's economic performance and (ii) the obligation

to absorb losses of the VIE that could potentially be significant to the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE.

The Company's evaluation of whether it qualifies as the primary beneficiary of a VIE is highly complex. The Company uses two models for determining whether it is the primary beneficiary of a VIE.

The Company has concluded that its investments in VIEs other than CLOs qualify for the deferral to certain provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Subtopic 810-10, Consolidation – Overall, afforded by Accounting Standards Update ("ASU") 2010-10, Consolidation – Amendments for Certain Investment Funds (the "Investment Company deferral"). For this subset of entities, the Company must make significant estimates and assumptions regarding future cash flows of each VIE to determine whether it has the majority of the risks and rewards of ownership and thus is the primary beneficiary of these VIEs.

For CLOs, the Company has concluded that it does not qualify for the Investment Company deferral and therefore the Company must evaluate estimates and assumptions relating primarily to market interest rates, credit default rates, pre-payment rates, discount rates, the marketability of certain securities and the probability of certain outcomes. There is also judgment involved in assessing whether the Company has the power to direct the activities that most significantly impact the VIE's economic performance and the obligation to absorb losses of or the right to receive benefits from the VIE that could potentially be significant to the entity.

While the Company believes its overall evaluation of VIEs is appropriate, future changes in estimates, judgments and assumptions and in the ownership interests of the Company in a VIE may affect the resulting consolidation, or deconsolidation, of the assets, liabilities, results of operations and cash flows of a VIE on the Company's Consolidated Financial Statements.

Segment information

Management has determined that the Company operates in one segment, namely as an investment adviser managing funds and separate accounts. Although the Company does provide supplemental disclosure in this Annual Report on Form 10-K regarding assets under management and other asset flows by mandate and investment vehicle (primarily distinguishing between funds and separately managed accounts), the Company's determination that it operates in one business segment is based on the fact that the Company's chief operating decision maker (namely, the Company's Chief Executive Officer) reviews the Company's financial performance at an aggregate level. All of the products and services provided by the Company relate to investment management and are subject to a similar regulatory framework. Investment management teams at the Company are generally not aligned with specific product lines or distribution channels; in many instances, the investment professionals who manage the Company's funds are the same investment professionals who manage the Company's separately managed accounts.

Cash and cash equivalents

Cash and cash equivalents consist principally of cash and short-term, highly liquid investments in money market funds, commercial paper, certificates of deposit, holdings of Treasury and government agency securities and bank obligations, which are readily convertible to cash. Cash equivalents have maturities of less than three months on the date of acquisition and are stated at fair value or cost, which approximates fair value due to the short-term maturities of the underlying investments.

Restricted cash

Restricted cash consists principally of cash collateral required for margin accounts established to support derivative positions and securities sold, not yet purchased. Restricted cash is included as a component of other assets on the Company's Consolidated Balance Sheets and is not available to the Company for general corporate use. Such derivatives and securities sold, not yet purchased, are used to hedge certain investments in consolidated sponsored funds and separately managed accounts seeded for product development purposes. Because the accounts are used to support trading activities, changes in restricted cash balances are reflected as operating cash flows in the Company's Consolidated Statements of Cash Flows.

Investments

Investment securities, trading
Marketable securities classified as trading securities consist of investments in debt and equity securities held in the portfolios of consolidated sponsored funds and separately managed accounts seeded by the Company for product development purposes, and bank obligations, commercial paper and corporate debt securities with remaining maturities (upon purchase by the Company) ranging from three months to 12 months.

Investment securities held in the portfolios of consolidated sponsored funds, separately managed accounts and/or held directly by the Company are carried at fair value based on quoted market prices. Net realized and unrealized gains or losses are reflected as a component of gains (losses) and other investment income, net, within non-operating income (expense). The specific identified cost method is used to determine the realized gains or losses on all trading securities sold.

Investment securities, available-for-sale
Marketable securities classified as available-for-sale consist primarily of investments in shares of sponsored funds and are carried at fair value based on quoted market prices. Unrealized holding gains or losses (to the extent such losses are considered temporary) are reported net of deferred tax as a separate component of accumulated other comprehensive income (loss) until realized. Realized gains or losses are reflected as a component of gains (losses) and other investment income, net, within non-operating income (expense). The specific identified cost method is used to determine the realized gains or losses on the sale of shares of sponsored funds.

The Company evaluates the carrying value of marketable securities classified as available-for-sale for impairment on a quarterly basis. In its impairment analysis, the Company takes into consideration numerous criteria, including the duration and extent of any decline in fair value and the Company's intent with respect to a given security. If the decline in value is determined to be other-than-temporary, the carrying value of the security is written down to fair value through net income.

Investments in non-consolidated CLO entities
Investments in non-consolidated CLO entities are carried at amortized cost unless impaired. The excess of actual and anticipated future cash flows over the initial investment at the date of purchase is recognized in gains (losses) and other investment income, net, over the life of the investment using the effective yield method. The Company reviews cash flow estimates throughout the life of each non-consolidated CLO entity. If the updated estimate of future cash flows (taking into account both timing and amounts) is less than the last revised estimate, an impairment loss is recognized to the extent the carrying amount of the investment exceeds its fair value.

Investments in equity method investees
Investments in non-controlled affiliates in which the Company's ownership ranges from 20 to 50 percent, or in instances in which the Company is able to exercise significant influence but not control, are accounted for

under the equity method of accounting. Under the equity method of accounting, the Company's share of the investee's underlying net income or loss is recorded as equity in net income of affiliates, net of tax. Distributions received from the investment reduce the Company's investment balance. Investments in equity method investees are evaluated for impairment as events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. If the carrying amounts of the assets exceed their respective fair values, additional impairment tests are performed to measure the amounts of the impairment losses, if any.

Investments, other
Certain investments are carried at cost. The fair values of cost-method investments are not estimated if there are no identified events or changes in circumstances that may have a significant adverse effect on the fair values of the investments.

Fair value measurements

The accounting standards for fair value measurement provide a framework for measuring fair value and require expanded disclosures regarding fair value measurements. Fair value is defined as the price that would be received for an asset or the exit price that would be paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants on the measurement date. The accounting standards establish a fair value measurement hierarchy, which requires an entity to maximize the use of observable inputs where available. This fair value measurement hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs.

The Company utilizes third-party pricing services to value investments in various asset classes, including debt obligations, interests in senior floating-rate loans, derivatives and certain foreign equity securities, as further discussed below. Valuations provided by the pricing services are subject to exception reporting that identifies securities with significant movements in valuation, as well as investments with no movements in valuation. These exceptions are reviewed by the Company on a daily basis. The Company compares the price of trades executed by the Company to the valuations provided by the third-party pricing services to identify and research significant variances. The Company periodically compares the pricing service valuations to valuations provided by a secondary independent source when available. Market data provided by the pricing services and other market participants, such as the Loan Syndication and Trading Association ("LSTA") trade study, is reviewed by the Company to assess the reliability of the provided data. The Company's Valuation Committee reviews the general assumptions underlying the methodologies used by the pricing services to value various asset classes at least annually. Throughout the year, members of the Company's Valuation Committee or its designees meet with the service providers to discuss any significant changes to the service providers' valuation methodologies or operational processes.

Assets and liabilities measured and reported at fair value are classified and disclosed in one of the following categories based on the nature of the inputs that are significant to the fair value measurements in their entirety. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value measurement hierarchy. In such cases, an investment's classification within the fair value measurement hierarchy is based on the lowest level of input that is significant to the fair value measurement.

Level 1 Unadjusted quoted market prices in active markets for identical assets or liabilities at the reporting date.

Level 2 Observable inputs other than Level 1 unadjusted quoted market prices, such as quoted market prices for similar assets or liabilities in active markets, quoted prices for identical or similar

assets or liabilities that are not active, and inputs other than quoted prices that are observable or corroborated by observable market data.

Level 3 Unobservable inputs that are supported by little or no market activity.

The Company recognizes any transfers between levels at the end of each quarter.

Derivative financial instruments

The Company may utilize derivative financial instruments to hedge market risk and currency risk associated with its investments in separate accounts and certain sponsored funds seeded for new product development purposes, exposures to fluctuations in foreign currency exchange rates associated with investments denominated in foreign currencies and interest rate risk inherent in debt offerings. These derivative financial instruments may or may not qualify as hedges for accounting purposes. In addition, certain consolidated sponsored funds and separately managed accounts may enter into derivative financial instruments within their portfolios to achieve stated investment objectives. The Company does not use derivative financial instruments for speculative purposes.

The Company records all derivative financial instruments as either assets or liabilities on its Consolidated Balance Sheets and measures these instruments at fair value. Derivative transactions are presented on a gross basis in the Company's Consolidated Balance Sheets. For a derivative financial instrument that is designated as a cash flow hedging instrument, the effective portion of the derivative's gain or loss is initially reported as a component of other comprehensive income (loss) and subsequently reclassified into earnings over the life of the hedge. The ineffective portion of the gain or loss is reported in earnings immediately. Changes in the fair value of the Company's other derivative financial instruments are recognized in earnings in the current period.

Deferred sales commissions

Sales commissions paid to broker-dealers in connection with the sale of certain classes of shares of open-end funds and private funds are generally capitalized and amortized over the period during which redemptions by the purchasing shareholder are subject to a contingent deferred sales charge, which does not exceed six years from purchase. Distribution plan payments received from these funds are recorded in revenue as earned. Contingent deferred sales charges and early withdrawal charges received from redeeming shareholders of these funds are generally applied to reduce the Company's unamortized deferred sales commission assets. Should the Company lose its ability to recover such sales commissions through distribution plan payments and contingent deferred sales charges, the value of its deferred sales commission asset would immediately decline, as would related future cash flows.

The Company evaluates the carrying value of its deferred sales commission assets for impairment on a quarterly basis. In its impairment analysis, the Company compares the carrying value of the deferred sales commission asset to the undiscounted cash flows expected to be generated by the asset in the form of distribution fees over its remaining useful life to determine whether impairment has occurred. If the carrying value of the asset exceeds the undiscounted cash flows, the asset is written down to fair value based on discounted cash flows. Impairment adjustments are recognized in operating income as a component of amortization of deferred sales commissions.

Income taxes

Deferred income taxes reflect the expected future tax consequences of temporary differences between the carrying amounts and tax bases of the Company's assets and liabilities measured using rates expected to be

in effect when such differences reverse. To the extent that deferred tax assets are considered more likely than not to be unrealizable, valuation allowances are provided.

The Company's effective tax rate reflects the statutory tax rates of the many jurisdictions in which it operates. Significant judgment is required in determining its effective tax rate and in evaluating its tax positions. In the ordinary course of business, many transactions occur for which the ultimate tax outcome is uncertain. Accounting standards governing the accounting for uncertainty in income taxes for a tax position taken or expected to be taken in a tax return require that the tax effects of a position be recognized only if it is more likely than not to be sustained based solely on its technical merits as of the reporting date. The more-likely-than-not threshold must be met in each reporting period to support continued recognition of the benefit. The difference between the tax benefit recognized in the financial statements for a tax position and the tax benefit claimed in the income tax return is referred to as an unrecognized tax benefit. Unrecognized tax benefits, as well as the related interest and penalties, are adjusted regularly to reflect changing facts and circumstances. The Company classifies any interest or penalties incurred as a component of income tax expense.

Equipment and leasehold improvements

Equipment and other fixed assets are recorded at cost and depreciated on a straight-line basis over their estimated useful lives, which range from three to five years. Accelerated methods are used for income tax purposes. Leasehold improvements are amortized on a straight-line basis over the shorter of their estimated useful lives or the terms of the leases. Expenditures for repairs and maintenance are charged to expense when incurred. Equipment and leasehold improvements are tested for impairment whenever changes in facts or circumstances indicate that the carrying amount of an asset may not be recoverable.

Certain internal and external costs incurred in connection with developing or obtaining software for internal use are capitalized and amortized on a straight-line basis over the shorter of the estimated useful life of the software or three years, beginning when the software project is complete and the application is put into production. These costs are included in equipment and leasehold improvements on the Company's Consolidated Balance Sheets.

Goodwill

Goodwill represents the excess of the cost of the Company's investment in the net assets of acquired companies over the fair value of the underlying identifiable net assets at the dates of acquisition. The Company attributes all goodwill associated with its acquisitions of Atlanta Capital Management, LLC ("Atlanta Capital"), Parametric Portfolio Associates LLC ("Parametric") and The Clifton Group Investment Management Company ("Clifton"), which share similar economic characteristics, to one reporting unit. The Company attributes all goodwill associated with its acquisitions of the Tax Advantaged Bond Strategies ("TABS") business of M.D. Sass Investor Services and Fox Asset Management LLC ("Fox Asset Management") to a second reporting unit.

Goodwill is not amortized but is tested annually for impairment in the fourth quarter of each fiscal year by comparing the fair values of the reporting units to their respective carrying amounts, including goodwill. The Company establishes fair value for the purpose of impairment testing for each reporting unit by averaging fair value established using an income approach and fair value established using a market approach.

The income approach employs a discounted cash flow model that takes into account (1) assumptions that market participants would use in their estimates of fair value, (2) current period actual results and (3) budgeted results for future periods that have been vetted by senior management. The discounted cash flow

model incorporates the same fundamental pricing concepts used to calculate fair value in the acquisition due diligence process and a discount rate that takes into consideration the Company's estimated cost of capital adjusted for the uncertainty inherent in the forecasted information.

The market approach employs market multiples based on comparable publicly traded companies in the financial services industry, calculated with data from industry sources. Estimates of fair value are established using a multiple of assets under management and current and forward multiples of both revenue and earnings before interest, taxes, depreciation and amortization ("EBITDA"), adjusted for size and performance of the reporting unit relative to peer companies. A weighting of the value indications is then performed, giving greater weight to fair value calculated based on multiples of revenue and EBITDA and lesser weight to fair value calculated as a multiple of assets under management. Fair values calculated using one-year, two-year and trailing twelve-month revenue multiples and one-year, two-year and trailing twelve-month EBITDA multiples are each weighted 15 percent, while fair value calculated based on a multiple of assets under management is weighted 10 percent.

If the carrying amount of the reporting unit exceeds its calculated fair value, the second step of the goodwill impairment test will be performed to measure the amount of the impairment loss, if any.

Intangible assets

Amortizing identifiable intangible assets generally represent the cost of client relationships, intellectual property and management contracts acquired. In valuing these assets, the Company makes assumptions regarding useful lives and projected growth rates, and significant judgment is required. The Company periodically reviews its identifiable intangible assets for impairment as events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. If the carrying amounts of those assets exceed their respective fair values, additional impairment tests are performed to measure the amounts of the impairment losses, if any.

Non-amortizing intangible assets generally represent the cost of mutual fund management contracts acquired. Non-amortizing intangible assets are tested for impairment in the fourth quarter of each fiscal year by comparing the fair values of the management contracts acquired to their carrying values. The Company establishes fair value for purposes of impairment testing using the income approach. If the carrying value of a management contract acquired exceeds its fair value, an impairment loss is recognized equal to that excess.

Debt issuance costs

Deferred debt issuance costs are amortized using the effective interest method over the related term of the debt and are included in other assets. The amortization of deferred debt issuance costs is included in interest expense.

Appropriated retained earnings

The Company records appropriated retained earnings equal to the difference between the fair value of consolidated CLO assets and the fair value of consolidated CLO liabilities that can be attributed to external investors. The amount is recorded as appropriated retained earnings since the other holders of the CLOs' beneficial interests, not the Company, will receive the benefits or absorb the losses associated with their proportionate share of the CLOs' assets and liabilities. For all periods presented, the net changes in the fair value of consolidated CLO assets and liabilities that can be attributed to the CLOs' other beneficial interest holders have been recorded as net income attributable to non-controlling and other beneficial interests and as an adjustment to appropriated retained earnings.

Revenue recognition

Investment advisory and administrative fees
Investment advisory and administrative fees for the funds and investment advisory fees for separate accounts managed by the Company are recorded in revenue as the services are performed. Such fees are based primarily on predetermined percentages of the market values of the assets under management. The Company's fund investment advisory and administrative fees are calculated principally as a percentage of average daily net assets. The Company's separate account investment advisory fees are calculated as a percentage of either beginning, average or ending monthly or quarterly net assets. Investment advisory and administrative fees for the funds are earned daily and paid monthly; investment advisory fees for separate accounts are earned daily and paid either monthly or quarterly. The Company may waive certain fees for investment and administrative services at its discretion.

The Company has contractual arrangements with third parties to provide certain fund-related services, including sub-advisory and distribution-related services. Management's determination of whether revenue should be reported gross based on the amount paid by the funds or net of payments to third-party service providers is based on management's assessment of whether the Company is acting as the principal service provider or is acting as an agent. The primary factors considered in assessing the nature of the Company's role include (1) whether the Company is responsible for the fulfillment of the obligation, including the acceptability of the services provided; (2) whether the Company has reasonable latitude to establish the price of the service provided; (3) whether the Company has the discretion to select the service provider; and (4) whether the Company assumes credit risk in the arrangement.

Pursuant to management's assessment of the criteria described above, investment advisory and administrative fees are recorded gross of any sub-advisory payments, with the corresponding fees paid to any sub-adviser based on the terms of those arrangements included in fund-related expenses in the Company's Consolidated Statements of Income.

Distribution, underwriter and service fees
Eaton Vance Distributors, Inc. ("EVD") currently sells Eaton Vance open-end mutual funds under five primary pricing structures: front-end load commission ("Class A"); level-load commission ("Class C"); institutional no-load ("Class I," also referred to as "Institutional Class"); retail no-load ("Class N," referred to as "Investor Class" or "Adviser Class"); and retirement plan no-load ("Class R"). Distribution and service fees for all share classes, as further described below, are calculated as a percentage of average daily net assets and recorded in revenue as earned, gross of any third-party distribution and service fee payments made. Distribution and service fees are earned daily and paid monthly. The expenses associated with third-party distribution and service fee arrangements are recorded in distribution and service fee expense, respectively, as the services are provided by the third party. These expenses are also paid monthly.

For Class A shares, the shareholder pays an underwriter commission to EVD of up to 75 basis points of the dollar value of the shares sold. Underwriter commissions are recorded in revenue at the time of sale. Under certain conditions, the Company may waive the front-end sales load on Class A shares and sell the shares at net asset value. EVD does not receive underwriter commissions on such sales. In addition, for most Class A shares EVD generally receives (and then pays to authorized firms after one year) a combined distribution and service fee of up to 30 basis points of average net assets annually.

Effective January 1, 2012, the Company suspended sales of Class B shares. Additional investment in this share class is limited to exchanges and the reinvestment of distributions by existing Class B shareholders. EVD continues to recover dealer commissions previously paid on behalf of Class B shareholders through distribution fees limited to 75 basis points annually of the average net assets of the Class B shares. In addition, EVD

receives, and then pays to authorized firms, a service fee not to exceed 25 basis points annually of average net assets. Class B shares automatically convert to Class A shares after eight years of ownership.

For Class C shares, the shareholder pays no front-end commissions and no contingent deferred sales charges on redemptions after the first year. EVD pays a commission and the projected first year service fees to the dealer at the time of sale, which together are capitalized and amortized over the first year. EVD receives distribution fees and service fees at an annual rate of up to 75 basis points and 25 basis points, respectively, of average net assets of the Class. EVD pays both the distribution fee and service fee to the dealer after one year. Redemptions of Class C shares within twelve months of purchase are generally subject to deferred sales charges of one percent.

Class I shares are offered at net asset value and are not subject to any sales charges, underwriter commissions, distribution fees or service fees.

Class N shares are offered at net asset value and are not subject to any sales charges or underwriter commissions. Class N shares pay a combined distribution and service fee up to 25 basis points of average net assets of the Class annually. EVD pays the service fee to the dealer after one year.

Class R shares are offered at net asset value with no front-end sales charge. Class R shares pay separate distribution and service fees each up to 25 basis points of average net assets of the Class annually. EVD pays the service fee to the dealer after one year.

Advertising and promotion

The Company expenses all advertising and promotional costs as incurred. Advertising costs incurred were not material to the Company's Consolidated Financial Statements in the fiscal years ended October 31, 2014, 2013 or 2012.

Leases

The Company leases office space under various leasing arrangements. As leases expire, they are normally renewed or replaced in the ordinary course of business. Most lease agreements contain renewal options, rent escalation clauses and/or other inducements provided by the landlord. Rent expense is recorded on a straight-line basis, including escalations and inducements, over the lease term.

Earnings per share

Earnings per basic and diluted share are calculated under the two-class method. Pursuant to the two-class method, the Company's unvested restricted stock awards with non-forfeitable rights to dividends, which relate exclusively to restricted stock awards granted on or before November 1, 2012, are considered participating securities. Under the two-class method, earnings per basic share is calculated by dividing net income available to Eaton Vance Corp. shareholders by the weighted-average number of common shares outstanding during the period. The two-class method includes an earnings allocation formula that determines earnings per share for each participating security according to dividends declared and undistributed earnings for the period. Net income available to Eaton Vance Corp. shareholders is reduced by the amount allocated to participating restricted shares to arrive at the earnings allocated to common stock shareholders for purposes of calculating earnings per share. Dividends declared per share on the unvested restricted shares are equal to the dividends declared per common share on the Company's Voting and Non-Voting Common Stock. Earnings per diluted share is computed on the basis of the weighted-average number of common shares outstanding during the period plus the dilutive effect of any potential common shares outstanding during the period using the more dilutive of the treasury method or two-class method.

Stock-based compensation

The Company accounts for stock-based compensation expense at fair value. Under the fair value method, stock-based compensation expense, which reflects the fair value of stock-based awards measured at grant date, is recognized on a straight-line basis over the relevant service period (generally five years) and is adjusted each period for anticipated forfeitures.

The fair value of each option award granted is estimated using the Black-Scholes option valuation model. The Black-Scholes option valuation model incorporates assumptions as to dividend yield, volatility, an appropriate risk-free interest rate and the expected life of the option. Prior to October 24, 2012, the Company immediately recognized compensation expense at grant date for all awards granted to retirement-eligible employees, as defined. On October 24, 2012, the Company modified its stock-based compensation plans to remove the provisions regarding retirement-eligible employees for subsequent option grants, with the effect that immediate expense recognition is no longer applicable.

The fair value of profit interests granted under subsidiary long-term equity plans is estimated on grant date by averaging fair value established using an income approach and fair value established using a market approach for each subsidiary. The income and fair value approaches used in the determination of grant date fair value of profit interests are consistent with those described in Goodwill above.

Tax benefits realized upon the exercise of stock options that are in excess of the expense previously recognized for financial reporting purposes are recorded in shareholders' equity and reflected as a financing activity in the Company's Consolidated Statements of Cash Flows. If the tax benefit realized is less than the expense previously recorded, the shortfall is recorded in shareholders' equity. To the extent the expense exceeds available windfall tax benefits, it is recorded in the Company's Consolidated Statements of Income and reflected as an operating activity on the Company's Consolidated Statements of Cash Flows.

Foreign currency translation

Substantially all of the Company's foreign subsidiaries have a functional currency that is something other than the U.S. dollar. Assets and liabilities of these subsidiaries are translated into U.S. dollars at current exchange rates as of the end of each accounting period. Related revenue and expenses are translated at average exchange rates in effect during the accounting period. Net translation exchange gains and losses are excluded from income and recorded in accumulated other comprehensive income (loss). Foreign currency transaction gains and losses are reflected in gains (losses) and other investment income, net, as they occur.

Comprehensive income

The Company reports all changes in comprehensive income in its Consolidated Statements of Comprehensive Income. Comprehensive income includes net income, the change in unrealized gains on certain derivatives, the amortization of net gains and losses on certain derivatives, unrealized holding gains and losses on investment securities classified as available-for-sale and foreign currency translation adjustments, in each case net of tax. When the Company has established an indefinite reinvestment assertion for a foreign subsidiary, deferred income taxes are not provided on the related foreign currency translation exchange gains and losses.

Non-controlling interests

Non-redeemable non-controlling interests consist entirely of unvested interests granted to employees of the Company's majority-owned subsidiaries under subsidiary-specific long-term equity plans. These grants become subject to holder put rights upon vesting and are reclassified to temporary equity as vesting occurs.

Non-controlling interests redeemable at fair value consist of interests in the Company's consolidated sponsored funds and certain vested interests held by employees of our majority-owned subsidiaries under the subsidiaries' long-term equity plans. The Company's non-controlling interests redeemable at fair value are recorded in temporary equity at estimated redemption value and changes in the estimated redemption value of these interests are recognized as increases or decreases to additional paid-in capital.

Non-controlling interests redeemable at other than fair value consist of certain other interests in the Company's majority-owned subsidiaries. These interests are subject to holder put rights and Company call rights at established multiples of earnings before interest and taxes and, as such, are considered redeemable at other than fair value. The put and call rights are not legally detachable or separately exercisable and are deemed to be embedded in the related non-controlling interests. Non-controlling interests redeemable at other than fair value are recorded on the Company's Consolidated Balance Sheets in temporary equity at estimated redemption value, and changes in estimated redemption value of these interests are recorded to the Company's Consolidated Statements of Income as increases or decreases to net income attributable to non-controlling and other beneficial interests.

Loss contingencies

The Company continuously reviews any investor, employee or vendor complaints and pending or threatened litigation. The Company evaluates the likelihood that a loss contingency exists under the criteria of applicable accounting standards through consultation with legal counsel and records a loss contingency, inclusive of legal costs, if the contingency is probable and reasonably estimable at the date of the financial statements. There are no losses of this nature that are currently deemed probable and reasonably estimable, and, thus, none have been recorded in the accompanying Consolidated Financial Statements.

2. Adoption of New Accounting Standards

The Company adopted the following accounting standard in fiscal 2014:

Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income

Effective November 1, 2013, the Company adopted ASU 2013-02, *Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income*. The guidance provided in ASU 2013-02 requires an entity to present separately, for each component of accumulated other comprehensive income, the current period reclassification of amounts into net income and identify each line item in the statement of net income that is affected by the reclassification. The adoption of ASU 2013-02 was effective prospectively and did not have an impact on the Company's results of operations, financial position or liquidity.

3. New Accounting Standards Not Yet Adopted

Measuring the Financial Assets and the Financial Liabilities of a Consolidated Collateralized Financing Entity

In August 2014, the FASB issued ASU 2014-13, *Measuring the Financial Assets and the Financial Liabilities of a Consolidated Collateralized Financing Entity*, which provides a measurement alternative for an entity that consolidates collateralized financing entities ("CFE's"). If elected, the alternative method results in the reporting entity measuring both the financial assets and financial liabilities of the CFE using

the more observable of the two fair value measurements, which effectively removes measurement differences between the financial assets and financial liabilities of the CFE previously recorded as net income (loss) attributable to non-controlling and other beneficial interests and as an adjustment to appropriated retained earnings. The reporting entity continues to measure its own beneficial interests in the CFE (other than those that represent compensation for services) at fair value. The new guidance is effective for the Company's fiscal year that begins on November 1, 2016 and requires either a retrospective or modified retrospective approach to adoption, with early adoption permitted. The Company is currently evaluating the potential impact on its Consolidated Financial Statements and related disclosures.

Revenue from Contracts with Customers
In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, which supersedes existing accounting standards for revenue recognition and creates a single framework. The standard also specifies the accounting for certain costs to obtain or fulfill a contract with a customer. The new guidance is effective for the Company's fiscal year that begins on November 1, 2017 and interim periods within that fiscal year, and requires either a retrospective or a modified retrospective approach to adoption. The Company is currently evaluating the potential impact on its Consolidated Financial Statements and the related disclosures, as well as the available transition methods. Early adoption is prohibited.

4. Consolidated Sponsored Funds

Underlying investments held by consolidated sponsored funds were included in investments on the Company's Consolidated Balance Sheets and classified as trading securities at October 31, 2014 and 2013. Net investment income or loss related to consolidated sponsored funds was included in gains (losses) and other investment income, net, on the Company's Consolidated Statements of Income for all periods presented. The impact of consolidated sponsored funds' net income or (loss) on net income attributable to Eaton Vance Corp. shareholders was reduced by amounts attributable to non-controlling interest holders, which are recorded in net income attributable to non-controlling and other beneficial interests in the Company's Consolidated Statements of Income for all periods presented.

The following table sets forth the balances related to consolidated sponsored funds at October 31, 2014 and 2013, as well as the Company's net interest in these funds:

(in thousands)	**2014**	**2013**
Investments	$ 172,413	$ 153,327
Other assets	19,474	13,799
Other liabilities	(32,559)	(31,008)
Redeemable non-controlling interests	(8,983)	(3,958)
Net interest in consolidated sponsored funds[1]	$ 150,345	$ 132,160

[1] *Excludes the Company's investments in consolidated CLO entities, which are discussed in Note 9.*

During the fiscal years ended October 31, 2014 and 2013, the Company deconsolidated a total of four and six sponsored funds, respectively.

5. Investments

The following is a summary of investments at October 31, 2014 and 2013:

(in thousands)	2014	2013
Investment securities, trading:		
Short-term debt	$ 156,972	$ 20,116
Consolidated sponsored funds	172,413	153,327
Separately managed accounts	51,660	62,081
Total investment securities, trading	381,045	235,524
Investment securities, available-for-sale	30,167	22,727
Investments in non-consolidated CLO entities	4,033	5,378
Investments in equity method investees	206,352	269,683
Investments, other	3,008	3,011
Total investments[(1)]	$ 624,605	$ 536,323

[(1)] *Excludes the Company's investments in consolidated CLO entities, which are discussed in Note 9.*

Investment securities, trading

Investment securities, trading, consist of short-term debt assets held by the Company, including certificates of deposit, commercial paper and corporate debt securities with remaining maturities (upon purchase by the Company) ranging from three months to 12 months and debt and equity securities held in the portfolios of consolidated sponsored funds and separately managed accounts. The Company seeds new fund and separate account investment strategies on a regular basis as a means of establishing investment records that can be used in marketing those strategies to retail and institutional clients. A separately managed account seeded by the Company for product development purposes is not a legal entity subject to consolidation, but rather an individual portfolio of securities in the Company's name. As a result, the Company looks through the construct of the portfolio to the underlying debt and equity securities and treats these securities as trading securities for accounting and disclosure purposes. The following is a summary of the fair value of investments classified as trading at October 31, 2014 and 2013:

(in thousands)	2014	2013
Short-term debt	$ 156,972	$ 20,116
Other debt - consolidated sponsored funds and separately managed accounts	83,824	97,650
Equity securities - consolidated sponsored funds and separately managed accounts	140,249	117,758
Total investment securities, trading	$ 381,045	$ 235,524

During the fiscal year ended October 31, 2014, the Company initiated seed investments in 15 sponsored funds and one separately managed account; during the fiscal year ended October 31, 2013, the Company initiated seed investments in 15 sponsored funds and 15 separately managed accounts.

The Company recognized gains (losses) related to trading securities held at the reporting date of $(6.9) million, $16.5 million and $12.1 million for the years ended October 31, 2014, 2013 and 2012, respectively,

within gains (losses) and other investment income, net, in the Company's Consolidated Statements of Income.

Investment securities, available-for-sale

Investment securities classified as available-for-sale consist exclusively of seed investments in certain sponsored open-end funds, privately offered equity funds and closed-end funds where the Company has less than a 20 percent interest in the fund. The following is a summary of the gross unrealized gains (losses) included in accumulated other comprehensive income (loss) related to securities classified as available-for-sale at October 31, 2014 and 2013:

2014		Gross Unrealized		
(in thousands)	**Cost**	**Gains**	**Losses**	**Fair Value**
Investment securities, available-for-sale	$ 21,032	$ 9,159	$ (24)	$ 30,167

2013		Gross Unrealized		
(in thousands)	**Cost**	**Gains**	**Losses**	**Fair Value**
Investment securities, available-for-sale	$ 15,459	$ 7,306	$ (38)	$ 22,727

Net unrealized holding gains (losses) on investment securities classified as available-for-sale included in other comprehensive income (loss) were $1.9 million, $(1.5) million and $3.3 million for the years ended October 31, 2014, 2013 and 2012, respectively.

The Company evaluated gross unrealized losses of $24,000 as of October 31, 2014 and determined that these losses were not other-than-temporary, primarily because the Company has both the ability and intent to hold the investments for a period of time sufficient to recover such losses. The aggregate fair value of investments with unrealized losses was $1.3 million at October 31, 2014. No investment with a gross unrealized loss has been in a loss position for greater than one year.

The following is a summary of the Company's realized gains and losses upon disposition of investments classified as available-for-sale for the years ended October 31, 2014, 2013 and 2012:

(in thousands)	**2014**	**2013**	**2012**
Gains	$ 823	$ 5,978	$ 348
Losses	(904)	(235)	(440)
Net realized gains (losses)	$ (81)	$ 5,743	$ (92)

Investments in unconsolidated CLO entities

The Company provides investment management services for, and has made investments in, a number of CLO entities that it does not consolidate on its Consolidated Financial Statements. The Company's ownership interests in the unconsolidated CLO entities are carried at amortized cost unless impaired. The Company earns investment management fees, including subordinated management fees, for managing the collateral of the CLO entities. At October 31, 2014 and 2013, combined assets under management in the pools of unconsolidated CLO entities were $2.4 billion and $1.9 billion, respectively. The Company's maximum exposure to loss as a result of its investments in the equity of unconsolidated CLO entities is the carrying value of such investments, which was $4.0 million and $5.4 million at October 31, 2014 and 2013,

respectively. Investors in CLO entities have no recourse against the Company for any losses sustained in the CLO structures.

The Company did not recognize any impairment losses on investments in unconsolidated CLO entities in fiscal 2014, 2013 or 2012.

Investments in equity method investees

The Company has a 49 percent interest in Hexavest Inc. ("Hexavest"), a Montreal, Canada-based investment adviser. The carrying value of this investment was $166.0 million and $175.5 million at October 31, 2014 and 2013, respectively. At October 31, 2014, the Company's investment in Hexavest consisted of $5.9 million of equity in the net assets of Hexavest, intangible assets of $33.5 million and goodwill of $135.6 million, net of a deferred tax liability of $9.0 million. At October 31, 2013, the Company's investment in Hexavest consisted of $5.5 million of equity in the net assets of Hexavest, intangible assets of $38.6 million and goodwill of $141.8 million, net of a deferred tax liability of $10.4 million. The investment is denominated in Canadian dollars and is subject to foreign currency translation adjustments, which are recorded in accumulated other comprehensive income (loss).

During fiscal 2014 and 2013, the Company made contingent payments of $5.0 million and $1.3 million, respectively, to the Hexavest selling group based upon prescribed multiples of Hexavest's revenue for the twelve months ended August 31, 2014 and 2013. The payments increased equity method goodwill.

The Company has an option, exercisable in fiscal 2017, to purchase an additional 26 percent interest in Hexavest. As part of the purchase price allocation, a value of $8.3 million was assigned to this option. The option is included in other assets in the Company's Consolidated Balance Sheets at October 31, 2014 and 2013.

The Company has a 7 percent equity interest in a private equity partnership managed by a third party that invests in companies in the financial services industry. The Company's investment in the partnership was $4.2 million and $4.9 million at October 31, 2014 and 2013, respectively.

In fiscal 2011, the Company sold its equity interest in Lloyd George Management (BVI) Limited ("LGM"), an investment management company based in Hong Kong that primarily manages Asia Pacific and emerging market equity funds and separate accounts, including three funds sponsored by the Company. The Company recognized a gain of $2.4 million in the Company's Consolidated Statements of Income in connection with the sale during fiscal 2012.

The Company had equity method investments in the following Eaton Vance-sponsored funds as of October 31, 2014 and 2013:

	Equity Ownership Interest (%)			Carrying Value ($)[1]	
(dollar amounts in thousands)	**October 31, 2014**	**October 31, 2013**		**October 31, 2014**	**October 31, 2013**
Eaton Vance Real Estate Fund	34%	34%		$ 11,953	$ 9,820
Eaton Vance Focused Growth Opportunities Fund	33%	34%		9,559	6,870
Eaton Vance Focused Value Opportunities Fund	32%	34%		7,588	6,826
Eaton Vance Tax-Advantaged Bond Strategies Long Term Fund	27%	30%		6,105	5,552
Eaton Vance Currency Income Advantage Fund	43%	-		973	-
Eaton Vance Atlanta Capital Select Equity Fund	-	28%		-	25,207
Eaton Vance Hexavest Global Equity Fund	-	30%		-	24,592
Eaton Vance Municipal Opportunities Fund	-	33%		-	10,420
Total				$ 36,178	$ 89,287

[1] *The carrying value of equity method investments in Company-sponsored funds is measured based on the funds' net asset values. The Company has the ability to redeem its investments in these funds at any time. Not shown are Company investments in certain of the above-listed funds that were not accounted for as equity method investments as of the indicated date.*

Summarized financial information for the Company's equity method investees as of October 31, 2014 and 2013 and for the years ended October 31, 2014, 2013 and 2012 is as follows:

	2014			2013		
(in thousands)	**Hexavest**	**Other Investees**	**Total**	**Hexavest**	**Other Investees**	**Total**
Balance Sheets						
Total assets	$ 30,989	$ 194,981	$ 225,970	$ 27,704	$ 419,331	$ 447,035
Total liabilities	13,854	1,757	15,611	10,062	49,099	59,161
Outside equity interests	11,290	152,825	164,115	12,175	276,025	288,200

(in thousands)	2014 Hexavest	2014 Other Investees	2014 Total	2013 Hexavest	2013 Other Investees	2013 Total
Statements of Income [(1)]						
Revenue	$ 57,981	$ 300	$ 58,281	$ 45,680	$ 1,241	$ 46,921
Operating income (loss)	34,957	(2,337)	32,620	27,386	(2,315)	25,071
Net income	24,876	43,090	67,966	20,870	29,665	50,535

(in thousands)	2012 Hexavest	2012 Other Investees	2012 Total
Statements of Income [(1)]			
Revenue	$ 10,691	$ 8,788	$ 19,479
Operating income (loss)	6,060	5,286	11,346
Net income	4,714	34,339	39,053

[(1)] Statement of income figures are included only for the time in which the investees were accounted for under the equity method.

The Company did not recognize any impairment losses related to its investments in equity method investees during the years ended October 31, 2014, 2013 or 2012.

During the years ended October 31, 2014, 2013 and 2012, the Company received dividends of $16.1 million, $16.9 million and $11.4 million, respectively, from its investments in equity method investees.

Investments, other

Investments, other, consist of certain investments carried at cost totaling $3.0 million as of October 31, 2014 and 2013, including a non-controlling capital interest in Atlanta Capital Management Holdings, LLC (“ACM Holdings”), a partnership that owns certain non-controlling interests of Atlanta Capital. The Company’s interest in ACM Holdings is non-voting and entitles the Company to receive a portion of the proceeds when put or call options for certain non-controlling interests of Atlanta Capital are exercised. The Company’s investment in ACM Holdings decreased to $1.3 million at October 31, 2014 from $2.1 million at October 31, 2013, reflecting the put and call options exercised in fiscal 2014 as disclosed in Note 11. Management believes that the carrying value of its other investments approximates their fair value.

6. Fair Value Measurements

As discussed in Note 1, accounting standards define fair value as the price that would be received for an asset or the exit price that would be paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants on the measurement date. The accounting standards establish a fair value measurement hierarchy that prioritizes inputs to valuation techniques and gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs.

The following tables summarize financial assets and liabilities measured at fair value on a recurring basis and their assigned levels within the valuation hierarchy at October 31, 2014 and 2013:

October 31, 2014

(in thousands)	Level 1	Level 2	Level 3	Other Assets Not Held at Fair Value	Total
Financial assets:					
Cash equivalents	$ 19,599	$ 60,312	$ -	$ -	$ 79,911
Investments:					
Investment securities, trading:					
Short-term debt	-	156,972	-	-	156,972
Other debt - consolidated sponsored funds and separately managed accounts	10,799	73,025	-	-	83,824
Equity - consolidated sponsored funds and separately managed accounts	86,504	53,745	-	-	140,249
Investment securities, available-for-sale	23,600	6,567	-	-	30,167
Investments in non-consolidated CLO entities[(1)]	-	-	-	4,033	4,033
Investments in equity method investees[(2)]	-	-	-	206,352	206,352
Investments, other[(3)]	-	61	-	2,947	3,008
Derivative instruments	-	4,416	-	-	4,416
Assets of consolidated CLO entity:					
Cash equivalents	8,697	-	-	-	8,697
Bank loans and other investments	-	146,315	801	-	147,116
Total financial assets	$ 149,199	$ 501,413	$ 801	$ 213,332	$ 864,745
Financial liabilities:					
Derivative instruments	$ -	$ 2,618	$ -	$ -	$ 2,618
Securities sold, not yet purchased	-	981	-	-	981
Liabilities of consolidated CLO entity:					
Senior and subordinated note obligations	-	2,672	149,310	-	151,982
Total financial liabilities	$ -	$ 6,271	$ 149,310	$ -	$ 155,581

October 31, 2013

(in thousands)	Level 1	Level 2	Level 3	Other Assets Not Held at Fair Value	Total
Financial assets:					
Cash equivalents	$ 104,261	$ 2,900	$ -	$ -	$ 107,161
Investments:					
Investment securities, trading:					
Short-term debt	-	20,116	-	-	20,116
Other debt - consolidated sponsored funds and separately managed accounts	7,053	90,597	-	-	97,650
Equity - consolidated sponsored funds and separately managed accounts	61,615	56,143	-	-	117,758
Investment securities, available-for-sale	17,083	5,644	-	-	22,727
Investments in non-consolidated CLO entities[(1)]	-	-	-	5,378	5,378
Investments in equity method investees[(2)]	-	-	-	269,683	269,683
Investments, other[(3)]	-	60	-	2,951	3,011
Derivative instruments	-	334	-	-	334
Assets of consolidated CLO entities:					
Cash equivalents	29,970	-	-	-	29,970
Bank loans and other investments	-	684,436	1,245	-	685,681
Total financial assets	$ 219,982	$ 860,230	$ 1,245	$ 278,012	$ 1,359,469
Financial liabilities:					
Derivative instruments	$ -	$ 8,412	$ -	$ -	$ 8,412
Securities sold, not yet purchased	-	687	-	-	687
Liabilities of consolidated CLO entities:					
Senior and subordinated note obligations	-	2,651	276,476	-	279,127
Total financial liabilities	$ -	$ 11,750	$ 276,476	$ -	$ 288,226

(1) *The Company's investments in these CLO entities are measured at fair value on a non-recurring basis using Level 3 inputs. The investments are carried at amortized cost (or cost for warehouse stage entities) unless facts and circumstances indicate that the investments have been impaired, at which time the investments are written down to fair value. There was no re-measurement of these assets during the years ended October 31, 2014 or 2013.*

(2) *Investments in equity method investees are not measured at fair value in accordance with GAAP.*

(3) *Investments, other, includes investments carried at cost that are not measured at fair value in accordance with GAAP.*

Valuation methodologies

Cash equivalents
Cash equivalents include investments in money market funds, holdings of Treasury and government agency securities, and commercial paper with original maturities of less than three months. Cash investments in actively traded money market funds are valued using published net asset values and are classified as Level 1 within the fair value measurement hierarchy. Treasury and government agency securities are valued based upon quoted market prices for similar assets in active markets, quoted prices for identical or similar assets that are not active, and inputs other than quoted prices that are observable or corroborated by observable market data. The carrying amounts of commercial paper are measured at amortized cost, which approximates fair value due to the short time between the purchase and expected maturity of the investments. Depending on the nature of the inputs, these assets are generally classified as Level 1 or 2 within the fair value measurement hierarchy.

Investment securities, trading – short-term debt
Short-term debt securities include certificates of deposit, commercial paper and corporate debt obligations with remaining maturities from three months to 12 months. Short-term debt securities held are generally valued on the basis of valuations provided by third-party pricing services, as derived from such services' pricing models. Inputs to the models may include, but are not limited to, reported trades, executable bid and ask prices, broker-dealer quotations, prices or yields of securities with similar characteristics, benchmark curves or information pertaining to the issuer, as well as industry and economic events. The pricing services may use a matrix approach, which considers information regarding securities with similar characteristics to determine the valuation for a security. Depending on the nature of the inputs, these assets are generally classified as Level 1 or 2 within the fair value measurement hierarchy.

Investment securities, trading – other debt
Other debt securities classified as trading include debt obligations held in the portfolios of consolidated sponsored funds and separately managed accounts. Other debt securities held are generally valued on the basis of valuations provided by third-party pricing services as described above for investment securities, trading – short-term debt. Other debt securities purchased with a remaining maturity of 60 days or less (excluding those that are non-U.S. denominated, which typically are valued by a third-party pricing service or dealer quotes) are generally valued at amortized cost, which approximates fair value. Depending upon the nature of the inputs, these assets are generally classified as Level 1 or 2 within the fair value measurement hierarchy.

Investment securities, trading – equity
Equity securities classified as trading include foreign and domestic equity securities held in the portfolios of consolidated sponsored funds and separately managed accounts. Equity securities listed on a U.S. securities exchange generally are valued at the last sale or closing price on the day of valuation or, if no sales took place on such date, at the mean between the closing bid and ask prices on the exchange where such securities are principally traded. Equity securities listed on the NASDAQ Global or Global Select market generally are valued at the NASDAQ official closing price. Unlisted or listed securities for which closing prices or closing quotations are not available are valued at the mean between the latest available bid and ask prices. When valuing foreign equity securities that meet certain criteria, the portfolios use a fair value service that values such securities to reflect market trading that occurs after the close of the applicable foreign markets of comparable securities or other instruments that have a strong correlation to the fair-valued securities. In addition, the Company performs its own independent back test review of fair values versus the subsequent local market opening prices when available. Depending upon the nature of the inputs, these assets generally are classified as Level 1 or 2 within the fair value measurement hierarchy.

Investment securities, available-for-sale
Investment securities classified as available-for-sale include investments in sponsored mutual funds and privately offered equity funds. Sponsored mutual funds are valued using published net asset values and are classified as Level 1 within the fair value measurement hierarchy. Investments in sponsored privately offered equity funds and portfolios that are not listed on an active exchange but have net asset values that are comparable to mutual funds and have no redemption restrictions are classified as Level 2 within the fair value measurement hierarchy.

Derivative instruments
Derivative instruments, which include foreign exchange contracts, stock index futures contracts, commodity futures contracts and interest rate futures contracts, are recorded as either other assets or other liabilities on the Company's Consolidated Balance Sheets. Foreign exchange contracts are valued by interpolating a value using the spot foreign exchange rate and forward points, which are based on spot rate and currency interest rate differentials. Stock index futures contracts, commodity futures contracts and interest rate futures contracts are valued using a third-party pricing service that determines fair value based on bid and ask prices. Derivative instruments generally are classified as Level 2 within the fair value measurement hierarchy.

Assets of consolidated CLO entities
Assets of consolidated CLO entities include investments in bank loans, debt securities, money market funds, equity securities and warrants. Fair value is determined utilizing unadjusted quoted market prices when available. Investments in money market funds are valued using published net asset values and are classified as Level 1 within the fair value measurement hierarchy. Debt securities, equity securities and warrants are valued using the same techniques as described above for trading securities. Interests in senior floating-rate loans for which reliable market quotations are readily available are valued generally at the average mid-point of bid and ask quotations obtained from a third-party pricing service. Fair value may also be based upon valuations obtained from independent third-party brokers or dealers utilizing matrix pricing models that consider information regarding securities with similar characteristics. In certain instances, fair value has been determined utilizing discounted cash flow analyses or single broker non-binding quotes. Depending on the nature of the inputs, these assets are classified as Level 1, 2 or 3 within the fair value measurement hierarchy.

Securities sold, not yet purchased
Securities sold, not yet purchased, are recorded as other liabilities on the Company's Consolidated Balance Sheets and are valued by a third-party pricing service that determines fair value based on bid and ask prices. Securities sold, not yet purchased, generally are classified as Level 2 within the fair value measurement hierarchy.

Liabilities of consolidated CLO entities
Liabilities of consolidated CLO entities include debt securities and senior and subordinated note obligations. Debt securities are valued based upon quoted prices for identical or similar liabilities that are not active and inputs other than quoted prices that are observable or corroborated by observable market data. Senior and subordinated notes are valued utilizing an income-approach model in which one or more significant inputs are unobservable in the market. A full description of the valuation technique is included below within the valuation process disclosure. Depending on the nature of the inputs, these liabilities are classified as Level 2 or 3 within the fair value measurement hierarchy.

Transfers in and out of Levels

The following table summarizes fair value transfers between Level 1 and Level 2 of the fair value measurement hierarchy for the years ended October 31, 2014 and 2013:

(in thousands)	2014	2013
Transfers from Level 1 into Level 2[(1)]	$ 249	$ 29
Transfers from Level 2 into Level 1[(2)]	1,192	1,304

(1) *Transfers from Level 1 into Level 2 primarily represent debt and equity securities formerly classified as Level 1 for which unadjusted quoted market prices in active markets became unavailable in the current period.*

(2) *Transfers from Level 2 into Level 1 primarily represent debt and equity securities formerly classified as Level 2 for which unadjusted quoted market prices in active markets became available in the current period.*

Level 3 assets and liabilities

As discussed more fully in Note 9, the Company deconsolidated Eaton Vance CLO 2013-1 on May 1, 2014. The following table presents a reconciliation of the beginning and ending fair value measurements of assets and liabilities valued on a recurring basis and classified as Level 3 within the fair value measurement hierarchy for the years ended October 31, 2014 and 2013:

	2014		2013	
(in thousands)	Bank loans and other investments of consolidated CLO entities	Senior and subordinated note obligations and redeemable preferred shares of consolidated CLO entities	Bank loans and other investments of consolidated CLO entities	Senior and subordinated note obligations of consolidated CLO entities
Beginning balance	$ 1,245	$ 276,476	$ 2,203	$ 443,946
Issuance of senior and subordinated notes and redeemable preferred shares	-	421,523	-	-
Deconsolidation of senior and subordinated notes and redeemable preferred shares	-	(419,193)	-	-
Net gains (losses) on investments and note obligations included in net income[(1)]	(183)	(1,209)	25	10,030
Sales	(1,061)	-	(132)	-
Settlements	-	-	(408)	-
Payment-in-kind	-	-	7	-
Amortization of original issue discount on senior notes	-	75	-	-
Principal paydown	-	(128,362)	-	(177,500)
Transfers into Level 3[(2)]	800	-	922	-
Transfers out of Level 3[(3)]	-	-	(1,372)	-
Ending balance	$ 801	$ 149,310	$ 1,245	$ 276,476
Change in unrealized gains (losses) included in net income relating to assets and liabilities held	$ 35	$ (1,196)	$ 25	$ 10,030

(1) Substantially all net gains (losses) on investments and note obligations and redeemable preferred shares attributable to the assets and borrowings of the Company's consolidated CLO entities are allocated to non-controlling and other beneficial interests on the Company's Consolidated Statements of Income.

(2) Transfers into Level 3 were the result of a reduction in the availability of significant observable inputs used in determining the fair value of the securities, including a loan that utilized a discount applied to the demanded yield.

(3) Transfers out of Level 3 into Level 2 of the fair value measurement hierarchy were due to an increase in the observability of the inputs used in determining the fair value of certain instruments.

The following table shows the valuation technique and significant unobservable inputs utilized in the fair value measurement of Level 3 liabilities of the consolidated CLO entities at October 31, 2014 and 2013:

October 31, 2014 *($ in thousands)*		**Fair Value**	**Valuation Technique**	**Unobservable Inputs**[(1)]	**Value/ Range**
				Prepayment rate	30 percent
				Recovery rate	70 percent
Senior and subordinated				Default rate	200 bps
note obligations	$	149,310	Income-approach	Discount rate	75-250 bps

October 31, 2013 *($ in thousands)*		**Fair Value**	**Valuation Technique**	**Unobservable Inputs**[(1)]	**Value/ Range**
				Prepayment rate	30 percent
				Recovery rate	70 percent
Senior and subordinated				Default rate	200 bps
note obligations	$	276,476	Income-approach	Discount rate	105-375 bps

(1) Discount rate refers to spread over LIBOR. Lower spreads apply to the more senior tranches in the CLO note structure; higher spreads apply to the less senior tranches. The default rate refers to the constant annual default rate. The recovery rate is the expected recovery of defaulted amounts received through asset sales, recovery through bankruptcy restructuring or other settlement processes. The prepayment rate is the rate at which the underlying collateral is expected to repay principal.

Valuation process

Senior and subordinated note obligations of the Company's consolidated CLO entities are issued in various tranches with different risk profiles. The notes are valued on a quarterly basis by the Company's bank loan investment team utilizing an income-approach that projects the cash flows of the collateral assets using the team's projected default rate, prepayment rate, recovery rate and discount rate, as well as observable assumptions about market yields, collateral reimbursement assumptions, callability and other market factors that vary based on the nature of the investments in the underlying collateral pool. Once the undiscounted cash flows of the collateral assets have been determined, the bank loan team applies appropriate discount rates that it believes a reasonable market participant would use to determine the discounted cash flow valuation of the notes. The bank loan team routinely monitors market conditions and model inputs for cyclical and secular changes in order to identify any material factors that could influence the Company's valuation method. The bank loan team reports directly to the Chief Income Investment Officer.

Sensitivity to changes in significant unobservable inputs

For senior and subordinated notes issued by the Company's consolidated CLO entities, increases (decreases) in discount rates, default rates or prepayment rates in isolation would result in lower (higher) fair value measurements, while increases (decreases) in recovery rates in isolation would result in higher (lower) fair value measurements. Generally, a change in the assumption used for the probability of default is

accompanied by a directionally similar change in the assumption used for discount rates and a directionally opposite change in the assumptions used for prepayment and recovery rates.

Although the Company believes the valuation methods described above are appropriate, the use of different methodologies or assumptions to determine fair value could result in different estimates of fair value at the reporting date.

7. Derivative Financial Instruments

Derivative financial instruments designated as cash flow hedges

On June 25, 2013, the Company issued $325 million in aggregate principal amount of 3.625 percent ten-year Senior Notes due in June 2023 ("2023 Senior Notes"). In anticipation of the offering, the Company entered into a forward-starting interest rate swap intended to hedge changes in the benchmark interest rate between the time at which the decision was made to issue the debt and the pricing of the securities. The benchmark interest rate increased during this time and the Company received payment to settle the hedge for a gain of $2.0 million. At termination, the hedge was determined to be an effective cash flow hedge and the $2.0 million gain was recorded in other comprehensive income (loss), net of taxes of $0.8 million. The Company is reclassifying the gain recorded in other comprehensive income (loss) to earnings as a component of interest expense over the term of the debt. During the fiscal years ended October 31, 2014 and 2013, approximately $0.2 million and $0.1 million, respectively, of this deferred gain was reclassified into interest expense. At October 31, 2014, the remaining unamortized gain was $1.7 million. During the next twelve months, the Company expects to reclassify approximately $0.2 million of the gain into interest expense.

During the fiscal years ended October 31, 2014, 2013 and 2012, the Company reclassified into interest expense $0.2 million, $1.3 million and $0.4 million, respectively, of deferred losses related to a Treasury lock transaction entered into in connection with the issuance of its 6.5 percent unsecured senior notes due October 2, 2017 ("2017 Senior Notes"). Amounts for the year ended October 31, 2013 include $0.9 million in interest expense related to the accelerated amortization of the treasury lock tied to the portion of the 2017 Senior Notes retired on June 28, 2013. The Company is reclassifying the remaining unamortized loss on the Treasury lock transaction recorded in other comprehensive income (loss) to earnings as a component of interest expense over the term of the debt. At October 31, 2014, the remaining unamortized loss was $0.7 million. During the next twelve months, the Company expects to reclassify approximately $0.2 million of the loss on the Treasury lock transaction into interest expense.

Other derivative financial instruments not designated for hedge accounting

In June 2013, the Company entered into a reverse treasury lock in conjunction with the Company's tender offer to purchase up to $250 million of its 2017 Senior Notes. The transaction effectively locked in the benchmark interest rate to be used in determining the premium above par to be paid to note holders in conjunction with the repurchase of the 2017 Senior Notes tendered. The reference U.S. Treasury rate increased during the time the reverse treasury lock was outstanding and the Company recognized a $3.1 million loss upon termination in June 2013. This loss was included in gains (losses) and other investment income, net, in the Company's Consolidated Statement of Income.

The Company has entered into a series of foreign exchange contracts, stock index futures contracts, commodity futures contracts and interest rate futures contracts to hedge currency risk and market risk associated with its investments in certain sponsored funds and separately managed accounts seeded for new product development purposes. Certain of the consolidated sponsored funds and separately managed

accounts may utilize derivative financial instruments within their portfolios in pursuit of their stated investment objectives.

At October 31, 2014, 2013 and 2012, excluding derivative financial instruments held in certain consolidated sponsored funds and separately managed accounts, the Company had 39, 42 and 49 foreign exchange contracts outstanding with four, five and eight counterparties with an aggregate notional value of $16.8 million, $59.1 million and $35.7 million, respectively; 2,091, 2,711 and 1,325 stock index futures contracts outstanding with one counterparty with an aggregate notional value of $177.3 million, $200.7 million and $97.1 million, respectively; and 566, 217 and 200 commodity futures contracts outstanding with one counterparty with an aggregate notional value of $32.3 million, $12.9 million and $11.8 million, respectively. At October 31, 2014, the Company had 122 interest rate futures contracts outstanding with one counterparty with an aggregate notional value of $12.4 million. As of October 31, 2013 and 2012, the Company did not have any interest rate futures contracts outstanding. The number of derivative contracts outstanding and the notional values they represent at October 31, 2014, 2013 and 2012 are indicative of derivative balances throughout each respective year.

The following tables present the fair value of derivative financial instruments, excluding derivative financial instruments held in certain consolidated sponsored funds and separately managed accounts, not designated as hedging instruments as of October 31, 2014 and 2013:

October 31, 2014

	Assets			Liabilities		
(in thousands)	**Balance Sheet Location**		**Fair Value**	**Balance Sheet Location**		**Fair Value**
Foreign exchange contracts	Other assets	$	289	Other liabilities	$	290
Stock index futures contracts	Other assets		2,685	Other liabilities		1,614
Commodity futures contracts	Other assets		1,442	Other liabilities		631
Interest rate futures contracts	Other assets		-	Other liabilities		83
Total		$	4,416		$	2,618

October 31, 2013

	Assets			Liabilities		
(in thousands)	**Balance Sheet Location**		**Fair Value**	**Balance Sheet Location**		**Fair Value**
Foreign exchange contracts	Other assets	$	34	Other liabilities	$	981
Stock index futures contracts	Other assets		81	Other liabilities		7,288
Commodity futures contracts	Other assets		219	Other liabilities		143
Total		$	334		$	8,412

The following is a summary of the net gains (losses) recognized in income for the years ended October 31, 2014, 2013 and 2012:

(in thousands)	Income Statement Location	2014	2013	2012
Foreign exchange contracts	Gains (losses) and other investment income, net	$ 15	$ 1,293	$ 288
Stock index futures contracts	Gains (losses) and other investment income, net	(12,902)	(31,861)	(11,361)
Commodity futures contracts	Gains (losses) and other investment income, net	720	842	693
Interest rate futures contracts	Gains (losses) and other investment income, net	(75)	-	-
Interest rate contracts	Gains (losses) and other investment income, net	-	(3,075)	-
Total		$ (12,242)	$ (32,801)	$ (10,380)

8. Fair Value Measurements of Other Financial Instruments

Certain financial instruments are not carried at fair value, but their fair value is required to be disclosed. The following is a summary of the carrying amounts and estimated fair values of these financial instruments at October 31, 2014 and 2013:

	2014			2013		
(in thousands)	Carrying Value	Fair Value	Fair Value Level	Carrying Value	Fair Value	Fair Value Level
Investments, other	$ 2,947	$ 2,947	3	$ 2,951	$ 2,951	3
Other assets	$ 7,363	$ 7,363	3	$ 7,960	$ 7,960	3
Debt	$ 573,655	$ 611,015	2	$ 573,499	$ 611,081	2

Included in investments, other, is a non-controlling capital interest in ACM Holdings carried at $1.3 million and $2.1 million at October 31, 2014 and 2013, respectively (see Note 5). The carrying value of this investment approximates fair value. Fair value of this investment is determined using a cash flow model that projects future cash flows based upon contractual obligations, to which the Company then applies an appropriate discount rate. The fair value of this investment falls within Level 3 of the fair value measurement hierarchy.

Included in other assets at October 31, 2014 and 2013 is an option exercisable in 2017 to acquire an additional 26 percent interest in Hexavest carried at $7.4 million and $8.0 million, respectively. The carrying value of this option approximates fair value. The fair value of this option is determined using a Monte Carlo model, which simulates potential future market multiples of earnings before interest and taxes ("EBIT") and compares this to the contractually fixed multiple of Hexavest's EBIT at which the option can be exercised. The Monte Carlo model uses this array of simulated multiples and their difference from the contractual multiple times the projected EBIT for Hexavest to estimate the future exercise value of the

option, which is then adjusted to present value. The fair value of this investment falls within Level 3 of the fair value measurement hierarchy.

The fair value of the Company's debt has been determined based on quoted prices in inactive markets and falls within Level 2 of the fair value measurement hierarchy.

Fair value measurements of other financial instruments of consolidated CLO entities

Eaton Vance CLO 2013-1 was initially consolidated by the Company on October 11, 2013 when the senior and subordinated note obligations of the entity were priced, although not issued. The Company did not elect the fair value option for the warehouse stage liabilities of Eaton Vance CLO 2013-1 upon initial consolidation, but did irrevocably elect the fair value option for the senior and subordinated note obligations and redeemable preferred shares that the entity issued at closing on November 13, 2013. As discussed in Note 9, the Company deconsolidated this CLO entity on May 1, 2014. The following is a summary of the carrying amounts and estimated fair values of the warehouse stage liabilities at October 31, 2013:

	2013		
(in thousands)	**Carrying Value**	**Fair Value**	**Fair Value Level**
Line of credit	$ 247,789	$ 247,789	2
Redeemable preferred shares	$ 64,952	$ 64,952	3

The line of credit was a non-recourse revolving facility that was used to fund purchases of portfolio investments in floating-rate bank loans during the warehouse phase of the entity, prior to the entity's issuance of senior and subordinated interests at closing. Advances under the line of credit were required to be used to acquire bank loans, which were selected by the Company as portfolio manager and approved by the lender. Interest on the line of credit was calculated at a rate of one-month LIBOR plus a 140 basis point spread (1.57 percent at October 31, 2013). The LIBOR rate was considered a Level 2 observable input and the line of credit was classified within Level 2 of the fair value measurement hierarchy. The line of credit was paid in full on November 13, 2013 when the entity issued its senior and subordinated interests. Carrying value approximated fair value at October 31, 2013.

The redeemable preferred shares, which had a par value of $60.0 million, represent mandatorily redeemable first loss obligations of the entity. Although the redeemable preferred shares had certain equity characteristics, the Company determined that they should be recorded as liabilities on the Company's Consolidated Balance Sheet at October 31, 2013. The redeemable preferred shares did not have a stated interest rate, but rather entitled the holder to a residual interest in the entity during the warehouse phase, representing the spread between the interest collected on the portfolio assets and the interest paid on the line of credit between entity inception and the issuance of senior and subordinated interests at closing, net of administrative expenses, without limit. The redeemable preferred shares were classified within Level 3 of the fair value measurement hierarchy. At October 31, 2013, the redeemable preferred shares were carried at an estimated redemption value of $64.9 million (initial investment plus accrued residual interest of $4.9 million), which approximates fair value. The redeemable preferred shares were redeemed in full for $65.4 million upon the entity's issuance of senior and subordinated interests at closing on November 13, 2013.

9. VIEs

In the normal course of business, the Company maintains investments in sponsored CLO entities, sponsored funds and privately offered equity funds that are considered VIEs. These variable interests generally represent seed investments made by the Company, as collateral manager or investment adviser, to launch or market these vehicles. The Company receives management fees for the services it provides as collateral manager or investment adviser to these entities. These fees may also be considered variable interests.

Investments in VIEs that are consolidated

Sponsored funds
The Company invests in investment companies that meet the definition of a VIE. Disclosure regarding such consolidated sponsored funds is included in Note 4. In the ordinary course of business, the Company may elect to contractually waive investment advisory fees that it is entitled to receive from sponsored funds. Such waivers are described in Note 22.

Consolidated CLO entities
As of October 31, 2014, the Company deems itself to be the primary beneficiary of one non-recourse CLO entity, Eaton Vance CLO IX. In developing its conclusion that it is the primary beneficiary of Eaton Vance CLO IX, the Company determined that it has a more than insignificant variable interest in the entity by virtue of its 8 percent residual interest and the presence of an incentive collateral management fee, which combined expose the Company to a more than insignificant amount of the entity's variability relative to its anticipated economic performance. In its role as collateral manager of this entity, the Company has the power to direct the activities that most significantly impact the economic performance of the entity. The Company's variable interest represents an obligation to absorb losses of, or a right to receive benefits from, the entity that could potentially be significant to the entity. In consideration of these factors, the Company concluded that it is the primary beneficiary of Eaton Vance CLO IX for consolidation accounting purposes.

The significance of the Company's variable interest in Eaton Vance CLO IX is greater than the significance of the Company's investments in non-consolidated CLO entities in which the Company also holds variable interests and serves as collateral manager.

On May 1, 2014, the Company sold its 20 percent residual interest in Eaton Vance CLO 2013-1, which it had initially consolidated on October 11, 2013. Although the Company continues to serve as collateral manager of the entity and therefore has the power to direct the activities that most significantly impact the economic performance of the entity, the Company concluded that it was no longer the primary beneficiary of the entity upon disposition of its 20 percent residual interest, at which time the Company deconsolidated the entity.

The assets of consolidated CLO entities are held solely as collateral to satisfy the obligations of the entities. The Company has no right to the benefits from, nor does the Company bear the risks associated with, the assets held by these CLO entities beyond the Company's beneficial interest therein and management fees generated from the entities. The note holders and other creditors of the CLO entities have no recourse to the Company's general assets. There are neither explicit arrangements nor does the Company hold implicit variable interests that would require the Company to provide any ongoing financial support to the entities.

Interest income and expense are recorded on an accrual basis and reported as gains and other investment income, net, and as interest expense in interest and other expense, respectively, of the consolidated CLO entities in the Company's Consolidated Statements of Income for the fiscal years ended October 31, 2014, 2013 and 2012. Substantially all ongoing gains (losses) related to the consolidated CLO entities' bank

loans, other investments and note obligations and redeemable preferred shares recorded in earnings for the periods presented are attributable to changes in instrument-specific credit considerations.

Eaton Vance CLO IX

The Company irrevocably elected the fair value option for all financial assets and liabilities of Eaton Vance CLO IX upon its initial consolidation on November 1, 2010. The Company elected the fair value option to mitigate any accounting mismatches between the carrying value of the senior and subordinated note obligations of Eaton Vance CLO IX and the carrying value of the assets that are held to provide the cash flows supporting those note obligations. Unrealized gains and losses on assets and liabilities for which the fair value option has been elected are reported in gains and other investment income, net, of the consolidated CLO entities in the Company's Consolidated Statements of Income. Although the subordinated note obligations of Eaton Vance CLO IX have certain equity characteristics, the Company has determined that the subordinated notes should be recorded as liabilities on the Company's Consolidated Balance Sheets.

The following tables present, as of October 31, 2014 and 2013, the fair value of Eaton Vance CLO IX's assets and liabilities that are subject to fair value accounting:

October 31, 2014

	CLO Bank Loan Investments		
(in thousands)	Total CLO bank loan investments	90 days or more past due	Senior and subordinated note obligations
Unpaid principal balance	$ 144,723	$ 500	$ 165,696
Unpaid principal balance over fair value	(3,282)	(500)	(13,714)
Fair value	$ 141,441	$ -	$ 151,982

October 31, 2013

	CLO Bank Loan Investments		
(in thousands)	Total CLO bank loan investments	90 days or more past due	Senior and subordinated note obligations
Unpaid principal balance	$ 255,474	$ 500	$ 294,037
Unpaid principal balance over fair value	(364)	(500)	(14,910)
Fair value	$ 255,110	$ -	$ 279,127

Changes in the fair values of Eaton Vance CLO IX's bank loans and other investments resulted in net gains (losses) of $(2.4) million, $0.2 million and $20.2 million for the fiscal years ended October 31, 2014, 2013 and 2012, respectively, while changes in the fair value of Eaton Vance CLO IX's note obligations resulted in net gains (losses) of $(1.2) million, $(10.0) million $2.4 million, respectively, for the fiscal years ended October 31, 2014, 2013 and 2012. The combined net gains (losses) of $(3.6) million, $(9.8) million and $22.6 million, respectively, for the fiscal years ended October 31, 2014, 2013 and 2012 were recorded in gains and other investment income, net, of consolidated CLO entities on the Company's Consolidated Statements of Income for these periods.

Eaton Vance CLO IX has note obligations that bear interest at variable rates based on LIBOR plus a pre-defined spread ranging from 0.21 percent to 1.50 percent. The principal amounts outstanding of the note obligations issued by Eaton Vance CLO IX mature on April 20, 2019. It is expected that prepayments received will be used to pay down the entity's note obligations. During the fiscal years ended October 31, 2014, 2013 and 2012, $128.4 million, $177.5 million and $28.6 million, respectively, of prepayments were used to pay down the entity's note obligations. The holders of a majority of the subordinated notes have the option to liquidate Eaton Vance CLO IX, provided there is sufficient value of the entity's assets to repay the senior notes in full.

For the fiscal years ended October 31, 2014, 2013 and 2012, the Company recorded net losses of $2.2 million and $7.3 million and net income of $25.9 million, respectively, related to Eaton Vance CLO IX. The Company recorded net income (losses) attributable to other beneficial interests of $(5.1) million, $(11.1) million and $22.6 million for the fiscal years ended October 31, 2014, 2013 and 2012, respectively. Net income attributable to Eaton Vance Corp. shareholders was $2.9 million, $3.8 million and $3.3 million for the fiscal years ended October 31, 2014, 2013 and 2012, respectively.

The following carrying amounts related to Eaton Vance CLO IX were included in the Company's Consolidated Balance Sheets at October 31, 2014 and 2013:

(in thousands)	**2014**	**2013**
Assets:		
Cash and cash equivalents	$ 8,963	$ 30,462
Bank loans and other investments	147,116	261,529
Other assets	371	514
Liabilities:		
Senior and subordinated note obligations	151,982	279,127
Other liabilities	298	4,046
Appropriated retained earnings	2,467	7,618
Net interest in Eaton Vance CLO IX	$ 1,703	$ 1,714

The Company had subordinated interests in Eaton Vance CLO IX of $1.4 million and $1.5 million as of October 31, 2014 and 2013, respectively, which were eliminated in consolidation.

On November 13, 2014, the Company sold its 8 percent residual interest in CLO IX to an unrelated third party. The Company is currently evaluating the potential impact on its Consolidated Financial Statements and related disclosures.

Eaton Vance CLO 2013-1

Eaton Vance CLO 2013-1 began as a warehouse stage CLO in December 2012. During the warehouse stage, all of the subordinated interests of the entity in the form of redeemable preferred shares were controlled by affiliates of an investment manager unrelated to the Company. The Company irrevocably elected the fair value option for measurement of substantially all financial assets of Eaton Vance CLO 2013-1 upon its initial consolidation on October 11, 2013, when the senior note obligations and redeemable preferred shares of the CLO were priced. At pricing, the Company entered into a trade commitment to acquire 20 percent of the redeemable preferred shares of the entity to be issued at closing on November 13, 2013, representing a variable, although not beneficial, interest in the entity as of October 31, 2013.

The Company did not elect the fair value option on the warehouse line of credit and redeemable preferred shares at pricing, as these liabilities were temporary in nature. The warehouse line of credit and the

redeemable preferred shares were extinguished, and new senior note obligations and redeemable preferred shares were issued, at closing on November 13, 2013. The Company irrevocably elected the fair value option for the senior note obligations and redeemable preferred shares of Eaton Vance CLO 2013-1 upon their issuance. Although the redeemable preferred shares of Eaton Vance CLO 2013-1 have certain equity characteristics, the Company determined that the redeemable preferred shares should be recorded as liabilities on the Company's Consolidated Balance Sheets.

The Company elected the fair value option in these instances to mitigate any accounting mismatches between the carrying value of the new senior note obligations and redeemable preferred shares of Eaton Vance CLO 2013-1 and the carrying value of the assets held to provide the cash flows for those beneficial interests. Unrealized gains and losses on assets and liabilities for which the fair value option was elected are reported in gains and other investment income, net, of the consolidated CLO entities in the Company's Consolidated Statement of Income.

On May 1, 2014, the Company sold its residual 20 percent interest in redeemable preferred shares of Eaton Vance CLO 2013-1 to an unrelated third party. The Company continues to hold a $1.4 million beneficial interest in note obligations issued by Eaton Vance CLO 2013-1, which is carried at amortized cost. The Company considered the collateral management fees that it receives from CLO 2013-1 and determined that these fees are not significant to the VIE.

On May 1, 2014, the Company determined that it no longer had an obligation to absorb losses of the VIE or the right to receive benefits from the VIE that potentially could be significant to the VIE. In making this determination, the Company also considered consolidation accounting guidance regarding de facto agency relationships and determined that it is not the entity most closely associated with CLO 2013-1. Accordingly, the Company concluded that, as of May 1, 2014, it did not retain a controlling financial interest in CLO 2013-1 and consequently deconsolidated Eaton Vance CLO 2013-1 and derecognized the associated assets, liabilities and appropriated retained earnings from its Consolidated Balance Sheet as of that date. The Company recognized a loss of $19,000 on deconsolidation, which is included in gains (losses) and other investment income, net, on the Company's Consolidated Statement of Income.

During the fiscal year ended October 31, 2014, approximately $4.8 million of organizational and structuring costs associated with the closing of Eaton Vance CLO 2013-1 were recorded in interest and other expense of consolidated CLO entities in the Company's Consolidated Statement of Income. These costs were attributable to other beneficial interests.

The following table presents, as of October 31, 2013, the fair value of Eaton Vance CLO 2013-1's assets that are subject to fair value accounting:

October 31, 2013

	CLO Bank Loan Investments	
(in thousands)	Total CLO bank loan investments	90 days or more past due
Unpaid principal balance	$ 421,830	$ -
Unpaid principal balance under fair value	2,322	-
Fair value	$ 424,152	$ -

Changes in the fair values of Eaton Vance CLO 2013-1's bank loans and other investments resulted in net losses of $39,000 and net gains of $2.6 million during the fiscal years ended October 31, 2014 and 2013, respectively, while changes in the fair value of Eaton Vance CLO 2013-1's note obligations resulted in net

gains of $2.4 million during the fiscal year ended October 31, 2014. The combined net gains of $2.4 million and $2.6 million, respectively, for the fiscal years ended October 31, 2014 and 2013 were recorded as gains and other investment income, net, of consolidated CLO entities on the Company's Consolidated Statement of Income.

For the fiscal years ended October 31, 2014 and 2013 the Company recorded net income of $2.0 million and $2.6 million, respectively, related to Eaton Vance CLO 2013-1. The Company recorded net income attributable to other beneficial interests of $1.1 million and $2.6 million, respectively, for the fiscal years ended October 31, 2014 and 2013. Net income attributable to Eaton Vance Corp. shareholders was $0.9 million during the fiscal year ended October 31, 2014. Since the Company held no beneficial interest during the year, there was no income attributable to Eaton Vance Corp. shareholders for the fiscal year ended October 31, 2013.

The following carrying amounts related to Eaton Vance CLO 2013-1 were included in the Company's Consolidated Balance Sheet at October 31, 2013:

(in thousands)		**2013**
Assets:		
Cash and cash equivalents	$	6,179
Bank loans and other investments		424,152
Other assets		5,300
Liabilities:		
Line of credit		247,789
Redeemable preferred shares		64,952
Other liabilities		120,259
Appropriated retained earnings		2,631
Net interest in Eaton Vance CLO 2013-1	$	-

As of October 31, 2013, other liabilities included $118.2 million due to brokers for collateral asset purchases.

Investments in VIEs that are not consolidated

Sponsored funds

The Company classifies its investments in certain sponsored funds that are considered VIEs as either equity method investments (generally when the Company owns at least 20 percent but less than 50 percent of the fund) or as available-for-sale investments (generally when the Company owns less than 20 percent of the fund) when it is not considered the primary beneficiary of those VIEs. The Company provides aggregated disclosures with respect to these non-consolidated sponsored fund VIEs in Note 5.

Non-consolidated CLO entities

The Company is not deemed the primary beneficiary of several CLO entities in which it holds variable interests. In its role as collateral manager, the Company often has the power to direct the activities of the CLO entities that most significantly impact the economic performance of these entities. In developing its conclusion that it is not the primary beneficiary of these entities, the Company determined that, for certain of these entities, although it has variable interests in each by virtue of its residual interests therein and the collateral management fees it receives, its variable interests neither individually nor in the aggregate represent an obligation to absorb losses of or a right to receive benefits from, any such entity that could potentially be significant to that entity. Quantitative factors supporting the Company's qualitative

conclusion in each case included the relative size of the Company's residual interest (in all but one instance representing less than 6 percent of the residual interest tranche and less than 1 percent of the total capital of the entity) and the overall magnitude and design of the collateral management fees within each structure.

Non-consolidated CLO entities had total assets of $2.4 billion and $1.9 billion as of October 31, 2014 and 2013, respectively. The Company's variable interests in these entities consist of the Company's direct ownership in these entities and any collateral management fees earned but uncollected. The Company's investment in these entities totaled $4.0 million and $5.4 million as of October 31, 2014 and 2013, respectively. Collateral management fees receivable for these entities totaled $2.6 million and $2.1 million on October 31, 2014 and 2013, respectively. In the fiscal year ended October 31, 2014, the Company did not provide any financial or other support to these entities that it was not previously contractually required to provide. The Company's risk of loss with respect to these managed CLO entities is limited to the carrying value of its investments in, and collateral management fees receivable from, these entities as of October 31, 2014.

The Company's investments in non-consolidated CLO entities are disclosed as a component of investments in Note 5. Income from these entities is recorded as a component of gains (losses) and other investment income, net, in the Company's Consolidated Statements of Income, based upon projected investment yields.

Other Entities
The Company holds variable interests in, but is not deemed to be the primary beneficiary of, certain sponsored privately offered equity funds with total assets of $11.3 billion and $9.8 billion as of October 31, 2014 and 2013, respectively. The Company has determined that these entities qualify for the deferral to certain provisions of FASB ASC Subtopic 810-10 – *Consolidation – Overall*, afforded by ASU 2010-10, *Consolidation – Amendments for Certain Investment Funds* (the "Investment Company deferral") and thus determines whether it is the primary beneficiary of these entities by virtue of its exposure to the expected losses and expected residual returns of the entity. The Company's variable interests in these entities consist of the Company's direct ownership therein, which in each case is insignificant relative to the total ownership of the fund and any investment advisory fees earned but uncollected. The Company held investments in these entities totaling $6.6 million and $5.6 million on October 31, 2014 and 2013, respectively, and investment advisory fees receivable totaling $0.6 million and $0.5 million on October 31, 2014 and 2013, respectively. In the fiscal year ended October 31, 2014, the Company did not provide any financial or other support to these entities that it was not contractually required to provide. The Company's risk of loss with respect to these managed entities is limited to the carrying value of its investments in, and investment advisory fees receivable from, the entities as of October 31, 2014. The Company does not consolidate these VIEs because it does not hold the majority of the risks and rewards of ownership.

The Company's investments in privately offered equity funds are carried at fair value and included in investment securities, available-for-sale, which are disclosed as a component of investments in Note 5. The Company records any change in fair value, net of income tax, in other comprehensive income (loss).

10. Equipment and Leasehold Improvements

The following is a summary of equipment and leasehold improvements at October 31, 2014 and 2013:

(in thousands)	2014	2013
Equipment	$ 71,367	$ 70,486
Leasehold improvements	53,796	51,522
Subtotal	125,163	122,008
Less: Accumulated depreciation and amortization	(79,512)	(73,262)
Equipment and leasehold improvements, net	$ 45,651	$ 48,746

Depreciation and amortization expense was $10.9 million, $13.0 million, and $16.9 million for the years ended October 31, 2014, 2013 and 2012, respectively.

11. Acquisitions, Goodwill and Intangible Assets

Parametric Risk Advisors LLC ("Parametric Risk Advisors")

On November 1, 2013, the non-controlling interest holders of Parametric Risk Advisors entered into a Unit Acquisition Agreement with Parametric to exchange their remaining ownership interests in Parametric Risk Advisors (representing a 20 percent ownership interest in the entity) for additional ownership interests in Parametric Portfolio LP ("Parametric LP"), whose sole asset is ownership interests in Parametric. The Parametric LP ownership interests acquired in the exchange contain put and call features that become exercisable over a four-year period starting in 2018. Indirect capital and profit interests in Parametric issued in connection with the transaction totaled 0.8 percent on October 31, 2014. As a result of this exchange, Parametric Risk Advisors became a wholly-owned subsidiary of Parametric.

In fiscal 2013, Parametric exercised a call option requiring the non-controlling interest holders of Parametric Risk Advisors to sell to Parametric units representing a 10 percent ownership interest in Parametric Risk Advisors for $3.1 million, payable in cash or securities in Parametric LP, whose sole asset is ownership interests in Parametric. Pursuant to the acquisition agreement, the exercise price of the call option was based on a multiple of earnings before interest and taxes for the twelve months ended April 30, 2013. Upon execution of the call option, the Company reduced redeemable non-controlling interests and recorded a liability within other liabilities on the Company's Consolidated Balance Sheet. The transaction settled on November 1, 2013 upon the transfer of securities in Parametric LP, increasing Parametric's ownership interest in Parametric Risk Advisors from 70 percent to 80 percent on that date.

Atlanta Capital

In September 2013, the Company exercised a call option requiring the non-controlling interest holders of Atlanta Capital to sell a 3.4 percent profit interest and a 0.2 percent capital interest in Atlanta Capital related to the original acquisition to the Company for $12.8 million. In addition, the non-controlling interest holders of Atlanta Capital exercised a put option requiring the Company to purchase an additional 3.8 percent profit interest and a 0.3 percent capital interest in Atlanta Capital related to the original acquisition for $14.1 million. The purchase price of these transactions was based on a multiple of Atlanta Capital's earnings before taxes for the fiscal year ended October 31, 2013. The transactions settled in December 2013.

As of October 31, 2014, non-controlling interest holders of Atlanta Capital retained a 3.1 percent profit interest in Atlanta Capital associated with the original acquisition. Pursuant to the terms of the original acquisition agreement, as amended, the non-controlling interest holders of Atlanta Capital have the right to sell an additional 0.3 percent profit interest in Atlanta Capital to the Company at a multiple of Atlanta Capital's earnings before taxes for the fiscal year ended October 31, 2015. To the extent that the put is not

fully exercised based on fiscal 2015 results, non-controlling interest holders have the opportunity to sell the 0.3 percent profit interest, less any portion sold in the prior year(s), based on the financial results of Atlanta Capital for each fiscal year thereafter. Also pursuant to the terms of the original acquisition agreement, as amended, the Company has the right to purchase 66.7 percent of the total profit interests related to the original acquisition retained by non-controlling interest holders as of October 31, 2015 at a multiple of Atlanta Capital's earnings before taxes for that fiscal year. To the extent that the call is not fully exercised based on fiscal 2015 results, the Company has the right to purchase 66.7 percent of profit interests related to the original acquisition retained by non-controlling interest holders as of October 31, 2016 based on the financial results for that fiscal year. The Company retains similar rights as of October 31, 2017 and each year thereafter, with the right to purchase 100 percent of profit interests retained based on the financial results of Atlanta Capital for those fiscal years. Neither the exercise of the puts nor the exercise of the calls is contingent upon the non-controlling interest holders of Atlanta Capital remaining employees.

Total profit interests in Atlanta Capital held by non-controlling interest holders, including direct profit interests related to the original acquisition as well as indirect profit interests issued pursuant to the Atlanta Capital Management Company, LLC Long-term Equity Incentive Plan (the "Atlanta Capital Plan") decreased to 13.8 percent on October 31, 2014 from 19.7 percent on October 31, 2013, reflecting the exercises of puts and calls described above as well as the grant of an additional 1.2 percent profit interest to employees of Atlanta Capital pursuant to the terms of the Atlanta Capital Plan in fiscal 2014. Total capital interests in Atlanta Capital held by non-controlling interest holders decreased to 0.1 percent as of October 31, 2014 from 0.6 percent as of October 31, 2013.

In September 2014, an Atlanta Capital employee executed a put right related to indirect profit units issued pursuant to the Atlanta Capital Plan, requiring the Company to purchase an additional 0.3 percent profit interest in Atlanta Capital for $0.3 million. The transaction settled in November 2014. Please see Note 13 for additional information related to the Atlanta Capital Plan.

Also in September 2014, the non-controlling interest holders of Atlanta Capital exercised a put option related to the original acquisition in fiscal 2001 requiring the Company to purchase an additional 1.3 percent profit interest and a 0.1 percent capital interest in Atlanta Capital for $6.6 million. The purchase price of this transaction was based on a multiple of Atlanta Capital's earnings before taxes for the fiscal year ended October 31, 2014. The transaction is expected to settle in December 2014.

Parametric
In November 2013, indirect capital and profit interests in Parametric were issued to employees of Parametric Risk Advisors in conjunction with the Unit Acquisition Agreement described above, representing a 0.8 percent profit interest and a 0.8 percent capital interest.

In fiscal 2013, certain non-controlling interest holders of Parametric exercised their final put option pursuant to the terms of the original fiscal 2003 acquisition agreement requiring the Company to purchase an additional 3.4 percent capital interest and a 5.7 percent profit interest in the entity. The $43.5 million exercise price was based on a multiple of estimated earnings before taxes for the calendar year ended December 31, 2012. The payment reduced redeemable non-controlling interests at closing on December 20, 2012. In December 2012, indirect capital and profit interests in Parametric were issued to employees of Clifton in conjunction with the acquisition of that entity, representing a 1.9 percent capital interest and a 1.9 percent profit interest.

Total profit interests in Parametric held by non-controlling interest holders increased to 7.9 percent as of October 31, 2014 from 6.7 percent as of October 31, 2013, reflecting the profit interests issued in conjunction with the Parametric Risk Advisors transaction as well as the grant of an additional 0.4 percent profit interest to employees of Parametric pursuant to the terms of the Parametric Portfolio Associates LLC

Long-term Equity Incentive Plan (the "Parametric Plan") in fiscal 2014. Total capital interests in Parametric held by non-controlling interest holders increased to 2.7 percent as of October 31, 2014 from 1.9 percent as of October 31, 2013.

In September 2014, certain employees of Parametric executed a put right related to indirect profit units issued pursuant to the Parametric Plan, requiring the Company to purchase an additional 0.5 percent profit interest in Parametric for $5.4 million. The transaction settled in November 2014. Please see Note 13 for additional information related to the Parametric Plan.

Clifton

On December 31, 2012, Parametric acquired Clifton. The operating results of the acquired entity have been included in the Company's Consolidated Financial Statements since that date. Now operating as the Minneapolis investment center of Parametric, the former Clifton is a provider of customized exposure management services and risk management solutions for institutional investors. The Clifton acquisition complements and expands the range of engineered portfolio solutions offered by Parametric. The Company paid $72.3 million in cash and issued an indirect ownership interest in Parametric with a fair market value of $12.8 million to certain Clifton employees. These indirect interests are subject to certain put and call arrangements at fair value that may be executed over a four-year period. There are no future contingent payments to be made in connection with the acquisition.

In conjunction with the purchase, the Company recorded $24.5 million of intangible assets, which consist primarily of client relationship intangible assets acquired. The client relationship intangible assets are being amortized over an eighteen-year period. The Company also recorded goodwill of $60.1 million, which is deductible for tax purposes. During the fiscal year ended October 31, 2013, revenue and earnings from Clifton were $22.3 million and $6.8 million, respectively.

TABS

In fiscal 2009, the Company acquired the TABS business of M.D. Sass Investors Services, a privately held investment manager based in New York, New York for cash and future consideration. Subsequent to closing, the TABS business was reorganized as the Tax-Advantaged Bond Strategies division of Eaton Vance Management ("EVM"). The acquisition was completed prior to the change in accounting for contingent purchase price consideration. Accordingly, all contingent purchase price payments related to this acquisition are adjusted to the purchase price allocation.

The Company is obligated to make three additional annual contingent payments to the selling group based on prescribed multiples of TABS's revenue for the twelve months ending December 31, 2014, 2015 and 2016. All future payments will be in cash and will result in an addition to goodwill. These payments are not contingent upon any member of the selling group remaining an employee of the Company.

During fiscal 2013, the Company made a contingent payment of $14.1 million to the selling group based upon prescribed multiples of TABS's revenue for the twelve months ended December 31, 2012. The payment increased goodwill by $14.1 million.

Goodwill

The changes in the carrying amount of goodwill for the years ended October 31, 2014 and 2013 are as follows:

(in thousands)	2014	2013
Balance, beginning of period	$ 228,876	$ 154,636
Goodwill acquired	-	74,240
Balance, end of period	$ 228,876	$ 228,876

All acquired goodwill is deductible for tax purposes.

The Company completed its most recent goodwill impairment testing in the fourth quarter of fiscal 2014 and determined that there was no impairment in the carrying value of this asset as of September 30, 2014. To evaluate the sensitivity of the goodwill impairment testing to the calculation of fair value, the Company applied a hypothetical 10 percent and 20 percent decrease to the fair value of each reporting unit. Based on such hypothetical scenarios, the results of the Company's impairment testing would not change, as the reporting units still had an excess of fair value over the carrying value under both hypothetical scenarios. There were no significant changes in the assumptions, methodologies or weightings used in the Company's current year goodwill impairment testing.

No impairment loss in the value of goodwill was recognized during the years ended October 31, 2013 and 2012.

Intangible assets

The following is a summary of intangible assets at October 31, 2014 and 2013:

October 31, 2014

(dollars in thousands)	Weighted-average remaining amortization period (in years)	Gross carrying amount	Accumulated amortization	Net carrying amount
Amortizing intangible assets:				
Client relationships acquired	9.3	$ 133,927	$ (76,918)	$ 57,009
Intellectual property acquired	11.6	1,000	(255)	745
Trademark acquired	5.2	900	(236)	664
Non-amortizing intangible assets:				
Mutual fund management contracts acquired		6,708	-	6,708
Total		$ 142,535	$ (77,409)	$ 65,126

October 31, 2013

(dollars in thousands)	**Weighted-average remaining amortization period (in years)**		**Gross carrying amount**		**Accumulated amortization**		**Net carrying amount**
Amortizing intangible assets:							
Client relationships acquired	9.8	$	133,927	$	(67,703)	$	66,224
Intellectual property acquired	12.6		1,000		(191)		809
Trademark acquired	6.2		900		(107)		793
Non-amortizing intangible assets:							
Mutual fund management contracts acquired			6,708		-		6,708
Total		$	142,535	$	(68,001)	$	74,534

No impairment loss was recognized in the value of amortizing or non-amortizing intangible assets during the years ended October 31, 2014, 2013 or 2012.

Amortization expense was $9.4 million, $9.2 million and $8.0 million for the years ended October 31, 2014, 2013 and 2012, respectively. Estimated amortization expense for the next five years on a straight-line basis is as follows:

Year Ending October 31, *(in thousands)*		**Estimated amortization expense**
2015	$	9,183
2016		8,741
2017		8,628
2018		8,599
2019		4,623

12. Debt

Senior Notes due 2017

During 2007, the Company issued $500 million in aggregate principal of 6.5 percent unsecured senior notes due October 2, 2017. Interest is payable semi-annually in arrears on April 2 and October 2 of each year. There are no covenants associated with the 2017 Senior Notes.

On June 14, 2013, the Company announced a tender offer to purchase for cash up to $250 million in aggregate principal amount of its outstanding 2017 Senior Notes and ultimately accepted for purchase $250 million of the 2017 Senior Notes ("Tendered Notes") on June 28, 2013. Pursuant to the terms of the Indenture that governs the 2017 Senior Notes, the consideration paid to the holders of the Tendered Notes, which totaled $301.5 million, was calculated as the sum of the present values of the remaining scheduled payments of principal and interest through October 2, 2017, discounted to June 28, 2013 using a reference U.S. Treasury security rate (0.625 percent U.S. Treasury Notes due September 30, 2017) plus 30 basis

points. The holders of the Tendered Notes were also paid $3.9 million in interest that accrued from April 2, 2013 (the last interest payment date) through June 28, 2013.

During fiscal 2013, the Company recognized a $53.0 million loss on extinguishment of debt, which includes the tender premium paid ($51.5 million excess of the Consideration Amount over the $250 million face amount of the 2017 Senior Notes tendered), acceleration of certain deferred financing costs and original issue discount associated with the Tendered Notes, and transaction costs associated with the tender offer.

The remaining $250 million in aggregate principal amount of the 2017 Senior Notes is due October 2, 2017.

Senior Notes due 2023

On June 25, 2013, the Company issued $325 million in aggregate principal amount of 3.625 percent ten-year senior notes due June 15, 2023, resulting in net proceeds of approximately $321.3 million after underwriting discounts and transaction fees. Interest is payable semi-annually in arrears on June 15th and December 15th of each year, commencing on December 15, 2013. At October 31, 2014 and 2013, the carrying value of the 2023 Senior Notes was $323.7 million and $323.5 million, respectively. The 2023 Senior Notes are unsecured and unsubordinated obligations of the Company. There are no covenants associated with the 2023 Senior Notes.

Corporate Credit Facility

The Company entered into a $300 million senior unsecured revolving credit facility on October 21, 2014, which replaced the Company's previous senior unsecured revolving credit facility. The credit facility has a five-year term, expiring on October 21, 2019. Under the facility, the Company may borrow up to $300 million at LIBOR-based rates of interest that vary depending on the level of usage of the facility and credit ratings of the Company. The credit facility is unsecured, contains financial covenants with respect to leverage and interest coverage, and requires the Company to pay an annual commitment fee on any unused portion. As of October 31, 2014, the Company had no borrowings under its unsecured revolving credit facility.

13. Stock-Based Compensation Plans

The Company's stock-based compensation plans include the Omnibus Incentive Plans, defined as the 2013 Omnibus Incentive Plan (the "2013 Plan") and the 2008 Omnibus Incentive Plan, as amended and restated (the "2008 Plan"); the Employee Stock Purchase Plans, defined as the 2013 Employee Stock Purchase Plan (the "Qualified ESPP"), the 2013 Nonqualified Employee Stock Purchase Plan (the "Nonqualified ESPP") and the 1986 Employee Stock Purchase Plan; the Employee Stock Purchase Incentive Plans, defined as the 2013 Incentive Compensation Nonqualified Employee Stock Purchase Plan (the "Incentive ESPP") and the 1992 Incentive Plan – Stock Alternative; the Atlanta Capital Management Company, LLC Long-term Equity Incentive Plan (the "Atlanta Capital Plan"); and the Parametric Portfolio Associates LLC, Long-term Equity Incentive Plan (the "Parametric Plan"). The Company recognized compensation cost related to its plans for the years ended October 31, 2014, 2013 and 2012 as follows:

(in thousands)	2014	2013	2012
Omnibus Incentive Plans:			
Stock options	$ 16,291	$ 14,945	$ 27,959
Restricted shares	35,672	32,894	24,202
Phantom stock units	267	506	280
Employee Stock Purchase Plans	607	1,235	426
Employee Stock Purchase Incentive Plans	393	308	151
Atlanta Capital Plan	2,360	3,071	927
Parametric Plan	4,958	6,832	2,362
Total stock-based compensation expense	$ 60,548	$ 59,791	$ 56,307

The total income tax benefit recognized for stock-based compensation arrangements was $20.5 million, $19.3 million and $17.9 million for the years ended October 31, 2014, 2013 and 2012, respectively.

Omnibus Incentive Plans

The 2013 Plan, which is administered by the Compensation Committee of the Board and replaced the 2008 Plan, allows for awards of stock options, restricted shares and phantom stock units to eligible employees and non-employee Directors. Options to purchase Non-Voting Common Stock granted under the 2013 Plan expire ten years from the date of grant, vest over five years and may not be granted with an exercise price that is less than the fair market value of the stock as of the close of business on the date of grant. Restricted shares of Non-Voting Common Stock granted under the 2013 Plan vest over five years and may be subject to performance goals. These performance goals generally relate to the achievement of specified levels of adjusted operating income. Phantom stock units granted under the 2013 Plan vest over two years. The 2013 Plan contains change in control provisions that may accelerate the vesting of awards. A total of 12.5 million shares of Non-Voting Common Stock have been reserved for issuance under the 2013 Plan. Through October 31, 2014, 1.0 million restricted shares and options to purchase 1.8 million shares have been issued pursuant to the 2013 Plan.

Stock Options

The fair value of each stock option award is estimated on the date of grant using the Black-Scholes option valuation model. The Black-Scholes option valuation model incorporates assumptions as to dividend yield, volatility, an appropriate risk-free interest rate and the expected life of the option. Many of these assumptions require management’s judgment. The Company’s stock volatility assumption is based upon its historical stock price fluctuations. The Company uses historical data to estimate option forfeiture rates and the expected term of options granted. The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve at the time of grant.

The weighted-average fair values per share of stock options granted during the years ended October 31, 2014, 2013 and 2012 using the Black-Scholes option pricing model were as follows:

	2014	2013	2012
Weighted-average grant date fair value of options granted	$13.25	$7.69	$6.69
Assumptions:			
Dividend yield	2.1% to 2.4%	2.8% to 5.5%	2.9% to 3.1%
Volatility	36% to 37%	36% to 37%	35% to 36%
Risk-free interest rate	2.1% to 2.4%	1.2% to 2.1%	1.0% to 1.6%
Expected life of options	6.9 years	7.1 years	7.2 years

Stock option transactions under the 2013 Plan and predecessor plans for the year ended October 31, 2014 are summarized as follows:

(share and intrinsic value figures in thousands)	**Shares**	**Weighted-Average Exercise Price**	**Weighted-Average Remaining Contractual Term (in years)**	**Aggregate Intrinsic Value**
Options outstanding, beginning of period	23,911	$ 28.43		
Granted	1,810	41.62		
Exercised	(3,732)	22.70		
Forfeited/expired	(97)	29.98		
Options outstanding, end of period	21,892	$ 30.49	4.7	$ 177,689
Options exercisable, end of period	13,942	$ 30.62	3.2	$ 116,910
Vested or expected to vest at October 31, 2014	21,868	$ 30.49	4.7	$ 177,591

The Company received $81.2 million, $113.6 million and $50.0 million related to the exercise of options for the years ended October 31, 2014, 2013 and 2012, respectively. Options exercised represent newly issued shares. The total intrinsic value of options exercised during the years ended October 31, 2014, 2013 and 2012 was $59.9 million, $86.3 million and $39.5 million, respectively. The total fair value of options that vested during the year ended October 31, 2014 was $19.5 million.

As of October 31, 2014, there was $33.9 million of compensation cost related to unvested stock options granted under the Omnibus Incentive Plans not yet recognized. That cost is expected to be recognized over a weighted-average period of 1.9 years.

In November 2014, the Company granted options for the purchase of 2.6 million shares of the Company's Non-Voting Common Stock under the 2013 Plan at a price of $36.71 per share, the then current trading price of the underlying securities.

Restricted Shares

The Company's restricted share awards are generally subject to graduated vesting schedules. Compensation expense is adjusted for estimated forfeitures and is recognized on a straight-line basis over the service periods underlying the awards. As of October 31, 2014, there was $78.7 million of compensation cost

related to unvested awards granted under the Omnibus Incentive Plans not yet recognized. That cost is expected to be recognized over a weighted-average period of 2.7 years.

A summary of the Com pany's restricted share activ ity for the year ended October 31, 2014 under the Omnibus Incentive Plans is presented below:

(share figures in thousands)	**Shares**	**Weighted-Average Grant Date Fair Value**
Unvested, beginning of period	3,911	$ 27.60
Granted	1,255	41.26
Vested	(1,303)	27.51
Forfeited	(79)	31.52
Unvested, end of period	3,784	$ 32.08

The total fair value of restricted stock vested for the years ended October 31, 2014, 2013 and 2012 was $35.9 million, $20.6 million and $12.7 million, respectively. In November 2014, the Company granted a total of 1.2 million shares of restricted shares under the 2013 Plan at a grant date fair value of $36.71 per share.

Phantom Stock Units

During fiscal 2014, 6,350 phantom stock units were issued to non-employee Directors pursuant to the 2013 Plan. Because these units are contingently forfeitable, compensation expense is recorded over the forfeiture period. The total liability paid out associated with phantom stock was $0.5 million during the year ended October 31, 2014 and $0.3 million during each of the fiscal years ended October 31, 2013 and 2012. As of October 31, 2014, there was $0.1 million of compensation cost related to unvested awards granted under the Omnibus Incentive Plans not yet recognized. That cost is expected to be recognized over a weighted-average period of one year.

Employee Stock Purchase Plans

On October 4, 2013, the Board approved the Qualified ESPP and the Nonqualified ESPP to replace the 1986 Employee Stock Purchase Plans. The Qualified ESPP and the Nonqualified ESPP, which are administered by the Compensation Committee of the Board, permit eligible employees to direct up to a maximum of $12,500 per six-month offering period toward the purchase of Non-Voting Common Stock at the lower of 90 percent of the market price of the Non-Voting Common Stock at the beginning or at the end of each offering period. The Qualified ESPP qualifies under Section 423 of the U.S. Internal Revenue Code of 1986, as amended ("Internal Revenue Code"). A total of 0.4 million and 65,000 shares of the Company's Non-Voting Common Stock have been reserved for issuance under the Qualified ESPP and Nonqualified ESPP, respectively. Through October 31, 2014, 0.1 million shares have been issued pursuant to the Qualified ESPP and Nonqualified ESPP.

The Company received $3.7 million, $3.5 million and $3.7 million related to shares issued under the Employee Stock Purchase Plans for the years ended October 31, 2014, 2013 and 2012, respectively.

Employee Stock Purchase Incentive Plans

On October 4, 2013, the Board approved the Incentive ESPP to replace the 1992 Incentive Plan – Stock Alternative. The Incentive ESPP, which is administered by the Compensation Committee of the Board, permits employees to direct up to half of their incentive bonuses and commissions toward the purchase of the Company's Non-Voting Common Stock at the lower of 90 percent of the market price of the Non-Voting Common Stock at the beginning or at the end of each quarterly offering period. A total of 0.3 million shares of the Company's Non-Voting Common Stock have been reserved for issuance under the Incentive ESPP. Through October 31, 2014, 0.1 million shares have been issued pursuant to the plan.

The Company received $3.3 million, $2.1 million and $2.1 million related to shares issued under the Employee Stock Purchase Incentive Plans for the years ended October 31, 2014, 2013 and 2012, respectively.

Atlanta Capital Plan

The Atlanta Capital Plan allows for awards of profit units of Atlanta Capital to key employees of that entity. Profit units granted under the Atlanta Capital Plan vest over five years and entitle the holders to quarterly distributions of available cash flow. Fair value of the awards is determined on grant date utilizing an annual appraisal of Atlanta Capital. The annual appraisal is developed using two models, an income approach and a market approach, as described in Note 1. These models utilize appropriate discount rates as well as relevant investment management industry market multiples. Vested profit units are redeemable upon the exercise of limited in-service put rights held by the employee or call rights held by the Company. The call rights held by the Company entitle the Company to repurchase the profit units at the end of a ten-year call period and each year thereafter, and upon termination of employment. Execution of the puts and calls takes place upon availability of the annual appraisal to ensure the transactions take place at fair value. Profit units are not reserved for issuance; the number of profit units authorized for awards is determined annually by the Company on the first calendar day of the fiscal year. The awards under the Atlanta Capital Plan are accounted for as equity awards.

In the year ended October 31, 2014, approximately 28,000 profit units of Atlanta Capital were issued to certain employees of that entity pursuant to the Atlanta Capital Plan at a weighted-average per unit price of $128.23. Because the units are contingently forfeitable, compensation expense is recorded on a straight-line basis over the forfeiture period of five years. As of October 31, 2014, there was $5.5 million of compensation cost related to unvested awards granted under the plan not yet recognized. That cost is expected to be recognized over a weighted-average period of 3.3 years. Through October 31, 2014, approximately 241,200 profit units have been issued pursuant to the Atlanta Capital Plan.

In November 2014, the Company granted a total of 25,246 profit units at a grant date fair value of $142.47 per unit.

Parametric Plan

The Parametric Plan allows for awards of profit units of Parametric to key employees of that entity. Profit units granted under the Parametric Plan vest over five years and entitle the holders to quarterly distributions of available cash flow. Fair value of the awards is determined on date of grant utilizing an annual appraisal of Parametric. The annual appraisal is developed using two models, an income approach and a market approach, as described in Note 1. These models utilize appropriate discount rates as well as relevant investment management industry market multiples. Vested profit units are redeemable upon the exercise of limited in-service put rights held by the employee or call rights held by the Company. The call rights held by the Company entitle the Company to repurchase the profit units at the end of a ten-year call period and

each year thereafter, and upon termination of employment. Execution of the puts and calls takes place upon availability of the annual appraisal to ensure the transactions take place at fair value. Profit units are not reserved for issuance; the number of profit units authorized for awards is determined annually by the Company on the first calendar day of the fiscal year. The awards under the Parametric Plan are accounted for as equity awards.

In the year ended October 31, 2014, approximately 2,500 profit units of Parametric were issued to certain employees of that entity pursuant to the Parametric Plan at a weighted-average per unit price of $1,977.65. Because these units are contingently forfeitable, compensation expense is recorded on a straight-line basis over the forfeiture period of five years. As of October 31, 2014, there was $8.3 million of compensation cost related to unvested awards granted under the plan not yet recognized. That cost is expected to be recognized over a weighted-average period of 2.8 years. Through October 31, 2014, approximately 32,000 profit units have been issued pursuant to the Parametric Plan.

In November 2014, the Company granted a total of 3,445 profit units at a grant date fair value of $2,196.10 per unit.

Stock Option Income Deferral Plan

The Company has established an unfunded, non-qualified Stock Option Income Deferral Plan to permit key employees to defer recognition of income upon exercise of non-qualified stock options previously granted by the Company. As of October 31, 2014, options to purchase 0.2 million shares have been exercised and placed in trust with the Company.

14. Employee Benefit Plans

Profit Sharing and Savings Plan

The Company has a Profit Sharing and Savings Plan for the benefit of substantially all employees. The Profit Sharing and Savings Plan is a defined contribution profit sharing plan with a 401(k) deferral component. All full-time employees who have met certain age and length of service requirements are eligible to participate in the plan. The plan allows participating employees to make elective deferrals of compensation up to the plan's annual limits. The Company then matches each participant's contribution on a dollar-for-dollar basis to a maximum of $1,040 per annum. In addition, the Company may, at its discretion, contribute up to 15 percent of eligible employee compensation to the plan, up to a maximum of $38,250, $37,500 and $36,750 per employee for the years ended October 31, 2014, 2013 and 2012, respectively. The Company's expense under the plan was $21.8 million, $19.8 million and $17.5 million for the years ended October 31, 2014, 2013 and 2012, respectively.

Supplemental Profit Sharing Retirement Plan

The Company has an unfunded, non-qualified Supplemental Profit Sharing Retirement Plan whereby certain key employees of the Company may receive profit sharing contributions in excess of the amounts allowed under the Profit Sharing and Savings Plan. Participation in the Supplemental Profit Sharing Retirement Plan has been frozen and is restricted to employees who qualified as participants on November 1, 2002. The Company did not make any contributions to the plan in fiscal 2014. Participants in the Supplemental Profit Sharing Retirement Plan continue to earn investment returns on their balances commensurate with those earned in the employer-directed portion of the Profit Sharing and Savings Plan. The Company's expense under the Supplemental Profit Sharing Retirement Plan for the years ended October 31, 2014, 2013 and 2012 was $21,576, $38,302 and $36,294, respectively.

15. Common Stock

All outstanding shares of the Company's Voting Common Stock are deposited in a voting trust, the trustees of which have unrestricted voting rights with respect to the Voting Common Stock. The trustees of the voting trust are all officers of the Company. Non-Voting Common shares do not have voting rights under any circumstances. In fiscal 2014, the Company issued 29,765 shares and repurchased 13,927 shares of its Voting Common Stock.

The Company's current Non-Voting Common Stock share repurchase program was announced on July 9, 2014. The Board authorized management to repurchase and retire up to 8.0 million shares of its Non-Voting Common Stock on the open market and in private transactions in accordance with applicable securities laws. The timing and amount of share purchases are subject to management's discretion. The Company's share repurchase program is not subject to an expiration date.

In fiscal 2014, the Company purchased and retired approximately 3.3 million shares of its Non-Voting Common Stock under the current repurchase authorization and approximately 5.2 million shares under previous repurchase authorizations. Approximately 4.7 million additional shares may be repurchased under the current authorization as of October 31, 2014.

16. Non-operating Income (Expense)

The components of non-operating income (expense) for the years ended October 31, 2014, 2013 and 2012 were as follows:

(in thousands)	**2014**	**2013**	**2012**
Non-operating income (expense):			
Interest and other income	$ 8,182	$ 6,514	$ 7,922
Net gains (losses) on investments and derivatives	(6,946)	(8,154)	10,957
Net foreign currency gains (losses)	(97)	(873)	(462)
Gains (losses) and other investment income, net	1,139	(2,513)	18,417
Interest expense	(29,892)	(33,708)	(33,930)
Loss on extinguishment of debt	-	(52,996)	-
Other income (expense) of consolidated CLO entities:			
Interest income	16,174	21,966	22,058
Net gains (losses) on bank loans, other investments, note obligations and preferred shares	(1,282)	(7,151)	22,648
Gains and other investment income, net	14,892	14,815	44,706
Structuring and closing fees	(4,847)	-	-
Interest expense	(10,000)	(19,152)	(18,447)
Interest and other expense	(14,847)	(19,152)	(18,447)
Total non-operating income (expense)	$ (28,708)	$ (93,554)	$ 10,746

17. Income Taxes

The provision for income taxes for the years ended October 31, 2014, 2013 and 2012 consists of the following:

(in thousands)	2014	2013	2012
Current:			
Federal	$ 149,999	$ 121,373	$ 134,027
State	25,329	29,816	19,836
Deferred:			
Federal	10,653	(6,347)	(9,861)
State	729	(946)	(1,617)
Total	$ 186,710	$ 143,896	$ 142,385

Deferred income taxes reflect the expected future tax consequences of temporary differences between the carrying amounts and tax bases of the Company's assets and liabilities. The significant components of deferred income taxes are as follows:

(in thousands)	2014	2013
Deferred tax assets:		
Stock-based compensation	$ 68,775	$ 70,189
Compensation and benefit expense	4,977	5,143
Deferred rent	4,349	4,615
Differences between book and tax bases of investments	1,130	5,945
Differences between book and tax bases of property	1,231	-
Federal benefit of unrecognized state tax benefits	827	352
Unrealized net holding losses on investments	-	502
Other	355	533
Total deferred tax asset	$ 81,644	$ 87,279
Deferred tax liabilities:		
Deferred sales commissions	$ (6,899)	$ (6,832)
Compensation and benefit expense	-	(198)
Differences between book and tax bases of goodwill and intangibles	(25,008)	(17,692)
Unrealized net holding gains on investments	(3,212)	-
Unrealized gains on derivative instruments	(426)	(417)
Differences between book and tax bases of property	-	(1,001)
Total deferred tax liability	$ (35,545)	$ (26,140)
Net deferred tax asset	$ 46,099	$ 61,139

The Company records a valuation allowance when necessary to reduce deferred tax assets to an amount that is more likely than not to be realized. No valuation allowance has been recorded for deferred tax assets, reflecting management's belief that all deferred tax assets will be utilized.

The following table reconciles the Company's effective tax rate from the U.S. federal statutory tax rate to such amount for each of the years ended October 31, 2014, 2013 and 2012:

	2014		2013		2012	
Federal statutory rate	35.0	%	35.0	%	35.0	%
State and local income tax, net of federal income tax benefit	3.5		3.3		3.0	
Non-controlling interest	(0.8)		(1.2)		(3.6)	
Stock-based compensation	0.4		0.8		0.8	
State audit settlement	-		1.9		-	
Other	(0.1)		0.2		0.1	
Effective income tax rate	38.0	%	40.0	%	35.3	%

The exercise of non-qualified stock options resulted in a reduction of taxes payable of approximately $18.6 million, $20.6 million and $8.6 million for the years ended October 31, 2014, 2013 and 2012, respectively. Such benefit has been reflected as a component of shareholders' equity.

The changes in gross unrecognized tax benefits, excluding interest and penalties, for the years ended October 31, 2014, 2013 and 2012 are as follows:

(in thousands)		2014		2013		2012
Beginning Balance	$	857	$	9,538	$	9,474
Additions for tax provisions of prior years		1,117		324		31
Additions based on tax provisions related to current year		-		55		33
Reductions for tax provisions of prior years		(176)		-		-
Reductions for settlements with taxing authorities		-		(8,752)		-
Lapse of statute of limitations		-		(308)		-
Ending Balance	$	1,798	$	857	$	9,538

The total amount of unrecognized tax benefits as of October 31, 2014, 2013 and 2012 that, if recognized, would impact the effective tax rate is $1.8 million, $0.9 million and $9.5 million, respectively.

In the years ended October 31, 2014, 2013 and 2012, the Company recognized $0.2 million, $0.2 million and $(0.1) million, respectively, in interest and penalties in its income tax provision. Accrued interest and penalties, which are included as a component of unrecognized tax benefits, totaled $0.7 million, $0.5 million and $0.9 million at October 31, 2014, 2013 and 2012, respectively.

The Company believes that it is reasonably possible that approximately $0.9 million of our currently remaining unrecognized tax benefits, each of which are individually insignificant, may be recognized within the next 12 months as a result of a lapse of the statute of limitations and settlements with state taxing authorities.

The Company considers the undistributed earnings of its Canadian and Australian subsidiaries as of October 31, 2014 to be indefinitely reinvested in foreign operations. Accordingly, no U.S. income taxes have been provided thereon. As of October 31, 2014, the Company had approximately $21.2 million of undistributed earnings in our Canadian and Australian subsidiaries that are not available to fund domestic operations or to distribute to shareholders unless repatriated. Repatriation would require the Company to accrue and pay U.S. corporate income taxes. The unrecognized deferred income tax liability on this temporary difference is estimated to be $2.5 million. The Company does not have a current plan to repatriate these funds.

During fiscal year 2013, a state tax authority and the Company agreed to settle all matters relating to the tax authority's audit of the fiscal years ended October 31, 2004 through October 31, 2009 in exchange for a lump sum payment of $19.6 million. The $19.6 million payment resulted in a net increase to income tax expense in fiscal 2013 of $6.7 million, equal to the amount of the payment less previously recorded reserves of $9.3 million and a federal tax benefit on the increased state tax of $3.6 million.

The Company is generally no longer subject to income tax examinations by U.S. federal, state, local or non-U.S. taxing authorities for fiscal years ending prior to October 31, 2010.

18. Non-controlling and Other Beneficial Interests

Non-controlling and other beneficial interests are as follows:

Non-redeemable non-controlling interests

Non-redeemable non-controlling interests consist entirely of unvested interests granted to employees of the Company's majority-owned subsidiaries under subsidiary-specific long-term equity plans. These grants become subject to put rights upon vesting and will be reclassified to temporary equity as vesting occurs.

Redeemable non-controlling interests at other than fair value

As of October 31, 2014, redeemable non-controlling interests at other than fair value consist of interests in Atlanta Capital retained by selling shareholders at the time of acquisition. The Company's purchase of these remaining non-controlling interests, which are not subject to mandatory redemption, is predicated on the exercise of a series of puts held by non-controlling interest holders and calls held by the Company. These put and call rights are not legally detachable or separately exercisable and are deemed to be embedded in the related non-controlling interests. The puts provide non-controlling interest holders the right to require the Company to purchase these retained interests at specific intervals over time, while the calls provide the Company the right to require the non-controlling interest holders to sell their retained equity interests to the Company at specific intervals over time, as well as upon the occurrence of certain events such as death or permanent disability. As a result, there is significant uncertainty as to timing of any non-controlling interest purchase in the future. The value assigned to the purchase of a non-controlling interest is based, in each case, on a multiple of earnings before interest and taxes of Atlanta Capital at specified points in the future. As a result, these interests are considered redeemable at other than fair value and changes in the redemption value of these interests are recognized in net income attributable to non-controlling and other beneficial interests.

Net income attributable to non-controlling and other beneficial interests reflects an increase of $5.3 million in fiscal 2014 in the estimated redemption value of redeemable non-controlling interests in Atlanta Capital and Parametric Risk Advisors; net income attributable to non-controlling and other beneficial interests in fiscal 2013 and 2012 reflects an increase of $24.3 million and $19.9 million, respectively, in the estimated redemption value of redeemable non-controlling interests in Atlanta Capital, Parametric and Parametric Risk Advisors. Non-controlling interests in Parametric Risk Advisors redeemable at other than fair value were

fully redeemed in fiscal 2014; non-controlling interests in Parametric redeemable at other than fair value were fully redeemed in fiscal 2013. Any future payments made to the non-controlling interest holders of Atlanta Capital upon execution of the puts and calls described above will reduce temporary equity.

Redeemable non-controlling interests at fair value

Interests in the Company's consolidated funds and vested interests granted to employees of the Company's majority-owned subsidiaries under subsidiary-specific long-term equity plans are considered redeemable at fair value. Future changes in the redemption value of these interests will be recognized as increases or decreases to additional paid-in capital. Any future payments made to these non-controlling interest holders will reduce temporary equity.

The components of net income attributable to non-controlling and other beneficial interests for the years ended October 31, 2014, 2013 and 2012 were as follows:

(in thousands)	**2014**	**2013**	**2012**
Consolidated funds	$ 318	$ (4,095)	$ (4,353)
Majority-owned subsidiaries	(15,950)	(16,620)	(14,518)
Non-controlling interest value adjustments[1]	(5,311)	(24,320)	(19,866)
Consolidated CLO entities	4,095	8,450	(22,566)
Net income attributable to non-controlling and other beneficial interests	$ (16,848)	$ (36,585)	$ (61,303)

[1] *Relates to non-controlling interests redeemable at other than fair value.*

19. Accumulated Other Comprehensive Income (Loss)

The components of accumulated other comprehensive income (loss), net of tax, are as follows:

(in thousands)	Unamortized net gains (losses) on derivatives [1]	Net unrealized holding gains (losses) on available-for-sale investments [2]	Foreign currency translation adjustments	Total
Balance at October 31, 2011	$ (1,714)	$ 3,386	$ (332)	$ 1,340
Other comprehensive income (loss) before reclassifications and tax	-	3,376	379	3,755
Tax impact	-	(1,281)	(161)	(1,442)
Reclassification adjustments, before tax	447	(32)	-	415
Tax impact	(157)	12	-	(145)
Net current period other comprehensive income (loss)	290	2,075	218	2,583
Balance at October 31, 2012	$ (1,424)	$ 5,461	$ (114)	$ 3,923
Other comprehensive income (loss) before reclassifications and tax	2,015	3,455	(8,428)	(2,958)
Tax impact	(788)	(1,321)	3,213	1,104
Reclassification adjustments, before tax	1,246	(5,004)	-	(3,758)
Tax impact	(401)	1,913	-	1,512
Net current period other comprehensive income (loss)	2,072	(957)	(5,215)	(4,100)
Balance at October 31, 2013	$ 648	$ 4,504	$ (5,329)	$ (177)
Other comprehensive income (loss) before reclassifications and tax	-	1,735	(15,984)	(14,249)
Tax impact	-	(690)	(2,972)	(3,662)
Reclassification adjustments, before tax	22	131	-	153
Tax impact	(9)	(52)	-	(61)
Net current period other comprehensive income (loss)	13	1,124	(18,956)	(17,819)
Balance at October 31, 2014	$ 661	$ 5,628	$ (24,285)	$ (17,996)

[1] Amounts reclassified from accumulated other comprehensive income (loss), net of tax, represent the amortization of net gains (losses) on interest rate swaps over the life of the Company's Senior Notes into interest expense on the Consolidated Statements of Income.

[2] Amounts reclassified from accumulated other comprehensive income (loss), net of tax, represent gains (losses) on disposal of available-for-sale securities and were recorded in gains (losses) and other investment income, net, on the Consolidated Statements of Income.

20. Earnings per Share

The following table sets forth the calculation of earnings per basic and diluted share for the years ended October 31, 2014, 2013 and 2012 using the two-class method:

(in thousands, except per share data)	2014	2013	2012
Net income attributable to Eaton Vance Corp. shareholders	$ 304,316	$ 193,841	$ 203,465
Less: Allocation of earnings to participating restricted shares	7,611	7,124	5,676
Net income available to common shareholders	$ 296,705	$ 186,717	$ 197,789
Weighted-average shares outstanding – basic	116,440	116,597	112,359
Incremental common shares	5,155	5,847	2,767
Weighted-average shares outstanding – diluted	121,595	122,444	115,126
Earnings per share:			
Basic	$ 2.55	$ 1.60	$ 1.76
Diluted	$ 2.44	$ 1.53	$ 1.72

Antidilutive common shares related to stock options and unvested restricted stock excluded from the computation of earnings per diluted share were approximately 5.1 million, 3.0 million, and 14.9 million for the years ended October 31, 2014, 2013 and 2012, respectively.

21. Commitments and Contingencies

In the normal course of business, the Company enters into agreements that include indemnities in favor of third parties, such as engagement letters with advisors and consultants, information technology agreements, distribution agreements and service agreements. In certain circumstances, these indemnities in favor of third parties relate to service agreements entered into by investment funds managed and/or advised by Eaton Vance Management or Boston Management and Research, both wholly owned subsidiaries of the Company. The Company has also agreed to indemnify its directors, officers and employees in accordance with the Company's Articles of Incorporation, as amended. Certain agreements do not contain any limits on the Company's liability and, therefore, it is not possible to estimate the Company's potential liability under these indemnities. In certain cases, the Company has recourse against third parties with respect to these indemnities. Further, the Company maintains insurance policies that may provide coverage against certain claims under these indemnities.

The Company and its subsidiaries are subject to various legal proceedings. In the opinion of management, after discussions with legal counsel, the ultimate resolution of these matters will not have a material effect on the consolidated financial condition, results of operations or cash flows of the Company.

In November 2010, the Company acquired intellectual property and patents that form the foundation of the Company's NextShares™ exchange-traded managed funds initiative from Managed ETFs LLC, a developer of intellectual property in the field of exchange-traded funds. The success of the NextShares™ initiative became reasonably possible when, on December 2, 2014, the SEC issued the Company an exemption from certain provisions of the Investment Company Act of 1940 to permit the offering of exchange-traded managed funds.

The terms of the acquisition include approximately $9 million in aggregate contingent milestone payments that are based on specific events representing key developments in the advancements of exchange-traded managed funds for commercial purposes. There is no defined timing on these payments, resulting in significant uncertainty as to when the amount of any payment is due in the future. If and when the milestones have been accomplished, Managed ETFs LLC is also entitled to revenue sharing payments that are calculated based on a percentage of licensing revenue that Eaton Vance receives for use of the acquired intellectual property.

In July 2006, the Company committed to invest $15.0 million in a private equity partnership that invests in companies in the financial services industry. The Company has invested $14.5 million of the total $15.0 million of committed capital at October 31, 2014. The Company anticipates the remaining $0.5 million will likely be invested by March 2015.

The Company has entered into transactions in financial instruments in which it has sold securities, not yet purchased, as part of its corporate hedging program. As of October 31, 2014 the Company has $1.0 million included within other liabilities on its Consolidated Balance Sheet related to securities sold, not yet purchased.

The Company leases certain office space and equipment under non-cancelable operating leases. The office space leases expire over various terms that extend through 2034. Certain of the leases contain renewal options. The lease payments are recognized on a straight-line basis over the non-cancelable term of each lease plus any anticipated extensions. Rent expense under these leases in fiscal 2014, 2013 and 2012 amounted to $20.7 million, $20.0 million and $20.5 million, respectively. Future minimum lease commitments are as follows:

Year Ending October 31, *(in thousands)*		**Amount**[(1)]
2015	$	22,410
2016		20,543
2017		20,200
2018		19,986
2019		20,223
2020 – thereafter		258,800
Total	$	362,162

(1) Future minimum lease payments have not been reduced by minimum sublease rentals of $1.7 million due in the future.

The Company subleases certain office space under operating leases that expire over various terms. The sublease payments are recognized on a straight-line basis over the non-cancelable term of the sublease. Rental income under these subleases amounted to $1.2 million, $1.0 million and $1.3 million for fiscal years ended October 31, 2014, 2013 and 2012, respectively. Future minimum rental payments to be received under the subleases are as follows:

Year Ending October 31, *(in thousands)*		**Amount**
2015	$	1,301
2016[(1)]		427
Total	$	1,728

(1) There are no future minimum lease payments due to the Company in future periods after fiscal 2016.

Other commitments and contingencies include future payments to be made upon the exercise of puts and calls of non-controlling interests in Atlanta Capital, as well as the contingent payments to be made to the selling shareholders of TABS as more fully described in Note 11.

22. Related Party Transactions

Sponsored Funds

The Company is an investment adviser to, and has administrative agreements with, certain sponsored funds, privately offered equity funds and closed-end funds for which certain employees are officers and/or directors. Substantially all of the services to these entities for which the Company earns a fee, including investment advisory, distribution, shareholder and administrative services, are provided under contracts that set forth the services to be provided and the fees to be charged. Certain of these contracts are subject to annual review and approval by the funds' boards of directors or trustees. Revenues for services provided or related to these funds for the years ended October 31, 2014, 2013 and 2012 are as follows:

(in thousands)	**2014**	**2013**	**2012**
Investment advisory and administrative fees	$ 900,478	$ 828,441	$ 744,351
Distribution fees	77,697	80,073	80,920
Service fees	125,713	126,560	126,345
Shareholder service fees	2,315	2,522	2,411
Other revenue	2,093	1,211	-
Total	$ 1,108,296	$ 1,038,807	$ 954,027

For the years ended October 31, 2014, 2013 and 2012, the Company had investment advisory agreements with certain sponsored funds pursuant to which the Company contractually waived $12.3 million, $9.6 million and $8.8 million, respectively, of investment advisory fees it was otherwise entitled to receive.

Sales proceeds and net realized gains (losses) for the years ended October 31, 2014, 2013 and 2012 from investments in sponsored funds classified as available-for-sale, including sponsored funds accounted for under the equity method, are as follows:

(in thousands)	**2014**	**2013**	**2012**
Proceeds from sales	$ 79,829	$ 62,263	$ 60,726
Net realized gains (losses)	(81)	5,742	(92)

The Company bears the non-advisory expenses of certain sponsored funds for which it earns an all-in management fee and provides subsidies to startup and other smaller sponsored funds to enhance their competitiveness. For the years ended October 31, 2014, 2013 and 2012, expenses of $21.7 million, $23.9 million and $18.9 million, respectively, were incurred by the Company pursuant to these arrangements.

Included in investment advisory and other receivables at October 31, 2014 and 2013 are receivables due from sponsored funds of $94.5 million and $94.0 million, respectively.

Employee Loan Program

The Company has established an Employee Loan Program under which a program maximum of $20.0 million is available for loans to officers (other than executive officers) and other key employees of the

Company for purposes of financing the exercise of employee stock options. Loans are written for a seven-year period, at varying fixed interest rates (currently ranging from 0.9 percent to 3.4 percent), are payable in annual installments commencing with the third year in which the loan is outstanding, and are collateralized by the stock issued upon exercise of the option. All loans under the program must be made on or before October 31, 2018. Loans outstanding under this program, which are full recourse in nature, are reflected as notes receivable from stock option exercises in shareholders' equity, and amounted to $8.8 million and $7.1 million at October 31, 2014 and 2013, respectively.

23. Regulatory Requirements

The Company is required to maintain net capital in certain regulated subsidiaries within a number of jurisdictions. Such requirements may limit the Company's ability to make withdrawals of capital from these subsidiaries.

EVD, a wholly owned subsidiary of the Company and principal underwriter of the Eaton Vance Funds, is subject to the SEC uniform net capital rule, which requires the maintenance of minimum net capital. For purposes of this rule, EVD had net capital of $41.0 million, which exceeds its minimum net capital requirement of $3.7 million at October 31, 2014. The ratio of aggregate indebtedness to net capital at October 31, 2014 was 1.37-to-1.

At October 31, 2014, the Company was required to maintain net capital in certain other regulated subsidiaries. The Company was in compliance with all applicable regulatory minimum net capital requirements.

24. Concentrations of Credit Risk and Significant Relationships

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents held. The Company maintains cash and cash equivalents with various financial institutions. Cash deposits maintained at a financial institution may exceed the federally insured limit.

During the fiscal years ended October 31, 2014, 2013 and 2012, there were no managed portfolios or related funds that provided over 10 percent of the total revenue for the Company.

25. Comparative Quarterly Financial Information (Unaudited)

	2014				
(in thousands, except per share data)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
Total revenue	$ 360,261	$ 354,061	$ 367,590	$ 368,382	$ 1,450,294
Operating income	$ 124,200	$ 125,303	$ 131,178	$ 139,176	$ 519,857
Net income	$ 76,730	$ 78,047	$ 81,269	$ 85,118	$ 321,164
Net income attributable to Eaton Vance Corp. shareholders	$ 71,358	$ 74,901	$ 77,935	$ 80,122	$ 304,316
Earnings per Share:					
Basic	$ 0.59	$ 0.62	$ 0.66	$ 0.68	$ 2.55
Diluted	$ 0.56	$ 0.59	$ 0.63	$ 0.66	$ 2.44

	2013				
(in thousands, except per share data)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
Total revenue	$ 318,517	$ 331,692	$ 350,361	$ 356,933	$ 1,357,503
Operating income	$ 100,680	$ 108,070	$ 118,850	$ 125,407	$ 453,007
Net income	$ 62,127	$ 71,120	$ 25,050	$ 72,129	$ 230,426
Net income attributable to Eaton Vance Corp. shareholders	$ 49,805	$ 63,681	$ 23,203	$ 57,152	$ 193,841
Earnings per Share:					
Basic	$ 0.39	$ 0.53	$ 0.19	$ 0.47	$ 1.60
Diluted	$ 0.38	$ 0.50	$ 0.18	$ 0.45	$ 1.53

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Eaton Vance Corp.:

We have audited the accompanying consolidated balance sheets of Eaton Vance Corp. and subsidiaries (the "Company") as of October 31, 2014 and 2013, and the related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows for each of the three years in the period ended October 31, 2014. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Eaton Vance Corp. and subsidiaries as of October 31, 2014 and 2013, and the results of their operations and their cash flows for each of the three years in the period ended October 31, 2014, in conformity with accounting principles generally accepted in the United States of America.

/s/ DELOITTE & TOUCHE LLP

Boston, Massachusetts
December 19, 2014

Investor Information

Eaton Vance Corp. has filed an Annual Report on Form 10-K with the Securities and Exchange Commission for the 2014 fiscal year. For a copy of the Company's Form 10-K, which is available free of charge to shareholders upon request, or other information regarding the Company, please contact:

Laurie G. Hylton
Chief Financial Officer
Eaton Vance Corp.
Two International Place
Boston MA 02110
(617) 482-8260

The Company's Form 10-K and other information about Eaton Vance Corp. are also available on the Company's website: eatonvance.com. The Company has submitted to the New York Stock Exchange a certificate of the Chief Executive Officer representing that he is not aware of any violation by the Company of New York Stock Exchange corporate governance listing standards.

Transfer Agent and Registrar

Computershare Investor Services
P.O. Box 30170
College Station, TX 77842-3170
(877) 282-1168
www.computershare.com/investor

The Transfer Agent maintains shareholder account records and should be contacted regarding changes in address, name or ownership, lost certificates and consolidation of accounts. When corresponding with the Transfer Agent, shareholders should state the exact name(s) in which their stock is registered and the certificate number, as well as other pertinent account information.

Independent Registered Public Accounting Firm

Deloitte & Touche LLP
200 Berkeley Street
Boston, MA 02116
(617) 437-2000
www.deloitte.com

Directors and Officers

Directors

Ann E. Berman [1,2,3]

Thomas E. Faust Jr.

Leo I. Higdon, Jr.*[2]

Brian D. Langstraat

Dorothy E. Puhy [1,3]

Winthrop H. Smith, Jr. [1,2,3]

Richard A. Spillane, Jr. [2,3]

* Lead Independent Director. Board Committees: 1. Audit, 2. Compensation, 3. Nominating and Governance

Officers

Thomas E. Faust Jr.
Chairman and
Chief Executive Officer

Jeffrey P. Beale
Vice President and
Chief Administrative Officer

Daniel C. Cataldo
Vice President and
Treasurer

Laurie G. Hylton
Vice President, Chief Financial Officer
and Chief Accounting Officer

Frederick S. Marius
Vice President, Secretary and
Chief Legal Officer

Our mission and core values

Eaton Vance strives to be the premier investment management organization.

- We seek to provide clients with superior performance, top-quality service and value-added products across a range of investment disciplines and distribution channels.
- We seek to provide an attractive work environment and fulfilling careers for our dedicated employees.
- Through the success of clients and associates, we thereby seek to build long-term shareholder value.

Integrity

Is honest in word and deed.

Adheres to the company's code of ethics, industry standards of business conduct and applicable law.

Deals fairly and forthrightly with clients, colleagues and business partners.

Professionalism

Demonstrates maturity, dedication and a strong work ethic.

Behaves appropriately; is respectful of clients, colleagues and business partners.

Uses the company's resources wisely.

Teamwork

Works collaboratively with others to achieve shared goals.

Communicates openly and follows through on commitments.

Enhances the work experience of colleagues.

Client Focus

Meets or exceeds client performance expectations.

Places the interests of clients first.

Creativity/Adaptability

Develops business opportunities and process improvements.

Is open and adaptable to change.

Works to achieve personal development.

Excellence

Achieves outstanding results for clients and shareholders.

Advances the record and reputation of Eaton Vance as an industry leader.

“The essential ingredient of any successful organization is its ability to work together as a team – each member filling his own particular niche – with the overall result that, as a team, it can bring its power into concerted action and produce results.”

–Charles F. Eaton Jr.

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continued from back cover

Daniel Lee William Lesler Hang Nguyen William Bohensky John Jezowski Christopher MacPhee Shiva Iyer Leonard Senkovsky Andrius Balta Chad Brown Andrew Dillon
Christopher Hearne Dorothy Jones Dylan Kline Adam White Eric Zeigler Sarah Sheehan Stephannie Workman Qihua Liu Daniel Sunderland David Narbeth Michael Pogson
Elaine Sullivan Neil Adams Jennifer Flynn Laura Nykreim Christopher Loger Alexandra Bielawski Patrick O’Brien Alexander Randall Beth Milkovits Jennifer Ranahan Jeremy Davis
Jill Holland Karl Saur Huong Strong Kathleen Gaffney Bryan Carr Brendan Lanahan Danforth Sullivan Daren Toy Megan Fiorito Teresa Watkins Cynthia Danger Melissa Ertel
Michael Spear Dean Graves Bryan Griffin John Moninger Nicholas Allen Matthew Sanders Jennifer Casey Bina Desai Harrison Kent Dan Codreanu David Sacco Rachel Deane
David Irizarry Deborah Lamb Mary Anderson Matthew Bailey Gregory Baranivsky Steven Bedell Alexander Braun Allison Brunette Amanda Carter Orison Chaffee Michael Cole
Stephanie Felling Richard Fong Alexander Gomelsky Vladimir Gomelsky Jack Hansen Christopher Haskamp Justin Henne Jane Henning Hong Huo Benjamin Lazarus Thomas Lee
Gregory Liebl Matthew Liebl Sharon Luftman RaeAnn McDonnell Antony Motl Alicia Neese Timothy Post Eric Prawalsky Jeffrey Rodgers Ashley Schulzetenberg Thomas Serbus
Kelly Shelquist Jay Strohmaier Denise Timmons Christopher Uhas Mark Wacker Daniel Wamre John Weisbecker Alyssa Wiechmann Alex Zweber Mark Saindon Robert Ciro
Bryan Sullivan Scott Brindle Brian Gudely Hussein Khatta Hadley Ledbetter Henry Rehberg Jennifer Sireklove AnnMarie DuBose Alexander Macrokanis Robert Cavezza Emily Finn
Deborah Flood Jeffrey Boutin Timothy Robey Robert Swidey John Donohue Mary Barsoom Benjamin King John Simeone Sarah Castanheira Simon Mui Louise Bradshaw
Patrick Duffy Jeffrey Keady A.J. Leimenstoll Seth Paulson Benjamin Spitz Pamela Stephen Saule Andriuskeviciute Lisa Lau Miguel Salaman Faisal Zahoor Joshua Lipinski
Colleen Barry Milind Kanitkar Kelly Kapp Rachel Schaefbauer Emily Cheng Melanie Kramer Sean Sorensen Robert Cunha Katherine Todd Benjamin Barenboim Diane Gordon
Thomas McMahon Michi McDonough Christopher Wisdom Michael Finney Heather Vanis Benjamin Hammes Christopher Burnet Jerome D’Alessandro Raffi Samkiranian
Elias Bassila Brittany Isenhart Jeffrey Norton Adriana Tacu Scott Curry Serena Lee Craig Melillo Todd Johnson Howe Lin Mahesh Pritamani Juliet Todd Patrick Huerta
Christine Smith Mei Chang Derek Johnson Matthew Mueller Timothy Nelson Jared Pawelk Matthew Tesone Christopher Belnap Elizabeth McManus Troy Neville Jeffrey Sayman
Caitlin Schlesinger Spencer Swan Charlotte Watkins Christopher Webb Arif Jamal Alexander Amado Christopher Briant Heather Chapman Bradley Galko Andrew Popp Daniel Saltus
James Thorson Marshall Stocker Jared Allen Curtis Ellingham Amanda Lyons Tyler Smith Ryan Cavanaugh Derrick Leung Jared Proske Sophie Murray Mooneer Salehmohamed
Patrick Gennaco Vincent Leon Zachary Camara Zachry Caouette Christopher Cook Matthew Gile Henry Peabody David Brinker Nicholas Hailey Benjamin LeFevre Robert Rowe
William Turner Ara Antonio Jared Gommels Stephanie Nevin Brian Conley Cathleen Connors Peter Howe Rachel LeBlanc Cole McIlvaine Anne Mitchell Collin Schrier Peter Stern
Nokio Twumasi Brittany Cochlin Steven Vanne Lisa Brown Patrice Pellegrini Megan Pizzitola Amir Vaziri Nicholas Davis Alan Arrington Kevin Pih Michael Szyska Denise Tinsley
Lynette Tsai Amy Bruckner Mamatha Chilumuthuru Kimberly Jackson Isaiah Petersen Jennifer Diadoo Victor La Elena Brown Ryan Smith William Spring Daniel Ryan
Casey Foskett Caroline Spellman Wenlei Sun Benjamin Adams Qjaquice Brantley Christian Caswell Alexis Briggs Allen Wagner David Butters Erin Canon James Morris
Holly Bragdon Robert Zaccardi David Glen William Reardon Ashley Capecchi Michael Askew Diogenes Balsam Nagabhushan Beeram William Peterson Tracy Potorski Jesse Tobiason
Macki Anderson Rebekka Lambert Amy Arslain Ryan Balko Matthew Cullen Michael Hebert Qiwen Liu Laura Sanders Punit Shetty Yi Sun Robert Cruice Chelsea Fizell
Craig McHaffie Robert Pellow Stephen Wool John Jaje Norio Nishi Rakshya Sigdel Ricky Valdez Erik Borgsteede Scott Sovine Frank Brannen Sushrut Deodhar Megan Fitzpatrick
Lee Bertram Bianca Dufresne-Langley Allison Li Jennifer Rodas Jenna Alleva Micaela Curley Joshua Rock Rachel Wagner Carolyn Cawley Steven Heck Ricardo Raposo
Andrea Vaitkus Ashley Boecker Kimberly Gailun Jacob Homchick Glenn Pardo Raewyn Williams Benjamin Clough Timothy Gaudette Erin Kandamar Elizabeth McDonough
Ryan Romano Alba Shkurti Michael Sullivan Alexis Walsh Thomas Bell Robert Carney John Flanagan Patrick Keogh Julie Smith Scott VanSickle Jonathan Needham Seif Chahed
Jason Chalmers Paul Cocanour Christine Yem Heather Anderson Kathryn Bauer Marc Baumel Daniel Cozzi Edward Perkin Ashok Nayak Sheila Pechacek Bradford Thomas
Andrew Spero Darrell Thompson Joseph Cinar Glenn Fitzsimmons Alexandra Monaco Christopher Arthur Erin Garlow James Allen Jonathan Odom Joseph Anderson
Madeline Anderson Dial Boehmer Michael Bortnick Christopher Cleary Emily Crandall Thomas Flies Allison Goldie Peter Kaloostian Blair McGreenery Peter Milinazzo
Erick Petersen Michael Rabinowitz Eric Sherman Nicholas Stahelski Jason Nelson Mark Bumann Miles Ferguson Elaina Kenney Dalin Kongseri Donald Schofield Parveen Arneja
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Danielle Carr William Murray Vincent Primavera Mark Reardon Tatyana Ryabchenko Nicole Stenerson Christine Wallace John Le Thomas Roslansky Kevin DeVito Matthew Karuza
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Jenilde Mastrangelo Jane Nussbaum Linda Doherty Thomas Faust Cynthia Clemson Susan Kiewra Lauren Mannone Donna D'Addario Marlo-Jean Tulis Anne Marie Gallagher
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Amy Ursillo Perry Hooker John Gibson Gregory Parker Hadi Mezher Delores Wood Julie Andrade Jeffrey Beale Mark Nelson John Murphy Deanna Berry Jane Rudnick
Leighton Young Geoffrey Marshall Robert Bortnick Cecilia O'Keefe Louann Penzo Elizabeth Kenyon Maureen Gemma David Michaud John Trotsky David Olivieri
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