Eaton Vance
Investment Managers

2011 Annual Report

Timely Thinking.
Timeless Values.

Investing has always been about making choices. The relentless volatility of recent years has sharpened investors' focus on the importance of weighing conflicting viewpoints and balancing competing priorities. But for us, balance is nothing new. It is the bedrock on which Eaton Vance is built. We were founded on the idea that investment success can be achieved by applying fresh ideas and new insights to a foundational understanding of how investors think and markets react. We search for what's timely, but believe in what's time-tested. For more than 85 years, we've combined a passion for discovery with a disciplined adherence to long-term investing principles.

Timely Thinking.
Timeless Values.

To Shareholders and Friends of Eaton Vance:

Fiscal 2011 was a year of progress for Eaton Vance in the midst of adversity. Like other investment managers, we were challenged by threats to the global financial system emanating from Europe and the U.S., up-and-down securities markets and weak flows into long-term financial assets. We also faced notable challenges specific to the Company and our particular mix of businesses. Through it all, we accomplished much.

Eaton Vance earned a record $2.00 of adjusted earnings per diluted share in fiscal 2011, an increase of 28 percent over the $1.56 of adjusted earnings per diluted share in fiscal 2010. As determined under U.S. generally accepted accounting principles (GAAP),[1] we earned $1.75 per diluted share in fiscal 2011 compared to $1.40 per diluted share in fiscal 2010.

The Company reached new highs in managed assets, gross inflows and revenues in fiscal 2011. Assets under management were $188.2 billion on October 31, 2011, an increase of two percent over the $185.2 billion of client assets we managed at the end of fiscal 2010. Gross sales and other inflows into Eaton Vance long-term funds and separate accounts were $54.9 billion, an increase of four percent over fiscal 2010.

Eaton Vance had net inflows of $3.9 billion in fiscal 2011, as inflows of $54.9 billion were offset by $51.0 billion of withdrawals. The fiscal year's net inflows were concentrated primarily in floating-rate bank loans, Parametric structured emerging-market equity and Atlanta Capital core and growth equity mandates. The Company's internal growth rate (net inflows into long-term funds and separate accounts divided by

[1]See note at bottom of page 9.

beginning long-term assets managed) for the fiscal year was two percent. While in line with industry averages, this is below our 10 percent internal growth target and the 11 percent average annual internal growth we achieved over the past decade.

In fiscal 2011, our revenue increased 12 percent to a record $1.26 billion, reflecting a 14 percent increase in average assets under management and modestly lower effective fee rates. Operating income increased 24 percent to $438 million, as operating margins expanded to 35 percent from 31 percent in fiscal 2010. Expense growth was limited to seven percent, as lower sales-related costs offset increases in other expense categories.

Against a backdrop of economic uncertainty and market turbulence, we continued to benefit from our strong financial position. At fiscal year-end, we had $511 million of cash and cash equivalents, a $200 million untapped line of credit and an investment-grade credit rating. Our financial strength enabled us to continue supporting the development of new investment strategies through our seed capital program. In fiscal 2011, we invested $144 million in sponsored funds and separate accounts for seeding purposes, while withdrawing $189 million from commitments to strategies that have begun attracting outside investor interest.

During the fiscal year, we capitalized on volatile equity markets and related declines in our share price by accelerating our stock repurchase program. In fiscal 2011, we used $199 million to repurchase and retire 7.3 million shares of our non-voting common stock and paid $85 million of dividends to shareholders. Dividends declared per share were $0.73 in fiscal 2011 versus $0.66 in fiscal 2010, an increase of 11 percent, making this the 31st consecutive fiscal year we have raised our dividend.

Investment performance remains, as always, a primary focus, and long-term performance continued to be strong across a broad range of Eaton Vance investment strategies. As of fiscal year-end, 27 of our mutual funds were rated four or five stars by Morningstar for at least one class of shares, including 10 equity and 17 income funds. Performance leaders among our equity funds included Atlanta Capital SMID-cap, Parametric structured emerging markets and Eaton Vance tax-managed global dividend and real estate. Among the income funds we offer, performance leaders included floating-rate bank loans, high-yield bonds, government obligations and tax-advantaged bond strategies.

One of our largest and most visible investment offerings, Eaton Vance large-cap value, continued to experience performance shortfalls in fiscal 2011. While long-term return comparisons remain favorable, particularly on a risk-adjusted basis, the near-term underperformance caused our large-cap value strategy to move into net redemptions in fiscal 2011, with net outflows of $4.7 billion. We continue to believe our strategy is positioned for investment success as the types of large-cap, high-quality stocks in which we specialize resume their market leadership.

A second major Eaton Vance investment franchise experiencing flow difficulties in fiscal 2011 was municipal bonds. As our fiscal year was beginning, the overall municipal market suffered sharp price declines and a flight of retail investment dollars amid forecasts of an imminent spike in defaults. Contrary to those predictions, municipal default rates remained low throughout the year and municipal bonds were among the top-performing investment asset classes of 2011. Although no crisis materialized, the effect on our business was substantial—we saw $2.3 billion of net outflows from municipal funds and accounts in the fiscal year. With two distinct municipal teams, a broad lineup of product offerings and a new capability managing laddered portfolios, we are optimistic that Eaton Vance will see much-improved municipal flows in fiscal 2012.

A further challenge in reaching our growth targets for fiscal 2011 was replacing the flows into Eaton Vance Global Macro Absolute Return Fund (GMAR) that drove much of our growth in fiscal 2010. One of the top-selling funds in our industry in 2010, we closed GMAR to new investors on October 1 of last year to ensure that its rapid growth did not begin to detract from performance. Reflecting that change, GMAR moved from net inflows of $7.4 billion in fiscal 2010 to net outflows of $900 million in fiscal 2011. Fortunately, investments in our global income team's supporting infrastructure and the further development of the markets in which GMAR invests enabled us to reopen the Fund in mid-October. Although flows into GMAR are unlikely to return to the pace of fiscal 2010, we expect to see enhanced flows in fiscal 2012 for this offering and our broader lineup of absolute return funds, which now encompasses five mutual funds offered in the U.S. and a version of the global macro strategy offered internationally. As of fiscal year-end, Eaton Vance was the market leader in the Lipper absolute return mutual fund category, with 38 percent market share. We expect to roll out our first absolute return strategy for the institutional market in 2012.

Floating-rate bank loans are an area of Eaton Vance market leadership that was a major contributor to our growth in fiscal 2011, with $4.1 billion of net inflows. We believe that floating-rate income strategies should continue to be strong performers for us in 2012. The credit fundamentals of the bank loan asset class remain strong, comparative yields versus other floating-rate investments are attractive and there is price appreciation potential following the market sell-off in August. Investment performance across our lineup of bank loan funds continues to be outstanding.

In equities, our Parametric and Atlanta Capital subsidiaries performed at high levels in fiscal 2011, both in terms of business growth and investment results. Parametric has established itself as a leader in applying a structured active approach to managing emerging-market equities and has now rolled out structured active strategies in international, global and core emerging-market equities, commodities, currencies and absolute return. Net inflows into Parametric structured emerging markets and other structured active strategies were $3.5 billion in fiscal 2011. Parametric's structured tracking and structured options businesses also experienced significant business growth. Across all product categories, Parametric saw net inflows of $5.8 billion for the fiscal year and ended the period with managed assets of $41.9 billion.

Atlanta Capital also had an outstanding fiscal 2011, further establishing itself as a leader in high-quality U.S. core and growth equity investing. For the fiscal year, Atlanta Capital added $2.3 billion in net flows to bring its managed assets to $13.6 billion.

The Company continued to be active on the new product front in fiscal 2011. Following the launch of 12 funds in fiscal 2010, we introduced seven new funds this fiscal year. These new funds enhance our growth potential by expanding the range of market categories in which we compete and providing additional outlets for our talented investment teams to apply their expertise.

The extensive lineup of new funds we launched in fiscal 2010 made significant contributions to flow results and asset growth in fiscal 2011. Taken together, our class of 2010 had net inflows of $1.4 billion in fiscal 2011 and closed the fiscal year with over $2.5 billion in managed assets. Including the repositioned Multi-Strategy Absolute Return Fund adds another $500 million of net flows and $800 million of ending assets to these totals. As true throughout the Company's recent history, creating and bringing to market innovative strategies to meet evolving investor needs is a core element of our market positioning and growth strategy.

A longer-term new product initiative we embarked on in fiscal 2011 is the development of what we call "exchange-traded managed funds," or "ETMFs." In November 2010, Eaton Vance acquired the assets of Managed ETFs LLC, an intellectual property company holding issued and pending patents relating principally to a method for trading exchange-traded funds (ETFs) based on a reference future net asset value (NAV). ETMFs are non-transparent, actively managed ETFs utilizing NAV-based trading, seeking to bring the performance and tax efficiency advantages of the ETF structure to active investment strategies while maintaining the confidentiality of fund trading information. Our strategy for the development of ETMFs includes launching an Eaton Vance-sponsored family of ETMFs and licensing the technology to other fund groups. Although the likelihood and timing of regulatory approval cannot be predicted, ETMFs have the potential to be game-changing products for both Eaton Vance and the $7 trillion actively managed mutual fund market. We look forward to advancing ETMFs closer to commercialization in fiscal 2012.

We enter the new fiscal year with considerable uncertainty about the broader economic and market environment and the Company's near-term growth prospects. Can the global economy maintain positive momentum in the face of the continuing eurozone debt crisis? How do the markets respond to the economic and political developments of 2012? Do we capitalize on growth opportunities we see for Eaton Vance in income and alternative investment categories? Can Parametric and Atlanta Capital maintain their positive business momentum? What happens with our large-cap value performance and flows? The answers to these questions will largely determine what kind of year we have in 2012.

Regardless of what happens in the near term, I believe Eaton Vance continues to be well-positioned for future success. We have a broad range of investment capabilities and leadership positions in a number of investment categories with high growth potential. We have a solid financial foundation, one of the strongest retail distribution organizations in the industry, and a growing presence in institutional and international markets. We have a stable leadership team, an exceptionally dedicated and capable group of employees, and a commitment to excellence in investment performance and client service. For many years, we have been a leading innovator among asset managers, bringing to market creative solutions to help investors meet their evolving needs. This has been our formula for past success and remains our strategy going forward.

In closing, I thank my 1,155 colleagues listed on the back of this report for the energy, creativity and dedication to serving our clients they bring to their jobs every day. As always, they are the special sauce in the Eaton Vance recipe for continuing growth and progress.

Sincerely,

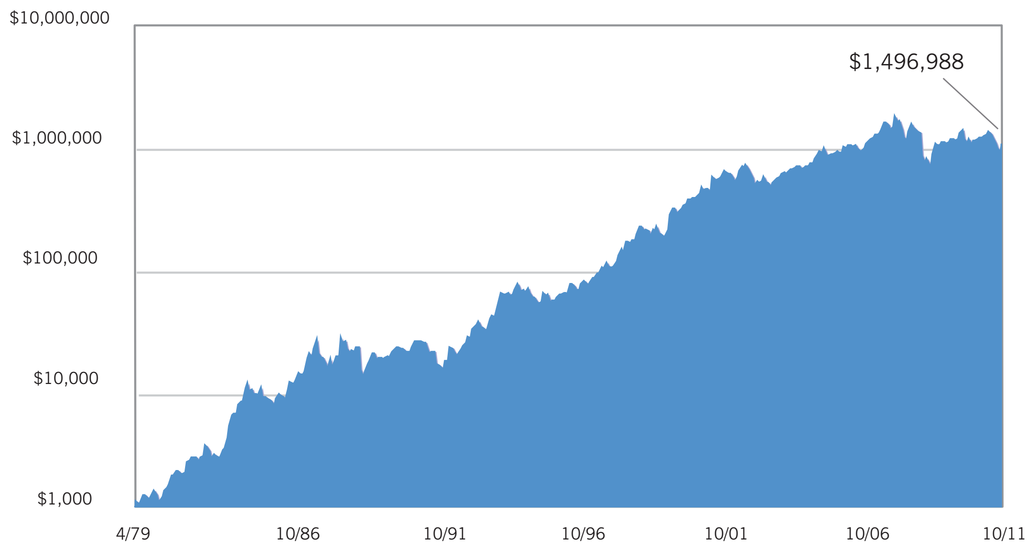
Thomas E. Faust Jr.
Chairman and Chief Executive Officer

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. Sources: FactSet, Eaton Vance.

Best-Performing Publicly Traded U.S. Stocks

April 30, 1979 to October 31, 2011

Rank	Company	Annual Return
1	Eaton Vance Corp.	25.2%
2	Kansas City Southern	23.9
3	Wal-Mart Stores, Inc.	22.6
4	Leucadia National Corp.	22.5
5	Hasbro Inc.	22.5
	Standard & Poor's 500 Index	11.2

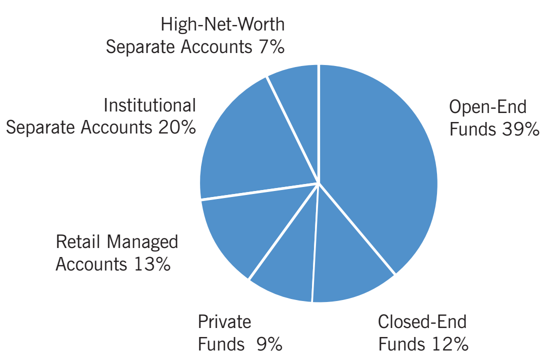
Total return with dividends reinvested. Source: FactSet.

Key Statistics

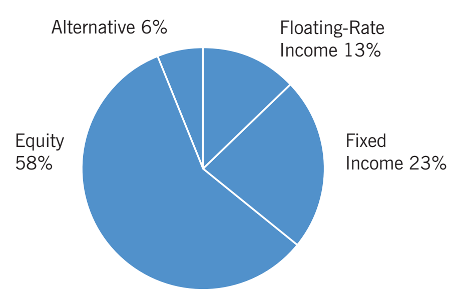
Fiscal Year Ending October 31, (in $ millions, except per share and employee amounts)	2011	2010	% Change
Ending assets under management	188,204	185,243	2%
Average assets under management	192,423	169,017	14%
Gross inflows	54,890	52,806	4%
Net inflows	3,891	16,346	-76%
Revenue	1,260	1,122	12%
Operating income	438	353	24%
Operating income margin	*35%*	*31%*	-
Net income attributable to Eaton Vance shareholders	215	174	24%
Net income margin	*17%*	*16%*	-
Adjusted net income attributable to Eaton Vance shareholders[1]	245	194	26%
Adjusted net income margin	*19%*	*17%*	-
Earnings per diluted share	1.75	1.40	25%
Adjusted earnings per diluted share[1]	2.00	1.56	28%
Dividends declared per share	0.73	0.66	11%
Cash and cash equivalents	511	308	66%
Long-term debt	500	500	-
Employees	1,155	1,094	6%
Market capitalization	3,029	3,393	-11%

Assets Under Management as of October 31, 2011

by Product Category



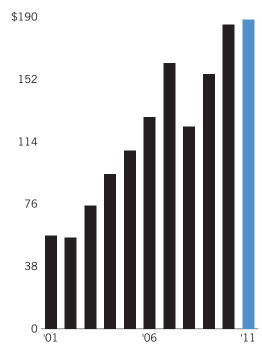
by Investment Mandate



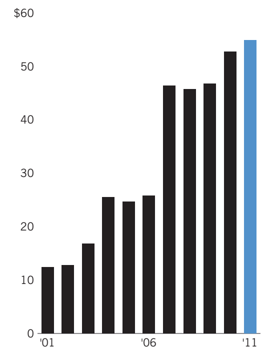
[1]See note at bottom of page 9.

Performance Trends

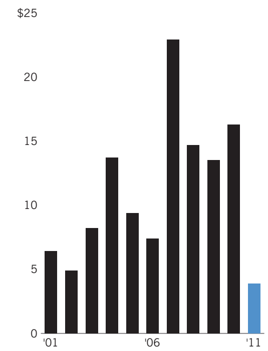
Assets Under Management (in billions)



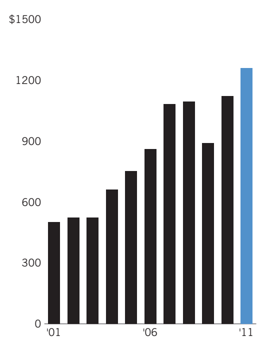
Gross Inflows (in billions)



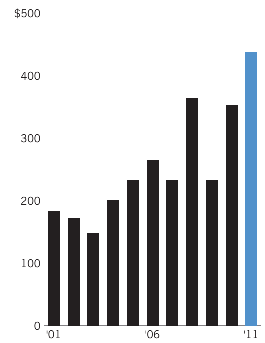
Net Inflows (in billions)



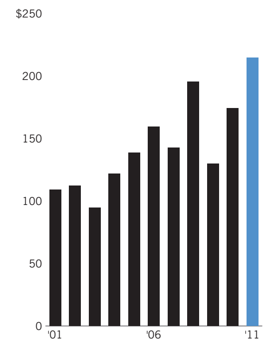
Revenue (in millions)



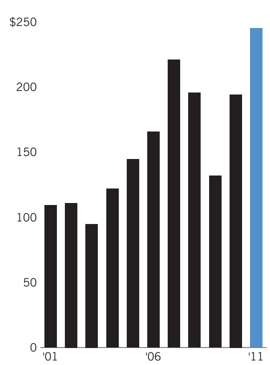
Operating Income (in millions)



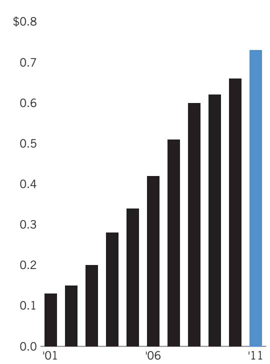
Net Income Attributable to Eaton Vance Shareholders (in millions)



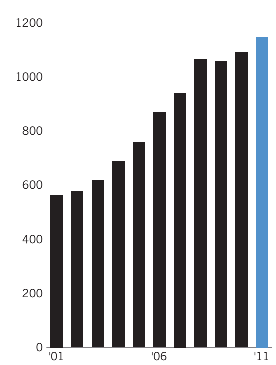
Adjusted Net Income Attributable to Eaton Vance Shareholders[1] (in millions)



Dividends Declared Per Share



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. 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.

Financial Review

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" included and our Consolidated Financial Statements and Notes to Consolidated Financial Statements included elsewhere in this Annual Report.

Financial Highlights

	For the Years Ended October 31,				
(in thousands, except per share data)	**2011**	**2010**	**2009**	**2008**	**2007**
Income Statement Data:					
Revenue	$ 1,260,031	$ 1,121,661	$ 890,371	$ 1,095,800	$ 1,084,100
Operating income	437,657	353,282	233,220	363,752	232,937
Net income[1]	227,574	201,225	135,525	202,816	149,069
Net income attributable to non-controlling and other beneficial interests[2]	12,672	26,927	5,418	7,153	6,258
Net income attributable to Eaton Vance Corp. shareholders	214,902	174,298	130,107	195,663	142,811
Adjusted net income attributable to Eaton Vance Corp. shareholders[3]	245,118	194,269	131,869	195,663	220,870
Balance Sheet Data:					
Total assets[4]	$ 1,831,300	$ 1,258,540	$ 1,059,487	$ 947,493	$ 966,831
Debt	500,000	500,000	500,000	500,000	500,000
Redeemable non-controlling interests (temporary equity)	100,824	67,019	43,871	72,137	73,422
Total Eaton Vance Corp. shareholders' equity	460,415	410,285	306,969	178,518	163,970
Non-redeemable non-controlling interests	889	570	91	-	-
Total permanent equity	461,304	410,855	307,060	178,518	163,970
Per Share Data:					
Earnings per share:					
Basic earnings	$ 1.82	$ 1.47	$ 1.11	$ 1.69	$ 1.15
Diluted earnings	1.75	1.40	1.07	1.57	1.05
Adjusted diluted earnings [3]	2.00	1.56	1.08	1.57	1.63
Cash dividends declared	0.730	0.660	0.625	0.605	0.510

(1) *Net income of $149.1 million in fiscal 2007 includes $76.0 million of structuring fee payments made by the Company associated with closed-end fund offerings and payments made by the Company totaling $52.2 million to terminate compensation agreements in respect of certain previously offered closed-end funds. On an after-tax basis, the impact to net income was $78.1 million.*

(2) *Net income attributable to non-controlling and other beneficial interests of $12.7 million and $26.9 million in fiscal 2011 and fiscal 2010, respectively, reflects an increase of $30.2 million and $18.4 million in the estimated redemption value of redeemable non-controlling interests in our majority-owned subsidiaries in fiscal 2011 and fiscal 2010, respectively. Net income attributable to non-controlling and other beneficial interests also includes $34.5 million of losses substantially borne by other beneficial interest holders of a consolidated collateralized loan obligation ("CLO") entity in fiscal 2011.*

(3) *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 for changes in the estimated redemption value of non-controlling interest redeemable at other than fair value, closed-end fund structuring fees and other items management deems non-recurring or non-operating in nature. Neither adjusted net income attributable to Eaton Vance Corp. shareholders nor adjusted earnings per diluted share should be construed to be a substitute for net income attributable to Eaton Vance Corp. shareholders nor 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.

(4) During fiscal 2011, the Company changed its balance sheet presentation from "classified" (distinguishing between short-term and long-term accounts) to "unclassified" (no such distinction) and all prior periods have also been presented in an unclassified format. Total assets on October 31, 2011 include $481.8 million of assets held by a consolidated CLO entity.

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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 counseling 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 powerful 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.

We are a market leader in a number of investment areas, including tax-managed equity, value equity, equity income, structured emerging market equity, floating-rate bank loan, municipal bond, investment grade, global and high-yield bond investing. 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-based investments and a spectrum of absolute return strategies. As of October 31, 2011, we had $188.2 billion in assets under management.

Our principal retail marketing strategy is to distribute funds and separately managed accounts through financial intermediaries in the advice channel. We have a broad reach in this marketplace, with distribution partners including national and regional broker/dealers, independent broker/dealers, independent financial advisory firms, 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, including corporations, endowments, foundations, family offices and public and private employee retirement plans.

Our revenue is derived primarily from investment advisory, administration, 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. Such fees are recognized over the period that we manage these assets. Our major expenses are employee compensation, distribution-related expenses, amortization of deferred sales commissions, 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 ("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 deferred sales commissions, 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.

Market Developments

Prevailing market conditions affect our managed asset levels, operating results and the recoverability of our investments. Since financial markets bottomed in the first half of fiscal 2009, we have experienced significant improvement in our key financial metrics. Average assets under management increased 14 percent in fiscal 2011 over fiscal 2010 due to higher average prices of managed assets and positive net flows. Revenue increased faster than our overall expenses in fiscal 2011, resulting in higher operating margins.

Managed Asset Levels

Average assets under management were $192.4 billion in fiscal 2011 compared to $169.0 billion in fiscal 2010. Our average effective fee rate was 65 basis points in fiscal 2011 compared to 66 basis points in fiscal 2010.

As a matter of course, investors in our sponsored open-end funds and separate accounts have the ability to redeem their shares or investments at any time, without prior notice, and there are no material restrictions that would prevent them from doing so.

Operating Results

In fiscal 2011, our revenue increased by $138.4 million, or 12 percent, from fiscal 2010, reflecting the 14 percent increase in average assets under management. Our operating expenses increased by $54.0 million, or 7 percent, in the same period, partly reflecting increases in expenses tied to asset levels that increase as assets under management increase, such as certain distribution and service fees, and increases in expenses that adjust to increases in operating earnings, such as the performance-based management incentives we accrue. These increases were partly offset by a decrease in our sales-related expenses, which vary with the level of sales and the acquisition costs of new assets.

Recoverability of our Investments

Our $287.7 million of investments consists primarily of positions in Eaton Vance-managed funds and separate accounts entered into for investment and business development purposes. These investments are generally in liquid debt or equity securities and are carried at fair market value. We test our investments, including our investments in non-consolidated collateralized loan obligation ("CLO") entities and investments classified as available-for-sale, 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 underlying credit quality of the issuer and our ability and intent to hold the investment. If markets deteriorate during 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, 2011.

We test our investments in affiliates and goodwill 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 2011 that would indicate that an impairment loss exists at October 31, 2011.

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 2011 that would indicate that an impairment loss exists at October 31, 2011.

Assets under Management

Assets under management of $188.2 billion on October 31, 2011 were 2 percent higher than the $185.2 billion reported a year earlier, reflecting positive net flows. Long-term fund net inflows of $0.5 billion in the fiscal year reflect $1.4 billion of open-end fund net inflows and $0.1 billion of closed-end fund net inflows offset by $1.0 billion of private fund net outflows. Private and closed-end fund flows include net reductions in fund leverage of $0.9 billion in the fiscal year. Institutional separate account net inflows were $2.5 billion, high-net-worth separate account net inflows were $0.4 billion and retail managed account net inflows were $0.4 billion. Net price declines in managed assets reduced assets under management by $0.6 billion, while a decrease in cash management assets reduced assets under management by $0.5 billion. Acquired assets contributed $0.3 billion to assets under management.

In prior years we reported managed assets and flow data grouped by investment class (equity, fixed income and floating-rate income), based on the classification of underlying portfolio assets. In fiscal 2011, we began reporting managed assets and flow data by investment mandate, using fund or separate account investment strategy as the primary driver. Concurrent with this change, we added a new "Alternative" category to reflect the growing importance to our business of investment mandates that are designed to exhibit low correlation to stock and bond market performance. The Alternative category includes a range of absolute return strategies, as well as commodity-linked investments.

Ending Assets under Management by Investment Mandate[1]

	October 31,						2011	2010
		% of		% of		% of	vs.	vs.
(in millions)	2011	Total	2010	Total	2009	Total	2010	2009
Equity	$ 108,859	58%	$ 107,500	58%	$ 94,716	61%	1%	13%
Fixed income	43,741	23%	46,127	25%	41,066	27%	-5%	12%
Floating-rate bank loan	24,322	13%	20,003	11%	15,355	10%	22%	30%
Alternative	10,612	6%	10,474	6%	2,345	1%	1%	347%
Cash management	670	0%	1,139	0%	1,414	1%	-41%	-19%
Total	$ 188,204	100%	$ 185,243	100%	$ 154,896	100%	2%	20%

[1] *Includes funds and separate accounts.*

Equity assets under management included $28.7 billion, $31.8 billion and $31.4 billion of equity funds managed for after-tax returns on October 31, 2011, 2010 and 2009, respectively. Fixed income assets included $14.6 billion, $17.3 billion and $16.4 billion of tax-exempt municipal bond fund assets on October 31, 2011, 2010 and 2009, respectively.

Assets under management for which we estimate fair value are not material relative to the total value of the assets we manage.

Long-Term Fund and Separate Account Net Flows

(in millions)	Years Ended October 31, 2011	2010	2009	2011 vs. 2010	2010 vs. 2009
Long-term funds:					
Open-end funds	$ 1,425	$ 12,804	$ 7,397	-89%	73%
Closed-end funds	117	691	(9)	-83%	NM[(1)]
Private funds	(993)	(2,053)	(3,960)	-52%	-48%
Total long-term fund net inflows	549	11,442	3,428	-95%	234%
Institutional accounts	2,518	4,059	7,753	-38%	-48%
High-net-worth accounts	429	674	159	-36%	324%
Retail managed accounts	395	171	2,118	131%	-92%
Total separate account net inflows	3,342	4,904	10,030	-32%	-51%
Total net inflows	$ 3,891	$ 16,346	$ 13,458	-76%	21%

(1) *Not meaningful ("NM")*

Net inflows totaled $3.9 billion in fiscal 2011 compared to net inflows of $16.3 billion in fiscal 2010 and $13.5 billion in fiscal 2009. Open-end fund net inflows of $1.4 billion, $12.8 billion and $7.4 billion in fiscal 2011, 2010 and 2009, respectively, reflect gross inflows of $30.3 billion, $32.2 billion and $23.1 billion, respectively, net of redemptions of $28.9 billion, $19.4 billion and $15.7 billion in fiscal 2011, 2010 and 2009, respectively. Closed-end fund net inflows in fiscal 2011 reflect reinvested distributions partly offset by a decrease in portfolio leverage. Closed-end fund net inflows in fiscal 2010 reflect the $200.0 million initial public offering of Eaton Vance Tax-Advantaged Bond and Option Strategies Fund, a net increase in portfolio leverage and reinvested distributions. Private funds, which include privately offered equity, fixed income and floating-rate income funds as well as CLO entities, had net outflows of $1.0 billion, $2.1 billion and $4.0 billion in fiscal 2011, 2010 and 2009, respectively. Approximately $1.0 billion, $0.8 billion and $1.4 billion of private fund outflows in fiscal 2011, 2010 and 2009, respectively, can be attributed to reductions in portfolio leverage. Reductions in portfolio leverage in closed-end and private funds reflect paydowns to maintain required asset coverage ratios as well as other portfolio activity.

Separate account net inflows totaled $3.3 billion in fiscal 2011 compared to net inflows of $4.9 billion and $10.0 billion in fiscal 2010 and 2009, respectively. Institutional separate account net inflows totaled $2.5 billion in fiscal 2011 compared to net inflows of $4.1 billion and $7.8 billion in fiscal 2010 and 2009, respectively, reflecting gross inflows of $12.3 billion, $9.3 billion and $10.5 billion in fiscal 2011, 2010 and 2009, respectively, net of withdrawals of $9.8 billion, $5.2 billion and $2.7 billion, respectively. High-net-worth account net inflows totaled $0.4 billion in fiscal 2011 compared to net inflows of $0.7 billion and $0.2 billion in fiscal 2010 and 2009, respectively, reflecting gross inflows of $2.8 billion, $2.7 billion and $2.5 billion in fiscal 2011, 2010 and 2009, respectively, net of withdrawals of $2.4 billion, $2.0 billion and $2.3 billion, respectively. Retail managed account net inflows totaled $0.4 billion, $0.2 billion and $2.1 billion in fiscal 2011, 2010 and 2009, respectively, reflecting gross inflows of $6.7 billion, $6.7 billion and $8.4 billion, respectively, net of withdrawals of $6.3 billion, $6.5 billion and $6.3 billion, respectively. Retail managed account withdrawals in fiscal 2010 reflect a $1.5 billion reduction in Parametric Portfolio Associates' retail managed account overlay assets as a result of the integration of Bank of America's retail managed account program into the Merrill Lynch retail managed account program following Bank of America's 2009 acquisition of Merrill Lynch.

The following table summarizes the asset flows by investment category for the fiscal years ended October 31, 2011, 2010 and 2009:

Asset Flows

(in millions)	Years Ended October 31, 2011	2010	2009	2011 vs. 2010	2010 vs. 2009
Equity fund assets – beginning	$ 58,434	$ 53,829	$ 50,850	9%	6%
Sales/inflows	12,935	12,993	14,179	0%	-8%
Redemptions/outflows	(16,065)	(13,599)	(12,679)	18%	7%
Exchanges and reclassifications	32	377	(84)	-91%	NM
Market value change	(1,476)	4,834	1,563	NM	209%
Equity fund assets – ending	53,860	58,434	53,829	-8%	9%
Fixed income fund assets – beginning	29,421	26,076	21,268	13%	23%
Sales/inflows	6,568	7,416	6,992	-11%	6%
Redemptions/outflows	(7,156)	(5,422)	(5,136)	32%	6%
Exchanges and reclassifications	(177)	178	134	NM	33%
Market value change	(1,151)	1,173	2,818	NM	-58%
Fixed income fund assets – ending	27,505	29,421	26,076	-7%	13%
Floating-rate bank loan fund assets – beginning	16,128	14,361	12,432	12%	16%
Sales/inflows	8,317	4,481	3,630	86%	23%
Redemptions/outflows	(4,504)	(2,421)	(3,969)	86%	-39%
Exchanges and reclassifications	52	(733)	(33)	NM	NM
Market value change	163	440	2,301	-63%	-81%
Floating-rate bank loan fund assets – ending	20,156	16,128	14,361	25%	12%
Alternative fund assets - beginning	9,995	1,938	1,596	416%	21%
Sales/inflows	5,215	9,233	571	-44%	NM
Redemptions/outflows	(4,761)	(1,239)	(160)	284%	674%
Exchanges and reclassifications	(82)	104	14	NM	643%
Market value change	(183)	(41)	(83)	346%	-51%
Alternative fund assets - ending	10,184	9,995	1,938	2%	416%
Total long-term fund assets – beginning	113,978	96,204	86,146	18%	12%
Sales/inflows	33,035	34,123	25,372	-3%	34%
Redemptions/outflows	(32,486)	(22,681)	(21,944)	43%	3%
Exchanges and reclassifications	(175)	(74)	31	136%	NM
Market value change	(2,647)	6,406	6,599	NM	-3%
Total long-term fund assets – ending	111,705	113,978	96,204	-2%	18%
Separate accounts – beginning	70,126	57,278	35,832	22%	60%
Inflows – institutional	12,350	9,285	10,498	33%	-12%
Outflows – institutional	(9,832)	(5,226)	(2,745)	88%	90%
Inflows – high-net-worth	2,848	2,715	2,517	5%	8%
Outflows – high-net-worth	(2,419)	(2,041)	(2,358)	19%	-13%
Inflows – retail managed accounts	6,657	6,683	8,379	0%	-20%
Outflows – retail managed accounts	(6,262)	(6,512)	(6,261)	-4%	4%
Exchanges and reclassifications	4	-	-	NM	NM
Market value change	2,006	7,944	4,563	-75%	74%
Assets acquired	352	-	6,853	NM	NM
Separate accounts – ending	75,830	70,126	57,278	8%	22%
Cash management fund assets – ending	669	1,139	1,414	-41%	-19%
Assets under management – ending	$ 188,204	$ 185,243	$ 154,896	2%	20%

Ending Assets under Management by Asset Class

	October 31,						2011	2010
(in millions)	2011	% of Total	2010	% of Total	2009	% of Total	vs. 2010	vs. 2009
Open-end funds:								
Class A	$ 33,524	18%	$ 38,048	21%	$ 34,608	22%	-12%	10%
Class B	1,294	1%	1,861	1%	2,297	2%	-30%	-19%
Class C	9,607	5%	10,387	6%	8,102	5%	-8%	28%
Class I	26,720	14%	22,198	12%	10,727	7%	20%	107%
Class R	458	0%	457	0%	378	0%	0%	21%
Other(1)	618	1%	616	0%	732	1%	0%	-16%
Total open-end funds	72,221	39%	73,567	40%	56,844	37%	-2%	29%
Private funds(2)	17,404	9%	17,518	9%	17,612	11%	-1%	-1%
Closed-end funds	22,749	12%	24,032	13%	23,162	15%	-5%	4%
Total fund assets	112,374	60%	115,117	62%	97,618	63%	-2%	18%
Institutional separate account assets	38,003	20%	34,593	19%	26,723	17%	10%	29%
High-net-worth separate account assets	13,256	7%	11,883	6%	10,137	7%	12%	17%
Retail managed account assets	24,571	13%	23,650	13%	20,418	13%	4%	16%
Total separate account assets	75,830	40%	70,126	38%	57,278	37%	8%	22%
Total	$ 188,204	100%	$ 185,243	100%	$ 154,896	100%	2%	20%

(1) *Includes other classes of Eaton Vance open-end funds.*

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

We currently sell our sponsored open-end mutual funds under five primary pricing structures: front-end load commission ("Class A"); spread-load commission ("Class B"); level-load commission ("Class C"); institutional no-load ("Class I"); and retirement plan no-load ("Class R"). We waive the front-end sales load on Class A shares under certain circumstances. In such cases, the shares are sold at net asset value.

Fund assets represented 60 percent of total assets under management on October 31, 2011, down from 62 percent and 63 percent on October 31, 2010 and 2009, respectively, while separate account assets, which include institutional, high-net-worth and retail managed account assets, increased to 40 percent of total assets under management on October 31, 2011, from 38 percent and 37 percent on October 31, 2010 and 2009, respectively. Fund assets under management decreased $2.7 billion, or 2 percent, from $115.1 billion on October 31, 2010, reflecting net price declines of $2.6 billion and net reductions in fund leverage of $0.9 billion partly offset by annualized internal growth before deleveraging of 1 percent. Separate account assets under management increased $5.7 billion, or 8 percent, from $70.1 billion on October 31, 2010, reflecting annualized internal growth of 5 percent, market appreciation of $2.0 billion and assets acquired of $0.3 billion.

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. With the exception of our separate account investment advisory fees, which are generally calculated as a percentage of either beginning, average or ending quarterly assets, our investment advisory, administration, distribution and service fees, as well as certain expenses, are generally calculated as a percentage of average daily assets.

Average Assets under Management by Asset Class[(1)]

(in millions)	Years Ended October 31, 2011	2010	2009	2011 vs. 2010	2010 vs. 2009
Open-end funds:					
Class A	$ 36,871	$ 36,682	$ 30,676	1%	20%
Class B	1,583	2,070	2,403	-24%	-14%
Class C	10,173	9,221	7,002	10%	32%
Class I	26,865	15,887	6,601	69%	141%
Class R	487	421	302	16%	39%
Other[(2)]	608	655	866	-7%	-24%
Total open-end funds	76,587	64,936	47,850	18%	36%
Private funds[(3)]	17,372	17,336	17,915	0%	-3%
Closed-end funds	23,521	23,253	21,290	1%	9%
Total fund assets	117,480	105,525	87,055	11%	21%
Institutional account assets	36,962	30,133	18,501	23%	63%
High-net-worth account assets	13,091	11,027	10,075	19%	9%
Retail managed account assets	24,890	22,332	17,053	11%	31%
Total separate account assets	74,943	63,492	45,629	18%	39%
Total	$ 192,423	$ 169,017	$ 132,684	14%	27%

(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 other classes of Eaton Vance open-end funds.*

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

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 for charges related to 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. Neither adjusted net income attributable to Eaton Vance Corp. shareholders nor adjusted earnings per diluted share should be construed to be a substitute for net income attributable to Eaton Vance Corp. shareholders nor earnings per diluted share computed in accordance with U.S. GAAP. However, our management and Board of Directors look at these adjusted numbers as a measure of underlying performance, since these excluded items do not necessarily reflect normal results of operations.

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, 2011, 2010 and 2009:

	Years Ended October 31,			**2011 vs. 2010**	**2010 vs. 2009**
(in thousands, except per share data)	**2011**	**2010**	**2009**		
Net income attributable to Eaton Vance Corp. shareholders	$ 214,902	$ 174,298	$ 130,107	23%	34%
Non-controlling interest value adjustment	30,216	18,385	-	64%	NM
Closed-end fund structuring fees, net of tax	-	1,586	1,762	NM	-10%
Adjusted net income attributable to Eaton Vance Corp. shareholders	$ 245,118	$ 194,269	$ 131,869	26%	47%
Earnings per diluted share	$ 1.75	$ 1.40	$ 1.07	25%	31%
Non-controlling interest value adjustment	0.25	0.15	-	67%	NM
Closed-end fund structuring fees, net of tax	-	0.01	0.01	NM	0%
Adjusted earnings per diluted share	$ 2.00	$ 1.56	$ 1.08	28%	44%

We reported net income attributable to Eaton Vance Corp. shareholders of $214.9 million, or $1.75 per diluted share, in fiscal 2011 compared to net income attributable to Eaton Vance Corp. shareholders of $174.3 million, or $1.40 per diluted share, in fiscal 2010. We reported adjusted net income attributable to Eaton Vance Corp. shareholders of $245.1 million, or $2.00 per diluted share, in fiscal 2011 compared to adjusted net income attributable to Eaton Vance Corp. shareholders of $194.3 million, or $1.56 per diluted share, in fiscal 2010. 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 $138.4 million, or 12 percent, primarily reflecting the 14 percent increase in average assets under management and an increase in other revenue due to higher investment income earned by the Company's consolidated funds partly offset by a decrease in our annualized effective fee rate to 65 basis points in fiscal 2011 from 66 basis points in fiscal 2010.
- An increase in expenses of $54.0 million, or 7 percent, due to increases in compensation expense, distribution expense, service fee expense, the amortization of deferred sales commissions, fund expenses and other expenses.
- An increase in gains on investments and derivatives of $0.8 million, primarily reflecting a $5.5 million gain recognized upon the sale of the Company's equity interest in Lloyd George Management (BVI) Limited ("Lloyd George Management") and a $1.9 million gain recognized upon the sale of the Company's equity interest in a non-consolidated CLO entity offset by a decrease in investment gains recognized on seed investments in separately managed accounts.

- A decrease in other income (expense) of the Company's consolidated CLO entity of $30.6 million, reflecting losses incurred by the entity in fiscal 2011. The losses incurred primarily reflect an increase in the fair market value of the note obligations issued by the entity to beneficial interest holders.
- An increase in income taxes of $30.6 million, or 24 percent, reflecting the 17 percent increase in taxable income year-over-year and an increase in the Company's effective tax rate for the year. The Company's income before taxes in fiscal 2011 was reduced by losses incurred by the Company's consolidated CLO entity and therefore not included in the calculation of the Company's income taxes. The inclusion of these losses in consolidated income before taxes but not in the Company's calculation of income taxes contributed to an increase in the Company's effective tax rate year-over-year.
- A decrease in net income attributable to non-controlling interests of $14.3 million, primarily reflecting the net losses incurred by the Company's consolidated CLO entity that are borne by other beneficial interest holders partly offset by increases in the annual adjustments made to the estimated redemption values 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 and consolidated funds.

Weighted average diluted shares outstanding decreased by 2.7 million shares, or 2 percent, primarily reflecting shares repurchased in fiscal 2011 and a decrease in the number of in-the-money share options included in the calculation of weighted average diluted shares outstanding.

We reported net income attributable to Eaton Vance Corp. shareholders of $174.3 million, or $1.40 per diluted share, in fiscal 2010 compared to net income attributable to Eaton Vance Corp. shareholders of $130.1 million, or $1.07 per diluted share, in fiscal 2009. We reported adjusted net income attributable to Eaton Vance Corp. shareholders of $194.3 million, or $1.56 per diluted share, in fiscal 2010 compared to adjusted net income attributable to Eaton Vance Corp. shareholders of $131.9 million, or $1.08 per diluted share, in fiscal 2009. 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 $231.3 million, or 26 percent, primarily reflecting the 27 percent increase in average assets under management offset by a decrease in our annualized effective fee rate to 66 basis points in fiscal 2010 from 67 basis points in fiscal 2009.
- An increase in expenses of $111.2 million, or 17 percent, due to increases in compensation expense, distribution expense, service fee expense, the amortization of deferred sales commissions and other expenses partly offset by a decrease in fund expenses.
- A decrease in gains on investments and derivatives of $1.8 million, primarily reflecting a decrease in investment gains recognized on seed investments in separately managed accounts and an increase in investment losses on derivative positions entered into by the Company to hedge seed investments in consolidated funds.
- An increase in income taxes of $55.2 million, or 78 percent, reflecting the 57 percent increase in taxable income year-over-year, a deferred tax adjustment in the fourth quarter of fiscal 2009 related to stock-based compensation expense that resulted in a decrease in our fiscal 2009 income tax expense of $5.2 million and a reduction in our unrecognized tax benefit in fiscal 2009 related to settlements with state taxing authorities.
- An increase in net income attributable to non-controlling interests of $21.5 million, primarily reflecting an increase in the profitability of our majority-owned subsidiaries and consolidated funds and an $18.4 million increase in the estimated redemption value of redeemable non-controlling interests recognized in conjunction with the November 1, 2009 implementation of a new accounting standard on non-controlling interests.

Weighted average diluted shares outstanding increased by 2.1 million shares, or 2 percent, primarily reflecting an increase in the number of in-the-money share options included in the calculation of weighted average diluted shares outstanding.

Revenue

Our average overall effective fee rate (total revenue, excluding other revenue, as a percentage of average assets under management) was 65 basis points in fiscal 2011 compared to 66 basis points in 2010 and 67 basis points in fiscal 2009. The decrease in our average overall effective fee rate in both fiscal 2011 and 2010 can be attributed to the increase in separate account assets under management as a percentage of total average assets under management and the decline in average fund assets under management subject to distribution and service fees.

	Years Ended October 31,			2011 vs. 2010	2010 vs. 2009
(in thousands)	**2011**	**2010**	**2009**		
Investment advisory and administration fees	$ 996,222	$ 867,683	$ 683,820	15%	27%
Distribution and underwriter fees	102,979	103,995	85,234	-1%	22%
Service fees	144,530	139,741	116,331	3%	20%
Other revenue	16,300	10,242	4,986	59%	105%
Total revenues	$ 1,260,031	$ 1,121,661	$ 890,371	12%	26%

Investment advisory and administration fees
Investment advisory and administration 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 administration fees are earned, while changes in asset mix among different investment mandates and products affect our average effective fee rate. Investment advisory and administration fees represented 79 percent of total revenue in fiscal 2011 compared to 77 percent in fiscal 2010 and 2009.

The increase in investment advisory and administration fees of 15 percent, or $128.5 million, in fiscal 2011 over the prior fiscal year can be primarily attributed to a 14 percent increase in average assets under management. Fund assets, which had an average effective fee rate of 65 basis points in fiscal 2011 and 63 basis points in fiscal 2010, decreased to 60 percent of total assets under management on October 31, 2011 from 62 percent of total assets under management on October 31, 2010, while separately managed account assets, which had an average effective fee rate of 30 basis points in fiscal 2011 and 31 basis points in fiscal 2010, increased to 40 percent of total assets under management on October 31, 2011 from 38 percent of total assets under management on October 31, 2010.

The increase in investment advisory and administration fees of 27 percent, or $183.9 million, in fiscal 2010 over fiscal 2009 can be attributed to a 27 percent increase in average assets under management. Fund assets, which had an average effective fee rate of 63 basis points in fiscal 2010 and 62 basis points in fiscal 2009, decreased to 62 percent of total assets under management on October 31, 2010 from 63 percent of total assets under management on October 31, 2009, while separately managed account assets, which had an average effective fee rate of 31 basis points in fiscal 2010 and 32 basis points in fiscal 2009, increased to 38 percent of total assets under management on October 31, 2010 from 37 percent of total assets under management on October 31, 2009.

Equity assets under management, which generally have a higher effective investment advisory and administration fee rate, declined to 58 percent of total assets under management on October 31, 2010 from 61 percent on October 31, 2009, largely as a result of strong net sales of fixed and floating-rate income funds in fiscal 2010.

Distribution and underwriter fees
Distribution plan payments, which are made under contractual agreements with our sponsored funds, are calculated as a percentage of average assets under management in certain share classes of our mutual funds, as well as certain private funds. These fees fluctuate with both the level of average assets under management and the relative mix of assets. Underwriter commissions are earned on the sale 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 certain categories of investors. Underwriter commissions fluctuate with the level of Class A share sales and the mix of Class A shares offered with and without sales charges.

Distribution plan payments increased 1 percent, or $1.0 million, to $92.8 million in fiscal 2011, reflecting increases in Class C and Class R distribution fees partly offset by decreases in Class A, Class B and certain private fund distribution fees. Class C share distribution fees increased by 10 percent, or $6.5 million, to $72.7 million, reflecting a 10 percent increase in average Class C share assets under management. Class R share distribution fees increased by 15 percent, or $0.1 million, to $1.1 million, reflecting a 16 percent increase in average Class R share assets under management. Class A share distribution fees decreased by 33 percent, or $0.4 million, to $0.8 million, reflecting certain reductions in certain Class A share distribution fee rates implemented in fiscal 2010. Class B share distribution fees decreased by 26 percent, or $4.9 million, to $13.6 million, reflecting a decrease in average Class B share assets under management of 24 percent year-over-year. Private fund distribution fees decreased by 7 percent, or $0.4 million, to $4.6 million, reflecting a 7 percent decrease in average private fund assets subject to distribution fees. Underwriter fees and other distribution income decreased 17 percent, or $2.0 million, to $10.2 million in fiscal 2011, reflecting a decrease of $3.0 million in underwriter fees received on sales of Class A shares, partly offset by an increase of $0.9 million in contingent deferred sales charges received on certain Class A redemptions and an increase of $0.1 million in other distribution income.

Distribution plan payments increased 19 percent, or $14.8 million, to $91.8 million in fiscal 2010 over fiscal 2009, reflecting an increase in Class C and Class R distribution fees partly offset by decreases in Class A, Class B and certain private offered equity fund distribution fees. Class C share distribution fees increased by 33 percent, or $16.5 million, to $66.3 million, reflecting a 32 percent increase in average Class C share assets under management. Class R share distribution fees increased by 44 percent, or $0.3 million, to $1.0 million, reflecting a 39 percent increase in average Class R share assets under management. Class A share distribution fees decreased by 8 percent, or $0.1 million, to $1.1 million, reflecting certain reductions in Class A share distribution fee rates implemented in fiscal 2010. Class B share distribution fees decreased by 8 percent, or $1.5 million, to $18.4 million, reflecting a 14 percent decrease in average Class B share assets under management. Private fund distribution fees decreased by 7 percent, or $0.4 million, to $5.0 million, reflecting a 17 percent decrease in average private fund assets subject to distribution fees. Underwriter fees and other distribution income totaled $12.2 million in fiscal 2010, an increase of 49 percent, or $4.0 million, over the same period a year earlier, primarily reflecting an increase of $3.8 million in underwriter fees received on sales of Class A shares.

Service fees
Service fees, which are paid to Eaton Vance Distributors, Inc. ("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 share classes of the funds (principally Classes A, B, C 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 increased 3 percent, or $4.8 million, to $144.5 million in fiscal 2011 over fiscal 2010, primarily reflecting a 2 percent increase in average assets under management in funds and classes of funds subject to service fees and an increase in our average effective service fee revenue rate. The increase in our average effective service fee revenue rate can be attributed to the increase in average Class A share assets under management subject to above-average service fee rates.

Service fee revenue increased 20 percent, or $23.4 million, to $139.7 million in fiscal 2010 over fiscal 2009, primarily reflecting a 17 percent increase in average assets under management in funds and classes of funds subject to service fees and an increase in our average effective service fee revenue rate attributable to the increase in average Class A share assets under management subject to above-average service fee rates.

Other revenue
Other revenue, which consists primarily of shareholder service fees, miscellaneous dealer income, custody fees, sublease income and investment income earned by consolidated funds, increased by $6.1 million in fiscal 2011 over fiscal 2010, primarily reflecting an increase in net investment gains recognized on securities held in the portfolios of consolidated funds. Other revenue in fiscal 2011 includes $11.4 million of net investment gains (net gains plus dividend income earned) related to consolidated funds for the period during which they were consolidated, compared to $5.7 million of net investment gains in fiscal 2010.

Other revenue increased by $5.3 million in fiscal 2010 over fiscal 2009, primarily reflecting an increase in net investment gains recognized on securities held in the portfolios of consolidated funds. Other revenue in fiscal 2010 includes $5.7 million of net investment income related to consolidated funds for the period during which they were consolidated, compared to $1.3 million of net investment gains in fiscal 2009.

Expenses

Operating expenses increased by 7 percent, or $54.0 million, in fiscal 2011 over fiscal 2010, reflecting increases in all major operating expense categories as more fully described below.

	Years Ended October 31,			2011 vs.	2010 vs.
(in thousands)	**2011**	**2010**	**2009**	**2010**	**2009**
Compensation of officers and employees:					
Cash compensation	$ 317,633	$ 300,737	$ 251,392	6%	20%
Stock-based compensation	52,294	48,160	41,670	9%	16%
Total compensation of officers and employees	369,927	348,897	293,062	6%	19%
Distribution expense	132,664	126,064	95,988	5%	31%
Service fee expense	124,517	116,900	94,468	7%	24%
Amortization of deferred sales commissions	35,773	35,533	35,178	1%	1%
Fund expenses	25,295	20,455	22,432	24%	-9%
Other expenses	134,198	120,530	116,023	11%	4%
Total expenses	$ 822,374	$ 768,379	$ 657,151	7%	17%

Compensation of officers and employees
Compensation expense increased by 6 percent, or $21.0 million, in fiscal 2011 over fiscal 2010, reflecting increases in base salaries and employee benefits, operating income-based incentives, stock-based compensation and other compensation partly offset by a decrease in sales and revenue-based incentives. Base salaries and employee benefits increased by 8 percent, or $12.4 million, primarily reflecting increases in base salaries associated with higher headcount, annual merit increases and an increase in payroll taxes associated with the increase in base salaries and operating income-based incentives. Operating income-based incentives increased by 12 percent, or $11.4 million, reflecting an increase in adjusted operating income partly offset by a decrease in the rate at which operating income-based incentives were accrued. Stock-based compensation increased by 9 percent, or $4.1 million, primarily reflecting the increase in restricted stock grants made in the first quarter of fiscal 2011. Other compensation expense increased by 33 percent, or $0.6 million, reflecting an increase in severance costs. Sales and revenue-based incentives decreased by 12 percent, or $7.5 million, primarily reflecting a decrease in our effective sales incentive rate due to changes in sales mix and incentive rate schedules and a decrease in gross sales of long-term funds.

Compensation expense increased by 19 percent, or $55.8 million, in fiscal 2010 over fiscal 2009, reflecting increases in base salaries and employee benefits, operating income-based incentives, stock-based compensation and sales and revenue-based incentives partly offset by a decrease in other compensation. Base salaries and employee benefits increased by 4 percent, or $5.4 million, primarily reflecting increases in base salaries associated with higher headcount, annual merit increases and an increase in payroll taxes associated with the increase in base salaries and operating income-based incentives. Operating income-based incentives increased by 40 percent, or $26.9 million, reflecting an increase in adjusted operating income. Stock-based compensation increased by 16 percent, or $6.5 million, primarily reflecting the increase in restricted stock grants made in the first quarter of fiscal 2010. Sales and revenue-based incentives increased by 43 percent, or $18.1 million, primarily reflecting a 34 percent increase in gross sales of long-term funds and the success of Eaton Vance Global Macro Absolute Return Fund, sales of which were compensated at an above-average level through the third quarter of fiscal 2010. Sales and revenue-based incentives include $0.4 million and $0.6 million in sales-based compensation associated with closed-end fund offerings in fiscal 2010 and 2009, respectively. Other compensation expense decreased by 36 percent, or $1.0 million, reflecting an increase in severance costs partly offset by a decrease in other compensation expense.

Distribution expense
Distribution expense consists primarily of ongoing payments made to intermediaries for certain Class C share and closed-end fund assets, which are calculated as a percentage of average assets under management, commissions paid to broker/dealers on the sale of Class A shares at net asset value, compensation arrangements associated with our closed-end funds, marketing support arrangements with our distribution partners and other distribution expenses.

Distribution expense increased by 5 percent, or $6.6 million, to $132.7 million in fiscal 2011 over fiscal 2010, reflecting increases in marketing expenses associated with intermediary marketing support payments, Class C share distribution fees, and other marketing expenses partly offset by decreases in Class A share commissions and compensation arrangements associated with our closed-end funds. Marketing expenses associated with intermediary marketing support arrangements with our distribution partners increased by 14 percent, or $5.2 million, to $41.6 million, reflecting the increase in average managed assets that are subject to these arrangements and changes in the terms of certain support agreements. Class C share distribution fees increased by 12 percent, or $5.6 million, to $51.9 million, reflecting an increase in Class C share assets held more than one year. Other distribution expenses increased by 26 percent, or $3.4 million, to $16.2 million, primarily reflecting expansion of the Company's marketing programs. Class A share commissions decreased by 48 percent, or $5.5 million, to $5.8 million, reflecting a decrease in certain Class A sales on which we pay a commission. Compensation arrangements associated with our closed-end funds decreased by 11 percent, or $2.1 million, to

$17.2 million, primarily reflecting a decrease in closed-end fund structuring fees in fiscal 2011. Total distribution expense included $2.6 million in closed-end fund structuring fees in fiscal 2010.

Distribution expense increased by 31 percent, or $30.1 million, to $126.1 million in fiscal 2010 over fiscal 2009, reflecting increases in marketing expenses associated with intermediary marketing support payments, Class A share commissions, Class C share distribution fees, payments made under certain closed-end fund compensation agreements and other marketing expenses. Marketing expenses associated with intermediary marketing support payments to our distribution partners increased by 37 percent, or $9.9 million, to $36.3 million, reflecting the increase in sales and average managed assets that are subject to these arrangements and changes in the terms of certain support agreements. Class A share commissions increased by 54 percent, or $4.0 million, to $11.3 million, reflecting an increase in certain Class A sales on which we pay a commission. Class C share distribution fees increased by 25 percent, or $9.1 million, to $46.3 million, reflecting an increase in Class C share assets held more than one year. Compensation arrangements associated with our closed-end funds increased by 14 percent, or $2.0 million, to $16.8 million, reflecting higher closed-end fund managed assets on which these fees are paid. Other distribution expenses increased by 66 percent, or $5.1 million, to $12.8 million, primarily reflecting a major commitment made in fiscal 2010 to elevate the scope and quality of the Company's marketing programs. Total distribution expense included $2.6 million and $2.7 million in closed-end fund structuring fees in fiscal 2010 and 2009, respectively.

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 service arrangements. 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 and R), as well as certain private funds. Service fee expense increased by 7 percent, or $7.6 million, in fiscal 2011, reflecting an increase in average fund assets retained more than one year in funds and share classes that are subject to service fees. Service fee expense increased by 24 percent, or $22.4 million, in fiscal 2010, reflecting an increase in average fund 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 B shares, Class C shares, Class R shares and certain private funds. Amortization expense increased 1 percent in fiscal 2011, reflecting an increase in average Class C and Class R share deferred sales commissions partly offset by a decrease in average Class B share and privately offered equity fund deferred sales commissions. In fiscal 2011, 18 percent of total amortization related to Class B shares, 68 percent to Class C shares, 1 percent to Class R shares and 13 percent to privately offered equity funds.

Amortization expense increased 1 percent in fiscal 2010, reflecting an increase in average Class C share deferred sales commissions partly offset by a decrease in average Class B share and privately offered equity fund deferred sales commissions. In fiscal 2010, 22 percent of total amortization expense related to Class B shares, 59 percent to Class C shares and 19 percent to privately offered equity funds.

Fund expenses
Fund expenses consist primarily of fees paid to subadvisors, compliance costs and other fund-related expenses we incur. Fund expenses increased 24 percent, or $4.8 million, in fiscal 2011, reflecting increases in subadvisory fees paid and the subsidies we provide to startup and other small funds to enhance their cost competitiveness partly offset by decreases in non-advisory expenses we bear on certain funds for which we are paid an all-in management fee and other fund-related expenses. The increase in subadvisory fees paid can be attributed to an increase in the average assets under management of sponsored funds that are subadvised by outside managers.

Fund expenses decreased 9 percent, or $2.0 million, in fiscal 2010, reflecting a decrease in subadvisory fees partly offset by an increase in other fund-related expenses. The decrease in subadvisory fees can be attributed to the termination by us of certain closed-end fund subadvisory agreements in fiscal 2009. The increase in other fund-related expenses can be attributed to increases in the subsidies we provide to startup and other smaller funds to enhance their cost competitiveness and the non-advisory expenses we bear on certain funds for which we are paid an all-in management fee.

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.

Other expenses increased by 11 percent, or $13.7 million, in fiscal 2011 over fiscal 2010, primarily reflecting increases in travel expense of $0.7 million, professional services expense of $1.4 million, information technology expense of $6.7 million, facilities-related expenses of $1.5 million, communications expense of $0.5 million and other corporate expenses of $2.8 million. The increase in travel expense can be attributed to an increase in hotel and air travel costs. The increase in professional services expense can be attributed to an increase in external legal counsel fees. The increase in information technology expense can be attributed to increases in data services, system maintenance and repairs and other information technology consulting expenses. The increase in facilities-related expenses can be attributed to an increase in general building and insurance expenses. The increase in communications expense can be attributed to an increase in telephone and cable expense, while the increase in other corporate expenses reflects increases in the amortization of intangible assets, other corporate taxes, professional development and the inclusion of $0.4 million of general operating expenses of the consolidated CLO entity.

Other expenses increased by 4 percent, or $4.5 million, in fiscal 2010 over fiscal 2009, primarily reflecting increases in travel expense of $1.8 million, professional services expense of $2.6 million, information technology expense of $1.7 million, communications expense of $0.2 million and other corporate expenses of $1.9 million, offset by a decrease in facilities-related expenses of $3.7 million. The increase in travel expense can be attributed to an increase in the cost of travel partly offset by corporate initiatives to manage expenses. The increase in professional services expense can be attributed to increases in external legal and recruiting expenses. The increase in information technology expense can be attributed to an increase in the cost of data services. The increase in communications expense can be attributed to an increase in telephone and cable expense, while the increase in other corporate expenses reflects increases in other general corporate expenses, including charitable giving and professional development. The decrease in facilities-related expenses can be attributed to a decrease in rent and other building expenses associated with the completion of our move to new corporate headquarters in Boston in the second quarter of fiscal 2009 and the termination of our lease at our former location.

Other Income and Expense

(in thousands)	Years Ended October 31, 2011	2010	2009	2011 vs. 2010	2010 vs. 2009
Interest income	$ 2,907	$ 2,864	$ 3,745	2%	-24%
Interest expense	(33,652)	(33,666)	(33,682)	0%	0%
Net gains on investments and derivatives	5,102	4,300	6,078	19%	-29%
Net foreign currency gains (losses)	(26)	181	165	NM	10%
Impairment losses on investments	-	-	(1,863)	NM	NM
Other income (expense) of consolidated collateralized loan obligation entity:					
Interest income	21,116	-	-	NM	NM
Interest expense	(13,575)	-	-	NM	NM
Net losses on bank loans, other investments and note obligations	(38,153)	-	-	NM	NM
Total other expense	$ (56,281)	$ (26,321)	$ (25,557)	114%	3%

Interest income increased 2 percent in fiscal 2011, primarily due to an increase in average cash balances partly offset by a decrease in effective interest rates. Interest income decreased by $0.9 million, or 24 percent, in fiscal 2010, primarily due to a decrease in effective interest rates.

Interest expense was flat year-over-year in both fiscal 2011 and 2010, reflecting constant levels of interest accrued on our fixed-rate senior notes.

In fiscal 2011, we recognized net gains on investments and derivatives totaling $5.1 million, primarily reflecting a $5.5 million gain upon the sale of the Company's equity investment in Lloyd George Management, a $1.9 million gain on the sale of the Company's equity investment in a non-consolidated CLO entity managed by the Company and investment gains on seed investments in separately managed accounts, partly offset by losses on derivative positions entered into by the Company to hedge seed investments in consolidated funds and separate accounts.

In fiscal 2010 and 2009, we recognized net gains of $4.3 million and $6.1 million, primarily representing activity on seed investments in separately managed accounts and derivative positions entered into to hedge seed investments in consolidated funds and separately managed accounts.

We recognized impairment losses of $1.9 million in fiscal 2009 related to two cash flow instrument CLO entities and a synthetic CLO entity. The impairment losses associated with the two cash instrument CLO entities resulted from a decrease in estimated future cash flows from the CLO entities due to increases in the default rates of the underlying loan portfolios. The impairment loss associated with the synthetic CLO entity, which reduced the carrying value of our investment in that entity to zero in fiscal 2009, resulted from a decrease in the estimated cash flows from the entity due to higher realized default rates and lower recovery rates on the reference securities underlying the synthetic CLO entity's portfolio of credit default swaps.

Other expense of the Company's consolidated CLO entity totaled $30.6 million in fiscal 2011 primarily reflecting adjustments to the fair market value of the note obligations issued by the entity, which are substantially borne by other beneficial interest holders.

Income Taxes

Our effective tax rate calculated as income taxes as a percentage of income before income taxes and equity in net income (loss) of affiliates, was 41.1 percent, 38.6 percent and 34.2 percent in fiscal 2011, 2010 and 2009, respectively. The increase in our overall effective tax rate in fiscal 2011 can be primarily attributed to the losses incurred by the Company's consolidated CLO entity, which are substantially borne by other beneficial interest holders and therefore not included in the calculation of the Company's income taxes. The increase in our overall effective tax rate in fiscal 2010 can be primarily attributed to the execution of a state tax voluntary disclosure agreement in fiscal 2009 that resulted in a net reduction in our income tax expense of $2.8 million and a deferred tax adjustment in fiscal 2009 related to stock-based compensation expense that resulted in reduction in our income tax expense of $5.2 million.

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. There were no significant changes in our estimates surrounding these positions in any of the periods presented.

Equity in Net Income (Loss) of Affiliates, Net of Tax

Equity in net income (loss) of affiliates, net of tax, for fiscal 2011 primarily reflects our 7 percent minority equity interest in a private equity partnership and equity interests in funds we sponsor, notably Eaton Vance Option Absolute Return Strategy Fund and Eaton Vance Parametric Structured Commodity Strategy Fund. Equity in net income of affiliates, net of tax, increased by $2.5 million in 2011, primarily due to an increase in the net income of the private equity partnership. Equity in net income of affiliates, net of tax, increased by $1.6 million in 2010, primarily due to an increase in the net income of the private equity partnership partly offset by a decrease in the net income of Lloyd George Management. As noted above, we sold our equity investment in Lloyd George Management in fiscal 2011.

Net Income Attributable to Non-controlling and Other Beneficial Interests

Net income attributable to non-controlling and other beneficial interests decreased by $14.3 million in fiscal 2011 from the same period a year earlier, reflecting the recognition of $34.5 million of losses borne by other beneficial interest holders of the consolidated CLO entity partly offset by an $8.4 million increase in net income attributable to non-controlling interest holders in the Company's consolidated funds and majority owned subsidiaries and an $11.8 million increase in the estimated redemption values of the non-controlling interests in those subsidiaries. The increase in the estimated redemption values of non-controlling interests in our majority owned subsidiaries Parametric Portfolio Associates LLC ("Parametric Portfolio Associates"), Parametric Risk Advisors LLC ("Parametric Risk Advisors") and Atlanta Capital Management Company LLC ("Atlanta Capital Management") reflect the subsidiaries' profit growth. In fiscal 2011, the adjustments in the estimated redemption value of non-controlling interests in Parametric Portfolio Associates, Parametric Risk Advisors and Atlanta Capital Management were $20.0 million, $1.9 million and $8.3 million, respectively. In fiscal 2010, the adjustments for Parametric Portfolio Associates, Parametric Risk Advisors and Atlanta Capital Management and Fox Asset Management were $1.2 million, $9.5 million, $7.5 million and $0.2 million, respectively. The Company's proportionate share of the losses of the CLO entity are eliminated in consolidation; management fees that the Company is entitled to are not.

Net income attributable to non-controlling interests increased by $21.5 million in fiscal 2010, primarily reflecting an increase of $18.4 million in the estimated redemption value of non-controlling interests redeemable at other than fair value.

Net income attributable to non-controlling interests is not adjusted for taxes due to the underlying tax status of our consolidated subsidiaries. Parametric Portfolio Associates, Parametric Risk Advisors and Atlanta Capital Management are limited liability companies that are treated as partnerships for tax purposes. Funds and the CLO entity we consolidate are registered investment companies or private funds that are treated as pass-through entities for tax purposes.

Changes in Financial Condition, Liquidity and Capital Resources

The assets and liabilities of the consolidated CLO entity do not affect our liquidity or capital resources. The collateral assets of the consolidated CLO entity are held solely to satisfy the obligations of the CLO entity and we have no right to these assets beyond our $2.3 million direct investment in the CLO entity and management fees generated from the entity. The note holders of the CLO entity have no recourse to the general credit of the Company. As a result, the assets and liabilities of the consolidated CLO entity are excluded from the discussion of liquidity and capital resources below.

The following table summarizes certain key financial data relating to our liquidity, capital resources and uses of cash on October 31, 2011, 2010 and 2009 and for the years then ended:

Balance Sheet and Cash Flow Data

	October 31,		
(in thousands)	**2011**	**2010**	**2009**
Balance sheet data:			
Assets:			
Cash and cash equivalents	$ 510,913	$ 307,886	$ 310,586
Investment advisory fees and other receivables	130,525	129,380	107,975
Total liquid assets	$ 641,438	$ 437,266	$ 418,561
Investments	$ 287,735	$ 334,409	$ 183,460
Liabilities:			
Debt	$ 500,000	$ 500,000	$ 500,000

	Years Ended October 31,		
(in thousands)	**2011**	**2010**	**2009**
Cash flow data:			
Operating cash flows	$ 172,312	$ 95,899	$ 164,355
Investing cash flows	133,520	(14,025)	41,345
Financing cash flows	(103,047)	(84,252)	(91,863)

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 48 percent and 35 percent of total assets on October 31, 2011 and 2010, respectively, excluding those assets identified as assets of the consolidated CLO entity. Although the Company's seed investments in consolidated funds and separate accounts are primarily held in daily liquid instruments, these seed investments are not classified as liquid assets because they may be longer term in nature.

The $204.2 million increase in liquid assets in fiscal 2011 can be attributed to an increase in cash and cash equivalent balances of $203.0 million and an increase in investment advisory fees and other receivables of $1.1 million. The increase in cash and cash equivalent balances in fiscal 2011 primarily reflects net cash provided by operating activities of $172.3 million, net proceeds from the sale of available-for-sale securities of $156.9 million, net inflows into consolidated funds from non-controlling interest holders of $118.5 million, proceeds from the issuance of Non-Voting Common Stock of $60.9 million offset by the repurchase of $198.6 million of Non-Voting Common Stock, the payment of $85.2 million of dividends to shareholders, $11.6 million in contingent payments made to the sellers of the former Tax-Advantaged Bond Strategies business of M.D. Sass Investors Services ("TABS") in the second quarter of fiscal 2011 and the payment of $6.6 million to purchase additional interests in Parametric Portfolio Associates and Parametric Risk Advisors in the third quarter of fiscal 2011. The increase in investment advisory fees and other receivables can be attributed to the increase in our revenue run rate at the end of fiscal 2011 compared to the end of fiscal 2010.

The $18.7 million increase in liquid assets in fiscal 2010 can be attributed to an increase in investment advisory fees and other receivables of $21.4 million partly offset by a decrease in cash and cash equivalent balances of $2.7 million. The increase in investment advisory fees and other receivables can be attributed to the increase in our revenue run rate at the end of fiscal 2010 compared to the end of fiscal 2009. The decrease in cash and cash equivalent balances in fiscal 2010 primarily reflects the payment of $75.7 million of dividends to shareholders, the repurchase of $111.2 million of Non-Voting Common Stock, the payment of $11.2 million to purchase additional interests in Parametric Portfolio Associates and Parametric Risk Advisors in the third quarter of fiscal 2010, $8.8 million in contingent payments made to the sellers of TABS in the second quarter of fiscal 2010 and additions to equipment and leasehold improvements of $12.2 million partly offset by net cash provided by operating activities of $95.9 million, proceeds from the issuance of Non-Voting Common Stock of $56.2 million, net inflows into consolidated funds from non-controlling interest holders of $45.0 million, excess tax benefits of stock option exercises of $10.8 million and payments received on a note receivable from an affiliate of $8.0 million.

On October 31, 2011, our debt consisted of $500.0 million in aggregate principal amount of 6.5 percent unsecured notes due in 2017. We also maintain a $200.0 million unsecured revolving credit facility with several banks that expires on August 13, 2012. The facility 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 commitment fee on any unused portion. We had no borrowings under our revolving credit facility at October 31, 2011 or at any point during the fiscal year. We were in compliance with all of the covenants as of October 31, 2011.

We continue to monitor our liquidity daily. We remain committed to growing our business and expect that our main uses of cash will be to invest in new products, acquire shares of our Non-Voting Common Stock, pay dividends, make strategic acquisitions, enhance technology infrastructure and pay the operating expenses of the business, which are largely variable in nature and fluctuate with product sales, revenue and assets under management. We believe that our existing liquid assets, cash flows from operations, which contributed $172.3

million in fiscal 2011, and borrowing capacity under our existing credit facility, are sufficient to meet our current and forecasted operating cash needs and to satisfy our future commitments as more fully described in Contractual Obligations below. The risk exists, however, that if we determine 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 impacted.

Income Taxes

During fiscal 2011, the Company received approval from the Internal Revenue Service to change the Company's tax accounting for certain closed-end fund distribution expenses. This change in tax accounting allows for the immediate tax deduction of current year closed-end fund distribution expenses, as well as a tax deduction in the Company's fiscal 2010 federal tax return for previously deferred expenses. This change in accounting resulted in a decrease in deferred tax assets and a corresponding decrease in taxes payable of $94.7 million. In conjunction with the approval of the change in tax accounting, the Company filed for and received a refund of $85.0 million in fiscal 2011.

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 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 the net change in deferred income taxes.

Cash provided by operating activities totaled $172.3 million in fiscal 2011, an increase of $76.4 million from the $95.9 million reported in fiscal 2010. The increase in net cash provided by operating activities year over year primarily reflects an increase in net income attributable to Eaton Vance Corp. shareholders of $40.6 million, the receipt of a federal income tax refund of $85.0 million in fiscal 2011 associated with the change in tax accounting for certain closed-end fund distribution expenses and a net decrease of $51.3 million related to timing differences in the cash settlement of other assets and liabilities.

Cash provided by operating activities totaled $95.9 million in fiscal 2010, a decrease of $68.5 million from the $164.4 million reported in fiscal 2009. The decrease in net cash provided by operating activities year over year reflects significant seed investments made in consolidated funds and separate accounts in fiscal 2010 partly offset by an increase in net income.

Investing Cash Flows

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

Cash provided by investing activities totaled $133.5 million in fiscal 2011 compared to cash used for investing activities of $14.0 million in fiscal 2010. The increase in cash provided by investing activities year over year can be primarily attributed to an increase in net proceeds received in conjunction with the net purchases and sales of available-for-sale investments in fiscal 2011. In fiscal 2011 and 2010, the Company made contingent payments of $11.6 million and $8.8 million, respectively, to the sellers of TABS under the terms of the 2009 acquisition agreement.

Cash used for investing activities totaled $14.0 million in fiscal 2010 compared to cash provided by investing activities of $41.3 million in fiscal 2009. The decrease in cash provided by investing activities year over year can be primarily attributed to a decrease in net proceeds received in conjunction with the net purchases and sales of available-for-sale investments in fiscal 2010. In fiscal 2010 and 2009, the Company made payments of $8.8 million and $30.9 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 and the payment of dividends to our shareholders. Financing cash flows also include proceeds from the issuance of capital stock by consolidated investment companies and cash paid to meet redemptions by non-controlling interest holders of these funds.

Cash used for financing activities totaled $103.0 million, $84.3 million and $91.9 million in fiscal 2011, 2010 and 2009, respectively. In fiscal 2011, we repurchased and retired a total of 7.3 million shares of our Non-Voting Common Stock for $198.6 million under our authorized repurchase programs and issued 4.6 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 $60.9 million. We have authorization to purchase an additional 8.0 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 $0.73 in fiscal 2011, compared to $0.66 in fiscal 2010 and $0.63 in fiscal 2009. We currently expect to declare and pay comparable dividends on our Voting and Non-Voting Common Stock on a quarterly basis.

Contractual Obligations

The following table details our future contractual obligations as of October 31, 2011:

		Payments due			
(in millions)	Total	Less than 1 Year	1-3 Years	4-5 Years	After 5 Years
Operating leases – facilities and equipment[(1)]	$ 411	$ 19	$ 40	$ 39	$ 313
Senior notes	500	-	-	-	500
Interest payment on senior notes	195	33	65	65	32
Investment in private equity partnership	1	1	-	-	-
Unrecognized tax benefits[(2)]	10	-	10	-	-
Total	$ 1,117	$ 53	$ 115	$ 104	$ 845
Contractual obligations of consolidated CLO:					
Senior and subordinated note obligations	$ 500	$ -	$ -	$ -	$ 500
Interest payments on senior notes	22	3	6	6	7
Total contractual obligations of consolidated CLO	$ 522	$ 3	$ 6	$ 6	$ 507

(1) *Minimum payments have not been reduced by minimum sublease rentals of $4.5 million due in the future under noncancelable 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 $13.8 million as of October 31, 2011, and the remaining commitment is included in the table above.

Interests held by non-controlling interest holders of Atlanta Capital Management, Parametric Portfolio Associates and Parametric Risk Advisers are not subject to mandatory redemption. The purchase of non-controlling interests is predicated, for each subsidiary, on the exercise of a series of puts held by non-controlling interest holders and calls held by us. Neither the exercise of the puts nor the exercise of the calls is contingent upon the non-controlling interest holders of the acquired entities remaining employed by the Company. 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. The value assigned to the purchase of an originating non-controlling interest is based, in each case, on a multiple of earnings before interest and taxes of the subsidiary, which is a measure that is intended to represent fair market value. There is no discrete floor or ceiling on any non-controlling interest purchase. 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, 2011. 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 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 $100.8 million on October 31, 2011 compared to $67.0 million on October 31, 2010.

In conjunction with its acquisition of TABS in December 2008, the Company is obligated to make five further annual contingent payments based on prescribed multiples of TABS's revenue for the twelve months ending December 31, 2011, 2012, 2014, 2015 and 2016. There is no defined floor or ceiling on any payment, 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 until such time as the uncertainty has been resolved. In the second quarter of fiscal 2011, the Company made a contingent payment equal to $11.6 million with respect to the twelve months ended December 31, 2010.

In February 2011, the non-controlling interest holders of Fox Asset Management LLC ("Fox Asset Management") executed a put option requiring the Company to purchase an additional 16 percent interest in Fox Asset Management. The transaction settled on March 1, 2011 and increased the Company's ownership interest from 84 percent to 100 percent. Pursuant to the terms of the unit purchase agreement, no proceeds were transferred at closing.

In April 2011, the non-controlling interest holders of Parametric Portfolio Associates exercised a put option requiring the Company to purchase for $4.3 million an additional interest in Parametric Portfolio Associates representing a 0.5 percent capital interest and a 0.9 percent profit interest in the entity. The payment was treated as an equity transaction and reduced redeemable non-controlling interests at closing in May. The transaction reduced the capital interests held by non-controlling interest holders from 5.7 percent on October 31, 2010 to 5.2 percent on October 31, 2011. Profit interests held by non-controlling interest holders, which include direct profit interests in Parametric Portfolio Associates as well as indirect profit interests granted as part of a long-term equity incentive plan of that entity, increased to 11.4 percent on October 31, 2011 from 11.1 percent on October 31, 2010, reflecting an additional 1.2 percent profit interest granted under the long-term equity plan partly offset by the repurchase of the 0.9 percent profit interest referenced above.

In June 2011, the Company exercised a call option requiring the non-controlling interest holders of Parametric Risk Advisors to sell to us an additional interest in Parametric Risk Advisors for $2.3 million. The transaction increased our ownership interest from 51 to 60 percent. The payment was treated as an equity transaction and reduced redeemable non-controlling interests at closing.

Capital interests held by non-controlling interest holders of Atlanta Capital Management totaled 0.6 percent on October 31, 2011 and 2010. Profit interests held by non-controlling interest holders, which include direct profit interests in Atlanta Capital Management as well as indirect profit interests granted as part of a long-term equity incentive plan of that entity, increased to 16.9 percent on October 31, 2011 from 15.2 percent on October 31, 2010, reflecting an additional 1.7 percent profit interest granted under the long-term equity plan.

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, among others, affect our more 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
Effective November 1, 2010, we adopted new accounting guidance relating to the consolidation of variable interest entities ("VIEs"). This accounting guidance provides a framework for determining whether an entity should be considered a 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 should be treated as the primary beneficiary of the entity. If we determine that we should be treated as the primary beneficiary of the entity, we are required to consolidate the assets, liabilities and results of operations of the entity 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 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 and assumptions may affect the determination of the primary beneficiary status and the resulting consolidation 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 to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and establishes a hierarchy that prioritizes inputs to valuation techniques to measure fair value. This fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value 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 measurement in its entirety. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's classification within the fair value 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.

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 our unamortized deferred sales commission assets. Should we lose our ability to recover such sales commissions through distribution plan payments and contingent deferred sales charges, the value of these assets would immediately decline, as would future cash flows.

We evaluate the carrying value of our deferred sales commission asset for impairment on a quarterly basis. In our impairment analysis, we compare 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 the remaining useful life of the deferred sales commission asset 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.

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 Management and Parametric Portfolio Associates, 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 either using the income approach or by averaging fair value established using an income approach and fair value established using a market approach, depending on the 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 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.

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 requires 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 carry back and carry forward 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 over the relevant service period, and is adjusted each period for anticipated forfeitures. The fair value of each 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 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.

Non-controlling interests
Direct 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

Testing goodwill for impairment
In September 2011, the Financial Accounting Standards Board ("FASB") issued an amendment to the existing goodwill impairment guidance. The terms of the amendment permit a reporting entity to first assess qualitative factors to determine whether it is necessary to perform step one of the two-step goodwill impairment test. The new guidance is effective for the Company for the fiscal year that begins on November 1, 2012. The adoption of this new guidance is not expected to have a material effect on the Company's Consolidated Financial Statements.

Fair value measurements
In May 2011, the FASB issued an amendment that modifies and clarifies existing fair value measurement and disclosure guidance. The amendment results in common requirements for measuring fair value and for disclosing information about fair value measurements in accordance with GAAP and International Financial Reporting Requirements. In some instances, the amendment changes principles and requirements for measuring fair value and for disclosing information about fair value measurements. The amendment is effective for the Company's fiscal quarter that begins on February 1, 2012. Early application is prohibited. The adoption of this new guidance is not expected to have a material effect on the Company's Consolidated Financial Statements.

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 risk 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 our investments in sponsored equity funds, our equity interest in affiliates, investments in equity securities held by sponsored funds we consolidate and investments in equity securities held in separately managed accounts seeded for new product development purposes. 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, 2011:

(in thousands)	Carrying Value	Carrying Value Assuming a 10% Increase	Carrying Value Assuming a 10% Decrease
Trading:			
Equity securities	$ 107,987	$ 118,786	$ 97,188
Available-for-sale securities:			
Sponsored funds	38,072	41,879	34,265
Investment in affiliates	46,900	51,590	42,210
Total	$ 192,959	$ 212,255	$ 173,663

Currently we have a corporate hedging program in place to hedge currency risk and market price exposures on certain investments in consolidated 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 exposure to certain equity instruments held within the portfolios of these separately managed accounts and consolidated funds. The contracts negotiated are short term in nature. We do not enter into derivative instruments for speculative purposes.

At October 31, 2011, the Company had outstanding foreign currency forward contracts, stock index futures contracts and commodity futures contracts with aggregate notional values of approximately $7.8 million, $90.8 million and $23.4 million, respectively. The Company estimates that a 10 percent adverse change in market prices would result in a decrease of approximately $0.8 million, $9.1 million and $2.3 million, respectively, in the value of the open derivative contracts.

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, 2011 the Company had $6.3 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 $0.6 million in the value of these securities.

Our primary direct exposure to interest rate risk arises from our investment in fixed and floating-rate income funds sponsored by us, debt securities held by sponsored funds we consolidate, debt securities held in separately managed accounts seeded for new product development purposes and corporate debt securities. We considered the negative effect on pre-tax interest income of a 50 basis point (0.50 percent) decline in interest rates as of October 31, 2011. A 50 basis point decline in interest rates is a hypothetical scenario used to demonstrate potential risk and does not represent management's view of future market changes. The following is a summary of the effect that a 50 basis point (0.50 percent) decline in interest rates would have on our pre-tax net income as of October 31, 2011:

(in thousands)	Carrying Value	Pre-tax Interest Income Impact of a 50 Basis Point Decline in Interest Rates
Trading:		
Debt securities	$ 85,222	$ 426
Available-for-sale securities:		
Sponsored funds	1,095	5
Total	$ 86,317	$ 431

From time to time, we seek to offset our exposure to changing interest rates associated with our debt financing. In October 2007, we issued $500.0 million in aggregate principal amount of 6.5 percent senior notes due 2017. In conjunction with the offering, we entered into an interest rate lock intended to hedge against adverse Treasury rate movements between the time at which the decision was made to issue the debt and the pricing of the securities. At the time the debt was issued, we terminated the lock and settled the transaction in cash. At termination, the lock was determined to be a fully effective cash flow hedge and the $4.5 million settlement cost was recorded as a component of other comprehensive income (loss), net of tax. There can be no assurance that our hedge instruments will meet their overall objective of reducing our interest expense or that we will be successful in obtaining hedging contracts on any future debt offerings.

Our primary direct exposure to credit risk arises from our interests in the non-consolidated cash instrument CLO entities that are included in investments in our Consolidated Balance Sheets. As an investor in a non-consolidated CLO entity, we are entitled to only a residual interest in the non-consolidated CLO entity, making these investments highly sensitive to the default and recovery experiences of the underlying instruments held by the non-consolidated CLO entity. Our 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, non-consolidated CLO entity cash flows may be adversely impacted and we may be unable to recover our investment. Our total investment in interests in non-consolidated CLO entities was valued at $0.3 million as of October 31, 2011, which represents our total value at risk with respect to such entities as of October 31, 2011.

We operate primarily in the United States, and accordingly, most of our consolidated revenue and associated expenses are denominated in U.S. dollars. However, we do provide services and earn revenue outside of the United States and the portion of our revenue and expenses denominated in foreign currencies may be impacted by movements in currency exchange rates. Our exposure to currency movements will likely increase as our business outside of the United States grows. 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 and there are few barriers to entry. 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. We compete with these firms on the basis of investment performance, diversity of products, distribution capability, scope and quality of services, fees charged, 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 these competitors, the sales of our products as well as our market share, revenue and net income could decline.

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.

We derive almost all of our revenue from investment advisory and administration fees, distribution income and service fees received from the Eaton Vance funds and separate accounts. As a result, we are dependent upon management contracts, administration 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 (i.e., investment advisory, administration, distribution and service fees) are generally calculated as percentages of assets under management. Any decrease in the level of our assets under management would negatively impact our revenue and net income. A decline in securities prices or in the sales of our investment products or an increase in fund redemptions or client withdrawals generally would reduce fee income. Financial market declines generally have a negative impact on the level of our assets under management and consequently our revenue and net income. To the extent that we receive fee revenue from assets under management that are derived from financial leverage, any reduction in leverage (financing used by the investment vehicle to increase the investable assets of the vehicle) used would adversely impact the level of our assets under management, revenue and net income. Leverage could be reduced due to an adverse change in interest rates, a decrease in the availability of credit on favorable terms or a determination by us to reduce or eliminate leverage on certain products when we determine that the use of leverage is no longer in our clients' best interests.

The continuing weakness the economy is experiencing could adversely impact our revenue and net income if it leads to a decreased demand for investment products and services, a higher redemption rate or a decline in securities prices. Any decreases in the level of our assets under management due to securities price declines, reduction in leverage or other factors could negatively impact our revenue and net income.

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. Past or present performance in the investment products we manage is not indicative of future performance.

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 directors are subject to our mandatory retirement policy at age 65. 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.

Our reputation could be damaged. We have built a reputation of high integrity, prudent investment management and superior client service over 87 years. 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 could reduce the amount of assets under management and cause us to suffer a loss in revenue or a reduction in net income.

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 the new products utilize Company capital that would otherwise be available for general corporate purposes and expose us to capital losses to the extent that the realized investment losses are not offset by hedging gains. 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. 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. We are dependent on the effectiveness of our information security policies, procedures and capabilities to protect our computer and telecommunications systems and the data that reside on 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 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 laptops and other 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.

Expansion into international markets and new products and services increases our operational, regulatory and other risks. We have increased our product offerings and international business activities over the past several years. As a result of such expansion, we face increased operational, regulatory, compliance, reputation and foreign exchange rate 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.

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. In recent years, regulators both in the United States and abroad have shown increasing interest in the oversight of the broad financial and investment management industry. Some of the newly adopted and proposed regulations are focused directly on the investment management industry, while others are more broadly focused but in many cases will impact our industry as well. These new laws and regulations will likely result in a greater compliance and administrative burdens on us, increasing our expenses.

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 FSA 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 assure 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 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 as well as several states. One state previously provided us with a draft position that may result in a proposed adjustment to our previously filed tax returns. The state is currently reevaluating its draft position. We believe that our tax positions related to this potential adjustment were correct, and if an adjustment is proposed, we intend to vigorously defend our positions. It is possible the ultimate resolution of the proposed adjustment, if unfavorable, may be material to the results of our operations. 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 could 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 a portion of our tax-advantaged equity income business. Changes in tax policy could also affect our privately offered equity funds.

Evaluation of Disclosure Controls and Procedures

We evaluated the effectiveness of our disclosure controls and procedures as of October 31, 2011. 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, 2011, 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, 2011	2010	2009
Revenues:			
Investment advisory and administration fees	$ 996,222	$ 867,683	$ 683,820
Distribution and underwriter fees	102,979	103,995	85,234
Service fees	144,530	139,741	116,331
Other revenue	16,300	10,242	4,986
Total revenues	1,260,031	1,121,661	890,371
Expenses:			
Compensation of officers and employees	369,927	348,897	293,062
Distribution expense	132,664	126,064	95,988
Service fee expense	124,517	116,900	94,468
Amortization of deferred sales commissions	35,773	35,533	35,178
Fund expenses	25,295	20,455	22,432
Other expenses	134,198	120,530	116,023
Total expenses	822,374	768,379	657,151
Operating income	437,657	353,282	233,220
Other income (expense):			
Interest income	2,907	2,864	3,745
Interest expense	(33,652)	(33,666)	(33,682)
Net gains on investments and derivatives	5,102	4,300	6,078
Net foreign currency gains (losses)	(26)	181	165
Impairment losses on investments	-	-	(1,863)
Other income (expense) of consolidated collateralized loan obligation entity:			
Interest income	21,116	-	-
Interest expense	(13,575)	-	-
Net losses on bank loans, other investments and note obligations	(38,153)	-	-
Income before income taxes and equity in net income (loss) of affiliates	381,376	326,961	207,663
Income taxes	(156,844)	(126,263)	(71,044)
Equity in net income (loss) of affiliates, net of tax	3,042	527	(1,094)
Net income	227,574	201,225	135,525
Net income attributable to non-controlling and other beneficial interests	(12,672)	(26,927)	(5,418)
Net income attributable to Eaton Vance Corp. shareholders	$ 214,902	$ 174,298	$ 130,107
Earnings per share:			
Basic	$ 1.82	$ 1.47	$ 1.11
Diluted	$ 1.75	$ 1.40	$ 1.07
Weighted average shares outstanding:			
Basic	115,326	116,444	116,175
Diluted	119,975	122,632	120,575
Dividends declared per share	$ 0.730	$ 0.660	$ 0.625

See notes to Consolidated Financial Statements.

Consolidated Statements of Comprehensive Income

(in thousands)	Years Ended October 31, 2011	2010	2009
Net income	$ 227,574	$ 201,225	$ 135,525
Other comprehensive income (loss):			
Amortization of loss on derivatives, net of income taxes of $158, $158 and $157, respectively	289	290	290
Unrealized holding gains on available-for-sale investments, net of income taxes of $850, $517, and $1,941, respectively	1,345	770	3,310
Foreign currency translation adjustments, net of income taxes of $(56), $16, and $(74), respectively	141	(101)	141
Total comprehensive income	229,349	202,184	139,266
Comprehensive income attributable to non-controlling and other beneficial interests	(12,672)	(26,927)	(5,418)
Total comprehensive income attributable to Eaton Vance Corp. shareholders	$ 216,677	$ 175,257	$ 133,848

See notes to Consolidated Financial Statements.

Consolidated Balance Sheets

(in thousands, except share data)	October 31, 2011	October 31, 2010
Assets		
Cash and cash equivalents	$ 510,913	$ 307,886
Investment advisory fees and other receivables	130,525	129,380
Investments	287,735	334,409
Assets of consolidated collateralized loan obligation entity:		
Cash and cash equivalents	16,521	-
Bank loans and other investments	462,586	-
Other assets	2,715	-
Deferred sales commissions	27,884	48,104
Deferred income taxes	41,343	97,274
Equipment and leasehold improvements, net	67,227	71,219
Intangible assets, net	67,224	73,018
Goodwill	142,302	135,786
Other assets	74,325	61,464
Total assets	$ 1,831,300	$ 1,258,540
Liabilities, Temporary Equity and Permanent Equity		
Liabilities:		
Accrued compensation	$ 137,431	$ 119,957
Accounts payable and accrued expenses	51,333	60,843
Dividend payable	21,959	21,319
Contingent purchase price liability	-	5,079
Debt	500,000	500,000
Liabilities of consolidated collateralized loan obligation entity:		
Senior and subordinated note obligations	477,699	-
Other liabilities	5,193	-
Other liabilities	75,557	73,468
Total liabilities	1,269,172	780,666
Commitments and contingencies		
Temporary Equity:		
Redeemable non-controlling interests	100,824	67,019
Permanent Equity:		
Voting Common Stock, par value $0.00390625 per share:		
Authorized, 1,280,000 shares		
Issued and outstanding, 399,240 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, 115,223,827 and 117,927,054 shares, respectively	450	461
Additional paid-in capital	-	50,225
Notes receivable from stock option exercises	(4,441)	(3,158)
Accumulated other comprehensive income (loss)	1,340	(435)
Appropriated deficit	(3,867)	-
Retained earnings	466,931	363,190
Total Eaton Vance Corp. shareholders' equity	460,415	410,285
Non-redeemable non-controlling interests	889	570
Total permanent equity	461,304	410,855
Total liabilities, temporary equity and permanent equity	$ 1,831,300	$ 1,258,540

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 (Loss)	Retained Earnings	Non-Redeemable Non-Controlling Interests	Total Permanent Equity	Temporary Equity: Redeemable Non-Controlling Interests
	Permanent Equity									Temporary Equity
Balance, November 1, 2008	115,812	$ 2	$ 451	$ -	$ (4,704)	$ (5,135)	$ 187,904	$ -	$ 178,518	$ 72,137
Net income	-	-	-	-	-	-	130,107	125	130,232	5,293
Other comprehensive income	-	-	-	-	-	3,741	-	-	3,741	-
Dividends declared	-	-	-	-	-	-	(73,285)	-	(73,285)	-
Issuance of Voting Common Stock	42	-	-	86	-	-	-	-	86	-
Issuance of Non-Voting Common Stock:										
On exercise of stock options	1,835	-	7	22,960	(1,458)	-	-	-	21,509	-
Under employee stock purchase plan	206	-	1	4,082	-	-	-	-	4,083	-
Under employee incentive plan	213	-	1	3,612	-	-	-	-	3,613	-
Under restricted stock plan, net of forfeitures	938	-	3	-	-	-	-	-	3	-
Stock-based compensation	-	-	-	41,474	-	-	-	-	41,474	-
Tax benefit of stock option exercises	-	-	-	13,649	-	-	-	-	13,649	-
Repurchase of Non-Voting Common Stock	(1,526)	-	(6)	(41,077)	-	-	-	-	(41,083)	-
Principal repayments on notes receivable from stock option exercises	-	-	-	-	3,084	-	-	-	3,084	-
Subscriptions (redemptions/distributions) of non-controlling interest holders	-	-	-	-	-	-	-	(34)	(34)	(7,275)
Deconsolidation	-	-	-	-	-	-	-	-	-	(4,461)
Purchase of non-controlling interests	-	-	-	-	-	-	16,698	-	16,698	(17,051)
Other changes in non-controlling interests	-	-	-	-	-	-	4,772	-	4,772	(4,772)
Balance, October 31, 2009	117,520	$ 2	$ 457	$ 44,786	$ (3,078)	$ (1,394)	$ 266,196	$ 91	$ 307,060	$ 43,871

See notes to Consolidated Financial Statements.

Consolidated Statements of Shareholders' Equity (continued)

(in thousands)	Permanent 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	Retained Earnings	Non-Redeemable Non-Controlling Interests	Total Permanent Equity	Temporary Equity: Redeemable Non-Controlling Interests
Balance, November 1, 2009	117,520	$ 2	$ 457	$ 44,786	$ (3,078)	$ (1,394)	$ 266,196	$ 91	$ 307,060	$ 43,871
Net income	-	-	-	-	-	-	174,298	1,259	175,557	25,668
Other comprehensive income	-	-	-	-	-	959	-	-	959	-
Dividends declared	-	-	-	-	-	-	(78,126)	-	(78,126)	-
Issuance of Non-Voting Common Stock:										
On exercise of stock options	3,304	-	13	51,402	(1,944)	-	-	-	49,471	-
Under employee stock purchase plan	158	-	1	3,887	-	-	-	-	3,888	-
Under employee incentive plan	102	-	-	2,874	-	-	-	-	2,874	-
Under restricted stock plan, net of forfeitures	947	-	4	-	-	-	-	-	4	-
Stock-based compensation	-	-	-	47,858	-	-	-	-	47,858	-
Tax benefit of stock option exercises	-	-	-	10,825	-	-	-	-	10,825	-
Repurchase of Voting Common Stock	(33)	-	-	(96)	-	-	-	-	(96)	-
Repurchase of Non-Voting Common Stock	(3,672)	-	(14)	(111,159)	-	-	-	-	(111,173)	-
Principal repayments on notes receivable										
from stock option exercises	-	-	-	-	1,864	-	-	-	1,864	-
Subscriptions (redemptions/distributions) of										
non-controlling interest holders	-	-	-	-	-	-	-	(775)	(775)	45,761
Deconsolidation	-	-	-	-	-	-	-	-	-	(36,372)
Reclass to temporary equity	-	-	-	-	-	-	-	(5)	(5)	5
Purchase of non-controlling interests	-	-	-	-	-	-	-	-	-	(11,244)
Other changes in non-controlling interests	-	-	-	(152)	-	-	822	-	670	(670)
Balance, October 31, 2010	118,326	$ 2	$ 461	$ 50,225	$ (3,158)	$ (435)	$ 363,190	$ 570	$ 410,855	$ 67,019

See notes to Consolidated Financial Statements.

Consolidated Statements of Shareholders' Equity (continued)

(in thousands)	Permanent 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) Income	Appropriated Deficit	Retained Earnings	Non-Redeemable Non-Controlling Interests	Total Permanent Equity	Temporary Equity: Redeemable Non-Controlling Interests
Balance, November 1, 2010	118,326	$ 2	$ 461	$ 50,225	$ (3,158)	$ (435)	$ -	$ 363,190	$ 570	$ 410,855	$ 67,019
Cumulative effect of change in accounting principle	-	-	-	-	-	-	30,666	1,665	-	32,331	-
Net income	-	-	-	-	-	-	(34,533)	214,902	2,524	182,893	44,681
Other comprehensive income	-	-	-	-	-	1,775	-	-	-	1,775	-
Dividends declared	-	-	-	-	-	-	-	(85,805)	-	(85,805)	-
Issuance of Non-Voting Common Stock:											
On exercise of stock options	3,341	-	13	55,726	(2,224)	-	-	-	-	53,515	-
Under employee stock purchase plan	144	-	1	3,766	-	-	-	-	-	3,767	-
Under employee incentive plan	132	-	-	3,655	-	-	-	-	-	3,655	-
Under restricted stock plan, net of forfeitures	980	-	4	-	-	-	-	-	-	4	-
Stock-based compensation	-	-	-	52,030	-	-	-	-	-	52,030	-
Tax benefit of stock option exercises	-	-	-	7,022	-	-	-	-	-	7,022	-
Repurchase of Non-Voting Common Stock	(7,300)	-	(29)	(171,577)	-	-	-	(27,021)	-	(198,627)	-
Principal repayments on notes receivable from stock option exercises	-	-	-	-	941	-	-	-	-	941	-
Subscriptions (redemptions/distributions) of non-controlling interest holders	-	-	-	-	-	-	-	-	(2,139)	(2,139)	120,666
Deconsolidation	-	-	-	-	-	-	-	-	-	-	(125,844)
Reclass to temporary equity	-	-	-	-	-	-	-	-	(66)	(66)	66
Purchase of non-controlling interests	-	-	-	-	-	-	-	-	-	-	(6,611)
Other changes in non-controlling interests	-	-	-	(847)	-	-	-	-	-	(847)	847
Balance, October 31, 2011	115,623	$ 2	$ 450	$ -	$ (4,441)	$ 1,340	$ (3,867)	$ 466,931	$ 889	$ 461,304	$ 100,824

See notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows

(in thousands)	Years Ended October 31, 2011	2010	2009
Cash Flows From Operating Activities:			
Net income	$ 227,574	$ 201,225	$ 135,525
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	25,269	24,911	22,010
Amortization of deferred sales commissions	35,723	35,518	35,144
Stock-based compensation	52,030	47,858	41,474
Deferred income taxes	54,868	(16,504)	(38,141)
Net gains on investments and derivatives	(11,931)	(7,150)	(6,361)
Impairment loss on investments	-	-	1,863
Equity in net (income) loss of affiliates	(4,898)	(848)	1,744
Dividends received from affiliates	1,608	1,313	3,069
Consolidated collateralized loan obligation entity operating activities:			
Net losses on bank loans, other investments and note obligations	38,153	-	-
Amortization of investments	(1,221)	-	-
Net decrease in other assets and liabilities, including cash	(3,122)	-	-
Changes in operating assets and liabilities:			
Investment advisory fees and other receivables	456	(21,651)	2,895
Investments in trading securities	(214,826)	(208,793)	(12,757)
Deferred sales commissions	(15,505)	(31,696)	(14,004)
Other assets	(38,948)	(15,397)	(1,623)
Accrued compensation	17,471	34,692	(7,892)
Accounts payable and accrued expenses	(7,406)	9,937	1,453
Other liabilities	17,017	42,484	(44)
Net cash provided by operating activities	172,312	95,899	164,355
Cash Flows From Investing Activities:			
Additions to equipment and leasehold improvements	(10,639)	(12,205)	(46,302)
Net cash paid in acquisition	(11,595)	(8,797)	(30,941)
Cash paid for intangible assets	(1,650)	-	-
Payments received on note receivable from affiliate	-	8,000	7,000
Issuance of note receivable to affiliate	-	-	(5,000)
Proceeds from sale of investments	158,439	40,497	127,847
Purchase of investments	(1,569)	(41,520)	(11,259)
Consolidated collateralized loan obligation entity investing activities:			
Proceeds from sales and maturities of investments	291,381	-	-
Purchase of investments	(290,847)	-	-
Net cash provided by (used for) investing activities	133,520	(14,025)	41,345

See notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows (continued)

	Years Ended October 31,		
(in thousands)	**2011**	**2010**	**2009**
Cash Flows From Financing Activities:			
Purchase of additional non-controlling interest	(6,611)	(11,244)	(17,072)
Proceeds from issuance of Voting Common Stock	-	-	86
Proceeds from issuance of Non-Voting Common Stock	60,941	56,237	29,208
Repurchase of Voting Common Stock	-	(96)	-
Repurchase of Non-Voting Common Stock	(198,627)	(111,173)	(41,083)
Principal repayments on notes receivable from stock option exercises	941	1,864	3,084
Excess tax benefit of stock option exercises	7,022	10,825	13,649
Dividends paid	(85,240)	(75,651)	(72,427)
Net subscriptions received from (redemptions/distributions paid to)			
non-controlling interest holders	118,527	44,986	(7,308)
Net cash used for financing activities	(103,047)	(84,252)	(91,863)
Effect of currency rate changes on cash and cash equivalents	242	(322)	(174)
Net increase (decrease) in cash and cash equivalents	203,027	(2,700)	113,663
Cash and cash equivalents, beginning of year	307,886	310,586	196,923
Cash and cash equivalents, end of year	$ 510,913	$ 307,886	$ 310,586
Supplemental Cash Flow Information:			
Cash paid for interest	$ 32,642	$ 32,642	$ 32,642
Cash paid for interest by consolidated loan obligation entity	11,100	-	-
Cash paid for income taxes, net of refunds	83,610	135,853	103,033
Supplemental Disclosure of Non-Cash Information:			
Increase in equipment and leasehold improvements due to non-cash additions	$ 3,350	$ 860	$ 3,160
Exercise of stock options through issuance of notes receivable	2,224	1,944	1,458
Consolidation of CLO Entity:			
Increase in other assets, net of other liabilities	$ 10,418	$ -	$ -
Increase in investments	446,440	-	-
Increase in borrowings	446,192	-	-
Deconsolidations of Sponsored Investment Funds:			
Decrease in investments	$ (124,253)	$ (52,594)	$ (4,438)
Decrease in non-controlling interests	(125,844)	(36,372)	(4,461)

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 counseling services to high-net-worth individuals and institutions in the United States, Europe and certain other international markets. The Company's principal 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.

During the first quarter of fiscal 2011, the Company changed its Consolidated Balance Sheet presentation from "classified" (distinguishing between short-term and long-term accounts) to "unclassified" (no such distinction). This change was precipitated by factors including (i) the presentation complexities inherent in the consolidation of variable interest entities ("VIEs"); and (ii) a desire to conform the Company's Consolidated Balance Sheet presentation to that of other companies within its peer group. Such a change is a presentation election made by management; the October 31, 2010 Consolidated Balance Sheet has also been presented in an unclassified format comparable to the October 31, 2011 presentation.

Principles of consolidation

The Consolidated Financial Statements include the accounts of the Company and its controlled subsidiaries. The Company consolidates all investments in affiliates in which the Company's ownership exceeds 50 percent or where the Company has control. In addition, the Company consolidates any VIE (including the below-referenced collateralized loan obligation entity ("CLO")) for which the Company is considered the primary beneficiary. The Company provides for non-controlling and other beneficial interests in consolidated subsidiaries for which the Company's ownership is less than 100 percent. The equity method of accounting is used for 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 (such as representation on the investee's Board of Directors). All intercompany accounts and transactions have been eliminated.

As described further in Note 2, the Company adopted the provisions of a new consolidation standard on November 1, 2010. In conjunction with the adoption, the Company concluded that it was the primary beneficiary of one of the CLO entities for which it acts as collateral manager. As a result, the Company consolidated the assets, liabilities and results of operations of that entity in the Company's Consolidated

Financial Statements beginning on November 1, 2010. The assets of the consolidated CLO entity cannot be used by the Company, and the note holders of the CLO entity 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 the consolidated CLO entity for reporting purposes. There were no intervening events that would materially affect the Company's consolidated financial position or results of operations as of October 31, 2011.

From time to time, the Company may maintain a controlling financial interest in a sponsored fund. Upon consolidation, the Company assumes the specialized accounting treatment of the fund. All of the underlying investments held by consolidated funds are carried at fair value, with corresponding changes in fair value reflected in other revenue in the Company's Consolidated Statements of Income. When the Company is no longer deemed to control the fund, the fund is deconsolidated and accounted for under another accounting method.

Consolidation of VIEs

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

The Company's evaluation of whether it qualifies as the primary beneficiary of a VIE is highly complex. In its analysis, the Company 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 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 evaluation is appropriate, future changes in estimates, judgments and assumptions may affect the determination of primary beneficiary status and the resulting consolidation of the assets, liabilities and results of operations of the VIE on the Company's consolidated financial statements.

Segment information

Management has determined that the Company operates in one business segment, namely as an investment adviser managing funds and separate accounts. Although the Company does provide supplemental disclosure regarding assets under management and other asset flows by mandate (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 sponsored money market funds and agency securities, which are readily convertible to cash. Cash equivalents have maturities of less than three months on the date of acquisition and are stated at cost, which approximates market value due to the short-term maturity of these 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 Sheet and is not available to the Company for general corporate use. Such derivatives and securities sold, not yet purchased, are used for trading purposes in hedging certain investments in consolidated funds and separately managed accounts seeded for product development purposes. Because the accounts are used to support trading activities, changes in the restricted cash balances are reflected as operating cash flows in the Company's Consolidated Statements of Cash Flows.

Investments

Investments classified as trading
Marketable securities classified as trading consist primarily of investments in debt and equity securities held in the portfolios of sponsored funds consolidated by the Company, debt and equity securities held by the Company in separately managed accounts seeded for product development purposes and other debt securities held by the Company.

Investment securities held in the portfolios of sponsored funds consolidated by the Company are carried at fair value based upon quoted market prices. Consolidated funds are subject to investment company reporting conventions in consolidation. As a result, net realized and unrealized gains or losses recognized on investments held in the portfolios of consolidated funds are reflected as a component of other revenue.

Investment securities held in the portfolios of separately managed accounts and or held directly are carried at fair value based on quoted market prices. Net realized and unrealized gains or losses recognized on investments held in the portfolios of separately managed accounts and or held directly are reflected as a component of other income and expense.

The specific identified cost method is used to determine the realized gain or loss on all trading securities sold.

Investments classified as 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 or loss until realized. Realized gains or losses are reflected as a component of other income and expense. The specific identified cost method is used to determine the realized gain or loss 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 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 as interest income 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 based on the excess of the carrying amount of the investment over its fair value.

Investments in affiliates
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 (loss) of affiliates, net of tax. Distributions received from the investment reduce the Company's investment balance. Investments in affiliates 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 amount of the impairment loss, if any.

Investments carried at cost
Certain investments are carried at cost. The fair value of cost method investments is not estimated if there are no identified events or changes in circumstances that may have a significant adverse effect on the fair value of the investment. Included within other investments is a $6.6 million non-controlling capital interest in Atlanta Capital Management Holdings, LLC ("ACM Holdings"), a partnership that owns certain non-controlling interests of Atlanta Capital Management LLC ("Atlanta Capital Management"). The Company's interest in ACM Holdings is non-voting and entitles the Company to receive $6.6 million when put or call options for certain non-controlling interests of Atlanta Capital Management are exercised. In accordance with GAAP, these investments are not accounted for under fair value.

Fair value measurements

Accounting standards define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and establishes a hierarchy that prioritizes inputs to valuation techniques to measure fair value. This fair value hierarchy 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 measurement in its entirety. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's classification within the fair value 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 instruments

The Company may utilize derivative financial instruments to hedge market price risk and currency risk exposure associated with its investments in separate accounts and consolidated funds seeded for 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. The Company does not use derivative financial instruments for speculative purposes.

The Company records all derivatives as either assets or liabilities on the Consolidated Balance Sheet and measures those investments at fair value. For derivative financial instruments that are designated as cash flow hedging instruments, the effective portion of the derivative's gain or loss is initially reported as a component of other comprehensive income 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 these assets would immediately decline, as would future cash flows.

The Company evaluates the carrying value of its deferred sales commission asset 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 the remaining useful life of the deferred sales commission asset 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 continue to 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 term of the lease. Equipment and leasehold improvements are tested for impairment whenever changes in facts or circumstances indicate that the carrying amount of the 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 the acquisitions of Atlanta Capital Management and Parametric Portfolio Associates LLC ("Parametric Portfolio Associates"), which share similar economic characteristics, to one reporting unit. The Company attributes all goodwill associated with the acquisition 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 value of the reporting units to the carrying amounts, including goodwill. The Company establishes fair value for the purpose of impairment testing by either using the income approach or by averaging fair value established using an income approach and fair value established using a market approach, depending on the reporting unit.

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 at the reporting unit level. 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 acquisition.

The market approach employs market multiples for comparable publicly traded companies 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 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.

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 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.

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 deficit

In conjunction with the adoption of provisions of a new consolidation standard on November 1, 2010, the Company recorded a cumulative effect adjustment to appropriated deficit of $30.7 million, equal to the difference between the fair value of the consolidated CLO's assets and the fair value of its liabilities that can be attributed to external investors. This amount was recorded as appropriated retained earnings since the CLO's external note holders, not the Company, will receive the benefits or absorb the losses associated with their proportionate share of the CLO's assets and liabilities. In fiscal 2011, the net change in the fair value of the CLO's assets and liabilities that can be attributed to those note holders has been recorded as net income attributable to non-controlling and other beneficial interests and as an adjustment to appropriated deficit.

Revenue recognition

Investment advisory and administration fees
Investment advisory and administration 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 primarily based on predetermined percentages of the market values of the assets under management. The Company's fund investment advisory and administration 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 administration 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 administration services at its discretion.

The Company has contractual arrangements with third parties to provide certain fund-related services, including subadvisory 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 administration fees are recorded gross of any subadvisory payments, with the corresponding fees paid to any subadvisor based on the terms of those arrangements included in fund 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"); spread-load commission ("Class B"); level-load commission ("Class C"); institutional no-load ("Class I") 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 assets and recorded in revenue as earned, gross of any third-party distribution and service fee payments made. Both 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) distribution and service fees of up to 30 basis points of average net assets annually.

Class B shares are offered at net asset value, with EVD paying a commission to the selling dealer at the time of sale from its own funds, which may be borrowed. Such payments are capitalized as deferred sales commissions and amortized over the period during which the shareholder is subject to a contingent deferred sales charge, which does not exceed six years. EVD recovers the dealer commissions paid on behalf of the shareholder through distribution fees limited to an annual rate of 75 basis points annually of the average net assets of the

Class B shares. In addition, EVD receives (and then pays to authorized firms after one year) 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. Effective January 1, 2012, the Company will suspend all sales of Class B shares. Additional investment in this share class will be limited to exchanges and the reinvestment of distributions by existing Class B shareholders.

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's 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 similar to those for Class B shares 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.

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 R shares are offered at net asset value with no front-end sales charge. Class R shares pay 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 ending October 31, 2011, 2010 and 2009.

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 nonforfeitable rights to dividends are considered participating securities. Under the two-class method, earnings per basic share is calculated by dividing net income available to the Company's common 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. The Company's reported net earnings 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 paid per share on the unvested restricted shares are equal to the dividends paid per common shares. 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 using the fair value method. Under the fair value method, stock-based compensation expense reflects the fair value of stock-based awards measured at grant date, is recognized over the relevant service period and is adjusted each period for anticipated forfeitures. The fair value of each option award 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. Stock-based compensation expense for employees who are not retirement eligible is recognized on a straight-line basis over the service or vesting period of the option (generally five years). The Company immediately recognizes compensation expense at grant date for all awards granted to retirement-eligible employees. For awards granted to employees approaching retirement eligibility, compensation expense is recognized on a straight-line basis over the period from the grant date through the retirement eligibility date.

Tax benefits realized upon the exercise of stock options that are in excess of the expense previously recognized for reporting purposes are recorded in shareholders' equity and reflected as a financing activity in the Company's Consolidated Statement 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 Statement of Income and reflected as an operating activity on the Company's Consolidated Statement 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. Foreign currency transaction gains and losses are reflected in other income as they occur.

Comprehensive income

The Company reports all changes in comprehensive income in the Consolidated Statements of Comprehensive Income. Comprehensive income includes net income, the amortization of 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.

Non-controlling interests

Non-redeemable non-controlling interests consist entirely of unvested interests granted to employees of our 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 our consolidated sponsored funds and certain vested interests held by employees of our majority-owned subsidiaries under subsidiary-specific 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 our majority-owned subsidiaries. These interests in our majority-owned subsidiaries are subject to holder put rights 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. Through October 31, 2009, changes in estimated redemption value were recorded in retained earnings; since October 31, 2009 changes in estimated redemption value have been recorded in earnings.

Loss contingencies

The Company continuously reviews any investor, employee or vendor complaints and pending or threatened litigation. The likelihood that a loss contingency exists is evaluated under the criteria of applicable accounting standards through consultation with legal counsel, and a loss contingency is recorded 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 2011:

VIEs
The Company adopted the provisions of a new accounting standard on November 1, 2010 that prescribed a new consolidation model. While the new consolidation model did not change the Company's conclusions regarding consolidation for the majority of VIEs in which it is involved, it did require that the Company consolidate into its Consolidated Balance Sheets one CLO entity with non-recourse assets of $487.0 million and non-recourse liabilities of $456.3 million. The Company irrevocably elected the fair value option for all assets and liabilities of this CLO entity upon adoption. The change in accounting had no effect on the terms of the Company's management contract with this entity, the revenue the Company is contractually entitled to receive from this entity or the Company's exposure to liability with respect to this entity. The Company's maximum exposure to loss related to this entity remains limited to its direct investment and beneficial interest in this entity of $2.3 million and investment management fees receivable of $0.5 million as of October 31, 2011.

In conjunction with the adoption, the Company recorded a cumulative effect adjustment to retained earnings of $1.7 million, representing an adjustment to the carrying value of the Company's direct investment in the CLO entity, and a cumulative effect adjustment to appropriated deficit of $30.7 million, equal to the difference between the fair value of the CLO's assets and the fair value of its liabilities that can be attributed to external investors. This amount was recorded as appropriated retained earnings since the CLO's external note holders, not the Company, will receive the benefits or absorb the losses associated with their proportionate share of the CLO's assets and liabilities.

Subsequent to the effective date, the net income or loss of the CLO entity, including the net change in the fair value of the CLO's assets and liabilities attributable to external note holders, is recorded as net income (loss) attributable to non-controlling and other beneficial interests and as an adjustment to appropriated deficit. In fiscal 2011, the net loss attributable to the note holders of the CLO entity was $34.5 million.

The Company adopted the following accounting standard in fiscal 2010, which impacts the comparability of the financial statements for the periods presented:

Non-controlling Interests
On November 1, 2009, the Company adopted a new accounting standard relating to non-controlling interests in consolidated financial statements. The new accounting standard is intended to establish accounting and reporting standards for non-controlling interests in subsidiaries and for the deconsolidation of subsidiaries. The new accounting standard clarifies that a non-controlling interest in a subsidiary is an ownership interest in that entity that should be reported as equity, separate from the parent's equity, in the consolidated financial statements. The new accounting standard required retrospective adoption of the presentation and disclosure requirements for existing non-controlling interests. All other requirements of the new accounting standard were applied prospectively, including the provision that requires that the Company charge or credit the statement of income for an amount equal to the change in estimated amounts redeemable by the non-controlling interest for something other than fair value. Specifically, the estimated redemption value adjustments for redeemable non-controlling interests resulted in an increase in net income attributable to non-controlling interests of $30.2 million and $18.4 million in fiscal 2011 and 2010, respectively.

3. New Accounting Standards Not Yet Adopted

Testing goodwill for impairment

In September 2011, the Financial Accounting Standards Board ("FASB") issued an amendment to the existing goodwill impairment guidance. The terms of the amendment permit a reporting entity to first assess qualitative factors to determine whether it is necessary to perform step one of the two-step goodwill impairment test. The new guidance is effective for the Company for the fiscal year that begins on November 1, 2012. The adoption of this new guidance is not expected to have a material effect on the Company's Consolidated Financial Statements.

Fair value measurements

In May 2011, the FASB issued an amendment that modifies and clarifies existing fair value measurement and disclosure guidance. The amendment results in common requirements for measuring fair value and for disclosing information about fair value measurements in accordance with GAAP and International Financial Reporting Requirements. In some instances, the amendment changes principles and requirements for measuring fair value and for disclosing information about fair value measurements. The amendment is effective for the Company's fiscal quarter that begins on February 1, 2012. Early application is prohibited. The adoption of this new guidance is not expected to have a material effect on the Company's Consolidated Financial Statements.

4. Investments

The following is a summary of investments at October 31, 2011 and 2010:

(in thousands)	2011	2010
Corporate debt securities	$ 4,832	$ 4,732
Consolidated funds:		
Debt securities	69,083	111,585
Equity securities	74,434	88,184
Separately managed accounts:		
Debt securities	11,307	3,666
Equity securities	33,553	28,692
Sponsored funds	39,841	37,541
CLO entities	278	1,391
Investments in affiliates	46,900	51,111
Other investments	7,507	7,507
Total investments	$ 287,735	$ 334,409

Investments classified as trading

The following is a summary of the cost and fair value of investments classified as trading at October 31, 2011 and 2010. These investments include corporate debt securities held directly by the company and debt and equity securities held in the portfolios of consolidated funds and separately managed accounts seeded for product development purposes.

2011

(in thousands)	Cost	Fair Value
Debt securities	$ 83,852	$ 85,222
Equity securities	105,230	107,987
Total investments	$ 189,082	$ 193,209

2010

(in thousands)	Cost	Fair Value
Debt securities	$ 119,159	$ 119,983
Equity securities	111,814	116,876
Total investments	$ 230,973	$ 236,859

The Company recognized $6.8 million, $1.6 million and $8.3 million of net unrealized gains related to investments classified as trading for the years ended October 31, 2011, 2010 and 2009, respectively.

During fiscal 2011, the Company deconsolidated its investments in Eaton Vance International (Ireland) U.S. Research Fund, Eaton Vance Richard Bernstein Multi-Market Equity Strategy Fund and Eaton Vance Option Absolute Return LLC when the Company redeemed all of its shares.

In addition, the Company deconsolidated its investments in Eaton Vance Parametric Structured International Equity Fund, Eaton Vance Short Term Real Return Fund, Eaton Vance Tax-Advantaged Bond Strategies Long Term Fund, Eaton Vance Tax-Advantaged Bond Strategies Intermediate Term Fund, Eaton Vance Option Absolute Return Strategy Fund and Eaton Vance Parametric Structured International Equity Fund when its ownership interest fell below 50 percent. The Company's remaining investment in Eaton Vance Option Absolute Return Strategy Fund and Eaton Vance Parametric Structured Commodity Strategy Fund is now classified as investments in affiliates at October 31, 2011; the Company's remaining investments in each of the other deconsolidated funds are classified as investments available for sale at October 31, 2011.

Investments classified as available-for-sale

The following is a summary of the cost, gross unrealized gains and losses, and fair value of investments classified as available-for-sale at October 31, 2011 and 2010:

2011		Gross Unrealized		
(in thousands)	Cost	Gains	Losses	Fair Value
Sponsored funds	$ 34,368	$ 5,518	$ (45)	$ 39,841

2010		Gross Unrealized		
(in thousands)	Cost	Gains	Losses	Fair Value
Sponsored funds	$ 34,300	$ 3,655	$ (414)	$ 37,541

Gross unrealized gains and losses on investments in sponsored funds classified as available-for-sale have been excluded from earnings and reported as a component of accumulated other comprehensive income (loss), net of deferred taxes. No investment with a gross unrealized loss has been in a loss position for greater than one year.

The Company reviewed the gross unrealized losses of $45,000 as of October 31, 2011 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 $0.7 million at October 31, 2011.

The following is a summary of the Company's realized gains and losses upon disposition of sponsored funds and certain equity securities classified as available-for-sale for the years ended October 31, 2011, 2010 and 2009.

(in thousands)	**2011**	**2010**	**2009**
Gains	$ 3,212	$ 3,108	$ 1,959
Losses	(2,626)	(60)	(397)
Net realized gains	$ 586	$ 3,048	$ 1,562

Investments in CLO entities

The Company provides investment management services for, and has made investments in, a number of CLO entities. 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, 2011 and 2010, combined assets under management in the pools of these unconsolidated CLO entities were $1.9 billion. 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 $0.3 million and $1.4 million at October 31, 2011 and 2010, respectively. Investors in CLO entities have no recourse against the Company for any losses sustained in the CLO structure.

The Company did not recognize any impairment losses in fiscal 2011 or 2010.

In fiscal 2011, the Company sold its equity interest in a non-consolidated CLO entity and recognized a realized gain of $1.9 million in its Consolidated Statements of Income.

In fiscal 2009, the Company recognized impairment losses of $1.9 million related to two of the Company's cash instrument CLO entities and a synthetic CLO entity. The impairment losses associated with the cash instrument CLO entities resulted from a decrease in the estimated future cash flows from the CLO entities due to an increase in the default rate of the underlying loan portfolios. The impairment losses associated with the synthetic CLO entity, which reduced the carrying value of the Company's investment in that entity to zero, resulted from a decrease in the estimated cash flows from the entity due to higher realized default rates and lower recovery rates on the reference securities underlying the synthetic CLO entity's portfolio of credit default swaps.

Investments in affiliates

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 $5.5 million in the Company's Consolidated Statements of Income in connection with the sale. The Company's investment in LGM was $8.0 million at October 31, 2010.

The Company has a 7 percent equity interest in a private equity partnership that invests in companies in the financial services industry. The Company's investment in the partnership was $18.4 million and $12.8 million at October 31, 2011 and 2010, respectively.

The Company had equity interests in the following sponsored funds as of October 31, 2011 and 2010.

	Ownership Interest (%)		Ownership Interest ($)	
(dollar amounts in thousands)	**2011**	**2010**	**2011**	**2010**
Eaton Vance Parametric Option Absolute Return Strategy Fund	27 %	-	$ 19,298	$ -
Eaton Vance Parametric Structured Commodity Strategy Fund	47 %	-	9,190	-
Eaton Vance Global Macro Absolute Return Advantage Fund	-	33 %	-	30,259

No impairment losses in value of the Company's investments in affiliates were recognized during the years ended October 31, 2011, 2010 or 2009.

Other investments

Included in other investments are certain investments carried at cost totaling $7.5 million for the years ended October 31, 2011 and 2010, respectively. Management believes that the carrying value of its other investments approximates their fair value.

5. Fair Value Measurements

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

Substantially all of the Company's investments are carried at fair value, with the exception of its investments in non-consolidated CLO entities that have not been impaired in the current fiscal period and certain non-marketable investments that are accounted for using the equity or cost method.

There were no significant transfers between Level 1 and Level 2 during the years ending October 31, 2011 and 2010.

The following is a description of the valuation methodologies used for financial assets and liabilities measured at fair value, as well as the general classification of such financial assets and liabilities pursuant to the valuation hierarchy.

Financial Instrument	Hierarchy	Valuation Methodology
Cash Equivalents	Level 1	Includes investments in money market funds. Fair value is determined based upon unadjusted quoted market prices.
	Level 2	Includes agency securities. Fair value is determined based upon observable inputs other than Level 1 unadjusted quoted market prices, such as 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.
Investments	Level 1	Includes certain debt and certain equity securities held in the portfolios of consolidated funds and separately managed accounts, which are classified as trading, and investments in sponsored funds. Fair value is determined based upon unadjusted quoted market prices.
	Level 2	Includes commercial paper, certain debt securities, certain equity securities, investments in privately offered equity funds that are not listed but have a net asset value that is comparable to mutual funds and investments in portfolios that have a net asset value that is comparable to mutual funds. Fair value is determined using 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. If events occur after the close of the primary market for any security, the quoted market prices may be adjusted for the observable price movements of country-specific market proxies.

Financial Instrument	Hierarchy	Valuation Methodology
Derivative assets and liabilities	Level 2	Includes foreign exchange contracts, stock index futures contracts and commodity futures contracts. Foreign exchange contract pricing is determined by interpolating a value using the spot foreign currency rate based on spot rate and currency exchange rate differentials, which are all observable inputs. Index futures contracts and commodity futures contracts pricing is determined by a third-party pricing service that determines fair value based on bid and ask prices.
Securities sold, not yet purchased	Level 2	Pricing is determined by a third-party pricing service that determines fair value based on bid and ask prices.
Assets of consolidated collateralized loan obligation entity	Level 1	Includes investments in money market funds and certain equity securities. Fair value is determined based upon unadjusted quoted market prices.
	Level 2	Includes bank loans, debt and equity securities. Fair value is determined based upon valuations obtained from independent third-party broker or dealer prices and are derived from such services matrix pricing models, which considers information regarding securities with similar characteristics to determine the valuation.
	Level 3	Includes warrants, bank loans and equity securities. In certain instances the fair value has been determined using discounted cash flow analyses. Fair value in which pricing is received from one non-binding broker quote is also considered to be Level 3.
Liabilities of consolidated collateralized loan obligation entity	Level 3	Includes senior and subordinated note obligations. Fair value is determined primarily from model-based valuation techniques in which one or more significant inputs are unobservable in the market.

Other assets not held at fair value include investments in equity method investees and other investments carried at cost which, in accordance with GAAP, are not measured at fair value.

The following table summarizes the assets and liabilities measured at fair value on a recurring basis and their assigned levels within the hierarchy at October 31, 2011.

2011

(in thousands)	Level 1	Level 2	Level 3	Other Assets Not Held at Fair Value	Total
Cash equivalents	$ 6,691	$ 360,676	$ -	$ -	$ 367,367
Investments:					
Corporate debt securities	$ -	$ 4,832	$ -	$ -	$ 4,832
Consolidated funds:					
Debt securities	6,879	62,204	-	-	69,083
Equity securities	69,279	5,155	-	-	74,434
Separately managed accounts:					
Debt securities	4,429	6,878	-	-	11,307
Equity securities	33,511	42	-	-	33,553
Sponsored funds	36,128	3,713	-	-	39,841
Collateralized loan obligation entities	-	-	-	278	278
Investments in affiliates	-	-	-	46,900	46,900
Other investments	-	37	-	7,470	7,507
Total Investments	$ 150,226	$ 82,861	$ -	$ 54,648	$ 287,735

2011

(in thousands)	Level 1	Level 2	Level 3	Other Assets Not Held at Fair Value	Total
Other financial assets:					
Derivative financial assets	$ -	$ 1,060	$ -	$ -	$ 1,060
Assets of consolidated collateralized loan obligation entity:					
Cash equivalents	15,829	-	-	-	15,829
Bank loans and other investments	85	456,591	5,910	-	462,586
Total other financial assets	$ 15,914	$ 457,651	$ 5,910	$ -	$ 479,475
Financial liabilities:					
Derivative financial liabilities	$ -	$ 6,654	$ -	$ -	$ 6,654
Securities sold, not yet purchased	-	6,270	-	-	6,270
Liabilities of consolidated collateralized loan obligation entity:					
Senior and subordinated note obligations	-	-	477,699	-	477,699
Total financial liabilities	$ -	$ 12,924	$ 477,699	$ -	$ 490,623

The following table summarizes the assets and liabilities measured at fair value on a recurring basis and their assigned levels within the hierarchy at October 31, 2010:

2010

(in thousands)	Level 1	Level 2	Level 3	Other Assets Not Held at Fair Value	Total
Cash equivalents	$ 1,291	$ 90,416	$ -	$ -	$ 91,707
Investments:					
Corporate debt securities	$ -	$ 4,732	$ -	$ -	$ 4,732
Consolidated funds:					
Debt securities	9,372	102,213	-	-	111,585
Equity securities	45,135	43,049	-	-	88,184
Separately managed accounts:					
Debt securities	-	3,666	-	-	3,666
Equity securities	27,724	968	-	-	28,692
Sponsored funds	34,194	3,347	-	-	37,541
Collateralized loan obligation entities	-	-	-	1,391	1,391
Investments in affiliates	-	-	-	51,111	51,111
Other investments	-	37	-	7,470	7,507
Total investments	$ 116,425	$ 158,012	$ -	$ 59,972	$ 334,409
Other financial assets:					
Derivative financial assets	$ -	$ 582	$ -	$ -	$ 582
Financial liabilities:					
Derivative financial liabilities	$ -	$ 3,519	$ -	$ -	$ 3,519
Securities sold, not yet purchased	-	731	-	-	731
Total financial liabilities	$ -	$ 4,250	$ -	$ -	$ 4,250

The changes in Level 3 assets and liabilities measured at fair value on a recurring basis for the fiscal year ended October 31, 2011 were as follows:

(in thousands)	Bank loans and other investments of consolidated CLO entity	Senior and subordinated note obligations of consolidated CLO entity
Balance at November 1, 2010	$ -	$ -
Adjustment for adoption of new consolidation guidance	5,265	444,087
Net losses on investments and note obligations[(1)]	1,314	33,612
Purchases, sales and settlements, net	(1,353)	-
Net transfers into (out of) Level 3	684	-
Balance at October 31, 2011	$ 5,910	$ 477,699
Change in unrealized gains included in net income relating to assets and liabilities held at October 31, 2011	$ 1,314	$ 33,612

(1) *Substantially all net losses on investments and note obligations attributable to the assets and borrowings of the Company's consolidated CLO entity are allocated to non-controlling and other beneficial interests on the Company's Consolidated Statement of Income.*

The transfers into (out of) Level 3 is the result of changes in the observability of the inputs in the valuation model.

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 a different estimate of fair value at the reporting date.

The Company maintains an investment in one non-consolidated CLO entity totaling $0.3 million at October 31, 2011. The Company's investment in this CLO entity is carried at amortized cost unless facts and circumstances indicate that the investment has been impaired, at which point the investment is written down to fair value.

6. Derivative Financial Instruments

Derivative financial instruments designated as cash flow hedges

In October 2007, the Company issued $500 million in aggregate principal amount of 6.5 percent senior notes due October 2017. In anticipation of the offering, the Company entered into an interest rate lock transaction with an aggregate notional amount of $200 million intended to hedge against movements in ten-year Treasury rates between the time at which the decision was made to issue the debt and the pricing of the securities. The prevailing Treasury rate had declined at the time of the pricing of the securities, and the interest rate lock was settled for a payment by the Company of $4.5 million. At termination, the interest rate lock was determined to be an effective cash flow hedge and the $4.5 million settlement cost was recorded as a loss in other comprehensive income (loss), net of tax. The loss recorded in other comprehensive income (loss) is being reclassified to earnings as a component of interest expense over the term of the debt. During the fiscal years ended October 31, 2011, 2010, and 2009, the Company each year reclassified $0.4 million of the loss on the Treasury lock transaction into interest expense. At October 31, 2011, the remaining unamortized loss on this transaction was $2.6 million. During fiscal 2012, the Company expects to reclassify approximately $0.4 million of the loss on the Treasury lock transaction into interest expense.

Other derivative financial instruments not designated for hedge accounting

The Company has entered into a series of foreign exchange contracts, stock index futures contracts and commodity futures contracts to structurally hedge currency risk exposure and market risk associated with its investments in separate accounts and consolidated funds seeded for new product development purposes.

At October 31, 2011, the Company had ten outstanding foreign exchange contracts with four counterparties with an aggregate notional value of $7.8 million. At October 31, 2011, the Company had ten outstanding stock index futures contracts with one counterparty with an aggregate notional value of $90.8 million. In addition, at October 31, 2011 the Company had twenty-three outstanding commodity futures contracts with one counterparty with an aggregate notional value of $23.4 million.

The following table presents the fair value as of October 31, 2011 of derivative instruments not designated as hedging instruments:

October 31, 2011

	Assets		**Liabilities**	
(in thousands)	**Balance Sheet Location**	**Fair Value**	**Balance Sheet Location**	**Fair Value**
Foreign exchange contracts	Other assets	$ 24	Other liabilities	$ 124
Stock index futures contracts	Other assets	157	Other liabilities	6,363
Commodity futures contracts	Other assets	879	Other liabilities	167
Total		$ 1,060		$ 6,654

The following table presents the fair value as of October 31, 2010 of derivative instruments not designated as hedging instruments:

October 31, 2010

	Assets		**Liabilities**	
(in thousands)	**Balance Sheet Location**	**Fair Value**	**Balance Sheet Location**	**Fair Value**
Foreign exchange contracts	Other assets	$ 12	Other liabilities	$ 1,187
Stock index futures contracts	Other assets	489	Other liabilities	1,415
Commodity futures contracts	Other assets	81	Other liabilities	917
Total		$ 582		$ 3,519

The following is a summary of the net gains (losses) recognized in income for the year ended October 31, 2011:

(in thousands)	**Income Statement Location**	**2011**	**2010**	**2009**
Foreign exchange contracts	Net gains on investments and derivatives	$ (1,495)	$ (810)	$ -
Stock index futures contracts	Net gains on investments and derivatives	(2,658)	(1,923)	42
Commodity futures contracts	Net gains on investments and derivatives	305	(836)	-
Total		$ (3,848)	$ (3,569)	$ 42

7. Fair Value Measurements of Other Financial Instruments

Certain financial instruments are not required to be carried on the Consolidated Balance Sheet at fair value. The following is a summary of the carrying amounts and estimated fair values of these financial instruments at October 31, 2011 and 2010:

	2011		**2010**	
(in thousands)	**Carrying Value**	**Fair Value**	**Carrying Value**	**Fair Value**
Other investments	$ 7,470	$ 7,470	$ 7,470	$ 7,470
Notes receivable from stock option exercises	$ 4,441	$ 4,441	$ 3,158	$ 3,158
Debt	$ 500,000	$ 566,047	$ 500,000	$ 590,692

For fair value purposes the carrying value of other investments and notes receivable from stock option exercises approximates fair value. The carrying value of the Company's debt has been determined using publicly available market prices, which are considered Level 1 inputs.

8. VIEs

In the normal course of business, the Company maintains investments in sponsored CLO entities 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 advisor, to launch or market these vehicles. The Company receives management fees for the services it provides as collateral manager or investment advisor to these entities. These fees may also be considered variable interests.

To determine whether or not the Company should be treated as the primary beneficiary of a VIE, management must make significant estimates and assumptions regarding probable 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.

Investments in VIEs that are consolidated

CLO entity

As described in Note 2, the Company adopted the provisions of a new consolidation standard on November 1, 2010 that resulted in the consolidation of a CLO entity.

The Company irrevocably elected the fair value option for all assets and liabilities of this CLO entity upon adoption of the new accounting guidance. The Company elected the fair value option to mitigate any accounting mismatches between the carrying value of the senior and subordinated note obligations and the carrying value of the assets that are held to provide the cash flows for those note obligations. Unrealized gains and losses on assets and liabilities for which the fair value option has been elected are reported in earnings. Although the subordinated note obligations of the CLO entity have certain equity characteristics, the Company has determined that the subordinated notes should be recorded as liabilities on the Company's Consolidated Balance Sheet.

The assets of this CLO entity are held solely as collateral to satisfy the obligations of the entity. The Company has no right to the benefits from, nor does the Company bear the risks associated with, the assets held by the entity beyond the Company's minimal direct investment and beneficial interest therein and management fees generated from the entity. The note holders of the CLO entity 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 entity.

The following table presents, as of October 31, 2011, the fair value of the CLO entity's assets and liabilities subject to fair value accounting:

	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	$ 474,515	$ 1,192	$ 500,066
Excess unpaid principal balance over fair value	(17,820)	(617)	(22,367)
Fair value	$ 456,695	$ 575	$ 477,699

During fiscal 2011, changes in the fair values of the CLO entity's bank loans and other investments resulted in net losses of $4.6 million, while an increase in the fair value of the CLO's entity's note obligations resulted in net losses of $33.6 million. The combined net losses of $38.2 million were recorded as net losses on bank loans, other investments and note obligations of the consolidated CLO entity on the Company's Consolidated Statements of Income for the fiscal year ended October 31, 2011. Substantially all of the losses related to the CLO entity's bank loans, other investments and note obligations recorded in earnings for the period were attributable to changes in instrument-specific credit risk due to the credit spreads for these instruments tightening while benchmarked interest rates remained relatively unchanged.

The CLO entity's note obligations bear interest at variable rates based on LIBOR plus a pre-defined spread, which ranges from 0.21 percent to 1.50 percent. The principal amounts outstanding of the note obligations issued by the CLO entity mature on April 20, 2019. The CLO entity may elect to reinvest any prepayments received on bank loans or other investments prior to April 2013. Any subsequent prepayments received must be used to pay down its note obligations.

Interest income and expense are recorded on an accrual basis and reported as interest income and interest expense in other income (expense) of the consolidated CLO entity on the Company's Consolidated Statements of Income for the fiscal year ended October 31, 2011.

At October 31, 2011, the following carrying amounts related to this CLO entity were included in the Company's Consolidated Balance Sheet:

(in thousands)	**October 31, 2011**
Assets of consolidated CLO entity:	
Cash and cash equivalents	$ 16,521
Bank loans and other investments	462,586
Other assets	2,715
Liabilities of consolidated CLO entity:	
Senior and subordinated note obligations	477,699
Other liabilities	5,193
Appropriated deficit	(3,867)
Total net interest in consolidated CLO entity	$ 2,797

For the fiscal year ended October 31, 2011, the Company recorded a net loss of $31.0 million related to the CLO entity. A net loss of $34.5 million for the fiscal year ended October 31, 2011 was included in net income attributable to non-controlling and other beneficial interests, reflecting the interests of third-party note holders of the CLO entity.

Other entities
Parametric Portfolio Associates maintains a 60 percent economic interest in Parametric Risk Advisors, which meets the definition of a VIE. The Company has made the determination that Parametric Portfolio Associates is the primary beneficiary of the VIE based on the fact that Parametric Portfolio Associates has the ability to direct the activities of Parametric Risk Advisors that most significantly impact its economic performance and Parametric Portfolio Associates is committed to providing ongoing working capital and infrastructure support. Additionally, Parametric Portfolio Associates is obligated to absorb all of the losses of Parametric Risk Advisors that could potentially be significant to Parametric Risk Advisors.

Parametric Risk Advisors had assets of $4.9 million and $3.8 million on October 31, 2011 and 2010, respectively, consisting primarily of cash and cash equivalents and investment advisory fees receivable, and liabilities of $2.5 million and $1.7 million on October 31, 2011 and 2010, respectively, consisting primarily of accrued compensation, accounts payable, accrued expenses and intercompany payables. Neither the Company's variable interest nor maximum risk of loss related to this VIE was material to the Company's Consolidated Financial Statements at either balance sheet date.

Investments in VIEs that are not consolidated

CLO entities
The Company is not deemed the primary beneficiary of three CLO entities in which it holds variable interests. These non-consolidated entities had total assets of $1.9 billion as of October 31, 2011 and 2010. 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 held investments in these entities totaling $0.3 million and $1.4 million on October 31, 2011 and 2010, respectively, and collateral management fees receivable totaling $3.0 million and $1.8 million on October 31, 2011 and 2010, respectively. In the fiscal year ended October 31, 2011, 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 the CLO entities as of October 31, 2011.

The Company's investments in the CLO entities identified above are collectively disclosed as a component of investments in Note 4. Income from these entities is recorded as a component of interest 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 $9.6 billion and $10.9 billion as of October 31, 2011 and 2010, respectively. The Company's variable interests in these entities consist of the Company's direct ownership in these entities and any investment advisory fees earned but uncollected. The Company held investments in these entities totaling $3.7 million and $3.3 million on October 31, 2011 and 2010, respectively, and investment advisory fees receivable totaling $0.4 million on October 31, 2011 and 2010, respectively. In the fiscal year ended October 31, 2011, 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 entities is limited to the carrying value of its investments and investment advisory fees receivable from the entities as of October 31, 2011.

The Company's investments in privately offered equity funds are carried at fair value and included in investments in sponsored funds, which are disclosed as a component of investments in Note 4. These investments are classified as available-for-sale and the Company records any change in fair value, net of income tax, in other comprehensive income (loss).

9. Equipment and Leasehold Improvements

The following is a summary of equipment and leasehold improvements at October 31, 2011 and 2010:

(in thousands)	**2011**	**2010**
Equipment	$ 70,546	$ 70,584
Leasehold improvements	51,056	45,805
Subtotal	121,602	116,389
Less: Accumulated depreciation and amortization	(54,375)	(45,170)
Equipment and leasehold improvements, net	$ 67,227	$ 71,219

Depreciation and amortization expense was $15.8 million, $ 15.4 million, and $14.1 million for the years ended October 31, 2011, 2010 and 2009, respectively.

10. Acquisitions, Goodwill and Intangible Assets

Parametric Risk Advisors LLC ("Parametric Risk Advisors")
Parametric Risk Advisors is a majority-owned subsidiary of Parametric Portfolio Associates. In fiscal 2011, the Company exercised a call option requiring the non-controlling interest holders of Parametric Risk Advisors to sell units representing a 9 percent ownership interest in Parametric Risk Advisors for $2.3 million. 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, 2011. As a result of the transaction, the Company's ownership interest increased from 51 percent to 60 percent. The payment was treated as an equity transaction and reduced redeemable non-controlling interests at closing. Parametric Portfolio Associates has the right to purchase the remaining non-controlling interest in Parametric Risk

Advisors over a four-year period based on a prescribed multiple of earnings before interest and taxes of the entity for the twelve months ending April 30, 2012 and the next three twelve-month periods. The exercise of the call rights is not contingent upon the non-controlling interest holders of Parametric Risk Advisors remaining employees of the Company.

In fiscal 2010, Parametric Portfolio Associates exercised a call option requiring the non-controlling interest holders of Parametric Risk Advisors to sell units representing an 11 percent ownership interest in Parametric Risk Advisors for $2.2 million. As a result of the transaction, the Company's ownership interest increased from 40 percent to 51 percent. The payment was treated as an equity transaction and resulted in a reduction to redeemable non-controlling interest.

Parametric Portfolio Associates
In fiscal 2011, the non-controlling interest holders of Parametric Portfolio Associates exercised a put option requiring the Company to purchase for $4.3 million an additional interest in Parametric Portfolio Associates representing a 0.5 percent capital interest and a 0.9 percent profit interest in the entity. Pursuant to the acquisition agreement, the exercise price of the put option was based on a multiple of earnings before taxes for the calendar year ended December 31, 2010. The transaction reduced the capital interests held by non-controlling interest holders from 5.7 percent on October 31, 2010 to 5.2 percent on October 31, 2011. Profit interests held by non-controlling interest holders, which include direct profit interests in Parametric Portfolio Associates as well as indirect profit interests granted as part of a long-term equity incentive plan of that entity, increased to 11.4 percent on October 31, 2011 from 11.1 percent on October 31, 2010, reflecting an additional 1.2 percent profit interest granted under the long-term equity incentive plan partly offset by the repurchase of the 0.9 percent profit interest referenced above. The exercise of the put was treated as an equity transaction and reduced redeemable non-controlling interests at closing.

In fiscal 2010, the Company exercised a call option requiring the non-controlling interest holders of Parametric Portfolio Associates to sell to the Company for $9.0 million units representing a 1.9 percent capital ownership interest and a 3.1 percent profits interest in the entity. The transaction reduced the capital interests held by non-controlling interest holders from 7.6 percent on October 31, 2009 to 5.7 percent on October 31, 2010. Profit interests held by non-controlling interest holders, which include direct profit interests in Parametric Portfolio Associates as well as indirect profit interests granted as part of a long-term equity incentive plan of that entity decreased to 11.1 percent on October 31, 2010 from 12.5 percent on October 31, 2009, reflecting the repurchase of the 3.1 percent profit interest referenced above partly offset by a 1.2 percent profit interest granted under the long-term equity incentive plan. The exercise of the call was treated as an equity transaction and reduced redeemable non-controlling interests at closing.

Non-controlling interest holders of Parametric Portfolio Associates have the right to sell to the Company 3.3 percent of the capital of Parametric Portfolio Associates (which entitles the holders to a 5.4 percent profits interest) based on the financial results of Parametric Portfolio Associates for the calendar year ending December 31, 2011. Non-controlling interest holders of Parametric Portfolio Associates will have the right to sell to the Company the remaining 1.9 percent of the capital of Parametric Portfolio Associates (which entitles the holder to the remaining 3.1 percent profits interest) based on financial results of Parametric Portfolio Associates for the calendar year ending December 31, 2012. The Company has the right to purchase the remaining capital and associated profit interests held by the non-controlling interest holders of Parametric Portfolio Associates based on its financial results for the calendar year ending December 31, 2012. Prices for acquiring capital and profits interests in Parametric Portfolio Associates will be based on a multiple of earnings before interest and taxes. Neither the exercise of the puts nor the exercise of the calls is contingent upon the non-controlling interest holders of Parametric Portfolio Associates remaining employees of the Company.

Atlanta Capital Management

Non-controlling interest holders of Atlanta Capital Management have the right to sell a 10.3 percent interest in Atlanta Capital Management to the Company at a multiple of earnings before taxes based on the financial results of Atlanta Capital Management for the fiscal year ending October 31, 2011 and each year thereafter subject to certain restrictions. The Company has the right to purchase the remaining non-controlling interest at a multiple of earnings before taxes based on Atlanta Capital Management's financial results for the fiscal year ending October 31, 2013 and each year thereafter. Neither the exercise of the puts nor the exercise of the calls is contingent upon the non-controlling interest holders of Atlanta Capital Management remaining employees of the Company.

Profit interests held by non-controlling interest holders, which include direct profit interests in Atlanta Capital Management as well as indirect profit interests granted as part of a long-term equity incentive plan of that entity, increased to 16.9 percent on October 31, 2011 from 15.2 percent on October 31, 2010, reflecting an additional 1.7 percent profit interest granted under the long-term equity incentive plan.

Fox Asset Management

During fiscal 2011, the non-controlling interest holders of Fox Asset Management executed a put option requiring the Company to purchase an additional 16 percent interest in Fox Asset Management. The transaction settled on March 1, 2011 and increased the Company's ownership interest from 84 percent to 100 percent. Pursuant to the terms of the unit purchase agreement, no proceeds were transferred at closing.

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. 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 from this acquisition are adjusted to the purchase price allocation.

During fiscal 2011, the Company made a contingent payment of $11.6 million to the selling group based upon prescribed multiples of TABS's revenue for the twelve months ended December 31, 2010. The payment reduced the contingent purchase price liability to zero and increased goodwill by $6.5 million. The Company will be obligated to make five additional annual contingent payments to the selling group based on prescribed multiples of TABS's revenue for the twelve months ending December 31, 2011, 2012, 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 2010, the Company made a contingent payment of $8.8 million to the selling group based upon prescribed multiples of TABS revenue for the twelve months ended December 31, 2009. The payment reduced the contingent purchase price liability to $5.1 million as of October 31, 2010.

Goodwill

The changes in the carrying amount of goodwill for the years ended October 31, 2011 and 2010 are as follows:

(in thousands)	**2011**	**2010**
Balance, beginning of period	$ 135,786	$ 135,786
Goodwill acquired	6,516	-
Balance, end of period	$ 142,302	$ 135,786

All acquired goodwill is deductible for tax purposes.

The Company completed its most recent goodwill impairment testing in the fourth quarter of fiscal 2011 and determined that there was no impairment in the value of this asset as of September 30, 2011. 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, 2010 and 2009.

Intangible assets

The following is a summary of intangible assets at October 31, 2011 and 2010:

October 31, 2011

(dollars in thousands)	**Weighted-average remaining amortization period (in years)**	**Gross carrying amount**	**Accumulated amortization**	**Net carrying amount**
Amortizing intangible assets:				
Client relationships acquired	7.9	$ 110,327	$ (50,749)	$ 59,578
Intellectual property acquired	14.6	1,000	(62)	938
Non-amortizing intangible assets:				
Mutual fund management contract acquired		6,708	-	6,708
Total		$ 118,035	$ (50,811)	$ 67,224

October 31, 2010

(dollars in thousands)	Weighted-average remaining amortization period (in years)	Gross carrying amount	Accumulated amortization	Net carrying amount
Amortizing intangible assets:				
Client relationships acquired	8.8	$ 109,177	$ (42,867)	$ 66,310
Non-amortizing intangible assets:				
Mutual fund management contract acquired		6,708	-	6,708
Total		$ 115,885	$ (42,867)	$ 73,018

No impairment loss was recognized in the value of amortizing or non-amortizing intangible assets during the years ended October 31, 2011, 2010 or 2009.

Amortization expense was $7.9 million, $7.8 million and $6.9 million for the years ended October 31, 2011, 2010 and 2009, respectively. Estimated amortization expense for the next five years is as follows:

Year Ending October 31, *(in thousands)*	**Estimated Amortization Expense**
2012	$ 7,995
2013	7,995
2014	7,968
2015	7,743
2016	7,301

11. Debt

Senior Notes

The Company has 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 senior notes.

Corporate Credit Facility

The Company's unsecured revolving credit facility expires on August 13, 2012. Under the facility, the Company may borrow up to $200 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 facility agreement 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, 2011 and 2010, the Company had no borrowings outstanding under its unsecured revolving credit facility.

12. Stock-Based Compensation Plans

The Company's stock-based compensation plans include the 2008 Omnibus Incentive Plan, as amended and restated (the "2008 Plan"), the Employee Stock Purchase Plan, the Incentive Plan – Stock Alternative, the Atlanta Capital Management Company, LLC Long-term Equity Incentive Plan (the "ACM Plan") and the Parametric Portfolio Associates LLC, Long-term Equity Incentive Plan (the "PPA Plan"). The Company recognized total compensation cost related to its plans for the years ended October 31, 2011, 2010 and 2009 as follows:

(in thousands)	**2011**	**2010**	**2009**
2008 Plan:			
Stock options	$ 31,536	$ 32,225	$ 34,305
Restricted shares	17,180	13,065	5,920
Phantom stock units	264	301	195
Employee Stock Purchase Plan	782	1,099	897
Incentive Plan – Stock Alternative	373	342	153
ACM Plan	639	408	200
PPA Plan	1,520	720	-
Total stock-based compensation expense	$ 52,294	$ 48,160	$ 41,670

The total income tax benefit recognized for stock-based compensation arrangements was $16.5 million, $15.0 million and $12.0 million for the years ended October 31, 2011, 2010 and 2009, respectively.

2008 Omnibus Incentive Plan

The 2008 Plan, which is administered by the Compensation Committee of the Board, 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 2008 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 2008 Plan vest over five years and may be subject to performance goals. Phantom stock units granted under the 2008 Plan vest over two years. The 2008 Plan contains change in control provisions that may accelerate the vesting of awards. A total of 16.8 million shares of Non-Voting Common Stock have been reserved for issuance under the 2008 Plan. Through October 31, 2011, 3.0 million restricted shares and options to purchase 8.5 million shares have been issued pursuant to the 2008 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 in effect at the time of grant.

The weighted-average fair value per share of stock options granted during the years ended October 31, 2011, 2010 and 2009 using the Black-Scholes option pricing model were as follows:

	2011	2010	2009
Weighted-average grant date fair value of options granted	$8.55	$8.84	$6.72
Assumptions:			
Dividend yield	2.2% to 2.5%	1.8% to 2.3%	2.3% to 3.1%
Volatility	34%	33%	32% to 34%
Risk-free interest rate	2.2% to 3.1%	2.7% to 3.6%	2.9% to 4.6%
Expected life of options	7.3 years	7.3 years	7.4 years

Stock option transactions under the 2008 Plan and predecessor plans for the year ended October 31, 2011 are summarized as follows:

(share and intrinsic value figures in thousands)	**Shares**	**Weighted-Average Exercise Price**	**Weighted-Average Remaining Contractual Term**	**Aggregate Intrinsic Value**
Options outstanding, beginning of period	28,712	$ 25.16		
Granted	2,813	29.41		
Exercised	(3,341)	16.68		
Forfeited/expired	(385)	32.74		
Options outstanding, end of period	27,799	$ 26.50	4.9	$ 90,040
Options exercisable, end of period	18,174	$ 24.23	3.5	$ 81,014
Vested or expected to vest at October 31, 2011	27,414	$ 26.44	4.8	$ 89,679

The Company received $53.5 million, $49.5 million and $21.5 million related to the exercise of options for the years ended October 31, 2011, 2010 and 2009, respectively. Options exercised represent newly issued shares. The total intrinsic value of options exercised during the years ended October 31, 2011, 2010 and 2009 was $36.8 million, $50.7 million and $27.8 million, respectively. The total fair value of options that vested during the year ended October 31, 2011 was $31.4 million.

As of October 31, 2011, there was $37.4 million of compensation cost related to unvested stock options granted under the 2008 Plan and predecessor plans not yet recognized. That cost is expected to be recognized over a weighted-average period of 2.5 years.

In November 2011, the Company granted options for the purchase of 3.1 million shares of the Company's Non-Voting Common Stock under the 2008 Plan at a price of $25.06 per share, the then current trading price of the underlying securities.

Restricted Shares

Compensation expense related to restricted share grants is recorded over the forfeiture period of the restricted shares, as they are contingently forfeitable. As of October 31, 2011, there was $46.4 million of compensation cost related to unvested awards not yet recognized. That cost is expected to be recognized over a weighted-average period of 3.2 years.

A summary of the Company's restricted share activity for the year ended October 31, 2011 under the 2008 Plan and predecessor plans is presented below:

(share figures in thousands)	Shares	Weighted-Average Grant Date Fair Value
Unvested, beginning of period	1,792	$ 25.73
Granted	1,060	29.36
Vested	(289)	25.73
Forfeited/expired	(81)	26.45
Unvested, end of period	2,482	$ 27.29

In November 2011, the Company granted a total of 1.4 million shares of restricted shares under the 2008 plan.

Phantom Stock Units
During fiscal 2011, approximately 9,000 phantom stock units were issued to non-employee Directors pursuant to the 2008 Plan. Because these units are contingently forfeitable, compensation expense is recorded over the forfeiture period. As of October 31, 2011, there was $0.1 million of compensation cost related to unvested awards not yet recognized. That cost is expected to be recognized over a weighted-average period of one year.

Employee Stock Purchase Plan

A total of 9.0 million shares of the Company's Non-Voting Common Stock have been reserved for issuance under the Employee Stock Purchase Plan. The plan qualifies under Section 423 of the U.S. Internal Revenue Code and permits eligible employees to direct up to 15 percent of their salaries 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. Through October 31, 2011, 7.9 million shares have been issued pursuant to this plan. The Company received $3.8 million, $3.9 million and $4.1 million related to shares issued under the Employee Stock Purchase Plan for the years ended October 31, 2011, 2010 and 2009, respectively.

Incentive Plan – Stock Alternative

A total of 4.8 million shares of the Company's Non-Voting Common Stock have been reserved for issuance under the Incentive Plan – Stock Alternative. The plan permits employees to direct up to half of their monthly and annual incentive bonuses toward the purchase of Non-Voting Common Stock at 90 percent of the average closing market price of the stock for five business days subsequent to the end of the offering period. Through October 31, 2011, 3.8 million shares have been issued pursuant to this plan. The Company received $3.7 million, $2.9 million and $3.6 million related to shares issued under the Incentive Plan – Stock Alternative for the years ended October 31, 2011, 2010 and 2009, respectively.

ACM Plan

The ACM Plan allows for awards of profit units tied to the financial performance of Atlanta Capital Management to key employees of that entity. Profit units granted under the ACM Plan vest over five years and are valued on date of grant utilizing an annual appraisal. The annual appraisal is developed using two models, a fading growth model and a guideline company model. These models utilize appropriate discount rates as well as relevant investment management industry market multiples. Profit units are redeemed 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 or upon termination of employment. Profit units are not reserved for issuance; the number of profit units authorized for awards is determined annually by the Company on the first day of the fiscal year.

In the year ended October 31, 2011, approximately 38,500 profit units tied to the financial performance of Atlanta Capital Management were issued to certain employees of that entity pursuant to the ACM Plan at a weighted-average per unit price of $29.90. Because the units are contingently forfeitable, compensation expense is recorded over the forfeiture period of five years. As of October 31, 2011, there was $1.9 million of compensation cost related to unvested awards not yet recognized. That cost is expected to be recognized over a weighted-average period of 3.3 years. Through October 31, 2011, 148,200 profit units have been issued pursuant to the ACM Plan.

PPA Plan

The PPA Plan allows for awards of profit units tied to the financial performance of Parametric Portfolio Associates to key employees of that entity. Profit units granted under the PPA Plan vest over five years and are valued on a date of grant utilizing an annual appraisal. The annual appraisal is developed using two models, a fading growth model and a guideline company model. These models utilize appropriate discount rates as well as relevant investment management industry market multiples. Profit units are redeemed 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 or upon termination of employment. Profit units are not reserved for issuance; the number of profit units authorized for awards is determined annually by the Company on the first day of the fiscal year.

In the year ended October 31, 2011, approximately 7,400 profit units tied to the financial performance of Parametric Portfolio Associates were issued to certain employees of that entity pursuant to the PPA Plan at a weighted-average per unit price of $543.32. Because these units are contingently forfeitable, compensation expense is recorded over the forfeiture period of five years. As of October 31, 2011, there was $5.4 million of compensation cost related to unvested awards not yet recognized. That cost is expected to be recognized over a weighted-average period of 3.6 years. Through October 31, 2011, 17,500 profit units have been issued pursuant to the PPA Plan.

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, 2011, options to purchase 0.2 million shares have been exercised and placed in trust with the Company.

13. 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 $36,750, $36,750 and $34,500 per employee for the years ended October 31, 2011, 2010 and 2009, respectively. The Company's expense under the plan and its predecessor plans was $16.8 million, $15.3 million and $14.6 million for the years ended October 31, 2011, 2010 and 2009, 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 2011. 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, 2011, 2010 and 2009 was $16,243, $49,649 and $55,593, respectively.

14. 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 2011, the Company did not issue or repurchase any shares of its Voting Common Stock.

The Company's current share repurchase program was announced on October 26, 2011. 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 the amount of shares for each purchase are subject to management's discretion. The Company's share repurchase program is not subject to an expiration date.

In fiscal 2011, the Company purchased and retired approximately 7.3 million shares of its Non-Voting Common Stock under previous repurchase authorizations and 20,352 shares of its Non-Voting Common Stock under the current authorization. Substantially all of the current 8.0 million share repurchase authorization remains unused.

15. Income Taxes

The provision for income taxes for the years ended October 31, 2011, 2010 and 2009 consists of the following:

(in thousands)	**2011**	**2010**	**2009**
Current:			
Federal	$ 88,051	$ 124,526	$ 102,868
State	13,925	18,241	6,317
Deferred:			
Federal	48,091	(13,981)	(34,641)
State	6,777	(2,523)	(3,500)
Total	$ 156,844	$ 126,263	$ 71,044

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)	**2011**	**2010**
Deferred tax assets:		
Closed-end fund expenses	$ -	$ 94,678
Stock-based compensation	67,190	60,873
Differences between book and tax bases of investments	5,763	5,334
Deferred rent	4,874	5,105
Federal benefit of unrecognized state tax benefits	3,554	3,489
Compensation and benefit expense	3,077	3,145
Capital loss carry-forward	-	1,288
Unrealized losses on derivative instruments	929	1,086
Other	403	695
Total deferred tax asset	$ 85,790	$ 175,693
Deferred tax liabilities:		
Closed-end fund expenses	$ -	$ (21,542)
Compensation and benefit expense	(10,909)	(15,424)
Deferred sales commissions	(10,624)	(18,263)
Differences between book and tax bases of goodwill and intangibles	(16,075)	(16,505)
Differences between book and tax bases of property	(4,966)	(5,718)
Unrealized net holding gains on investments	(1,873)	(967)
Total deferred tax liability	$ (44,447)	$ (78,419)
Net deferred tax asset	$ 41,343	$ 97,274

No valuation allowance has been recorded for deferred tax assets reflecting management's belief that all deferred tax assets will be utilized.

A reconciliation from the U.S. Federal statutory income tax rate to the Company's effective income tax rate for the years ended October 31, 2011, 2010 and 2009 are as follows:

	2011		2010		2009	
Federal statutory rate	35.0	%	35.0	%	35.0	%
State and local income tax, net of federal income tax benefit	3.6		3.4		2.5	
Non-controlling interest	1.6		(0.9)		(0.9)	
Stock-based compensation	0.6		0.9		(1.0)	
Release of liabilities associated with uncertain tax positions	-		(0.1)		(1.5)	
Other	0.3		0.3		0.1	
Effective income tax rate	41.1	%	38.6	%	34.2	%

The exercise of non-qualified stock options resulted in a reduction of taxes payable of approximately $7.0 million, $10.8 million and $13.6 million for the years ended October 31, 2011, 2010 and 2009, respectively. Such benefit has been reflected as a component of shareholders' equity.

During fiscal 2011, the Company received approval from the Internal Revenue Service to change the Company's tax accounting for certain closed-end fund expenses. This change in tax accounting allows for the immediate tax deduction of current year closed-end fund expenses, as well as a tax deduction in the Company's fiscal 2010 tax return for previously deferred expenses. This change in accounting resulted in a decrease of deferred tax assets and a corresponding decrease in taxes payable of $94.7 million. In conjunction with the approval of the change in tax accounting, the Company filed for and received a refund of $85.0 million in fiscal 2011.

The changes in gross unrecognized tax benefits for the years ended October 31, 2011, 2010 and 2009 are as follows:

(in thousands)		2011		2010		2009
Beginning Balance	$	9,474	$	9,975	$	16,638
Additions for tax provisions of prior years		-		245		3,732
Reductions for tax provisions of prior years		-		(771)		(3,257)
Additions based on tax provisions related to current year		-		30		210
Reductions for settlements with taxing authorities		-		(5)		(7,348)
Ending Balance	$	9,474	$	9,474	$	9,975

The total amount of unrecognized tax benefits as of October 31, 2011, 2010 and 2009 that, if recognized, would impact the effective tax rate is $9.5 million, $9.5 million, and $10.0 million, respectively.

The Company and its subsidiaries file income tax returns in U.S. federal, state, local and foreign jurisdictions. In the ordinary course of business, various taxing authorities may not agree with certain tax positions the Company has taken, or the applicable law may not be clear. To resolve some of these uncertainties, the Company executed Voluntary Disclosure Agreements ("VDAs") with two state taxing authorities in fiscal 2009. The execution of the VDAs reduced the Company's income tax expense and effective tax rate by $3.1 million and 1.5%, respectively, for the year ended October 31, 2009.

In the years ended October 31, 2011, 2010 and 2009, the Company recognized $0.2 million each year in interest and penalties in its income tax provision. Accrued interest and penalties, which are included as a component of unrecognized tax benefits, totaled $1.0 million, $0.7 million, and $0.9 million at October 31, 2011, 2010 and 2009, respectively.

The Company believes that over the next 12 months current state tax audits will be completed and it is reasonably possible that the Company's uncertain state tax positions could decrease by approximately $0.3 million in that period, thereby lowering the Company's effective tax rate.

The Company is currently under audit by several states. One state previously provided the Company with a draft position that may result in a proposed adjustment to the Company's previously filed tax returns. The state is currently reevaluating its draft position. The Company believes that its tax positions related to this potential adjustment were correct, and if an adjustment is proposed, the Company intends to vigorously defend its positions. It is possible the ultimate resolution of the proposed adjustment, if unfavorable, may be material to the results of operations in the period it occurs. Pending receipt of a formal assessment, an estimate of the range of the reasonably possible change in unrecognized tax benefits over the next twelve months cannot be made.

The Company is generally no longer subject to income tax examinations by U.S. federal, state, local or non-U.S. tax authorities for fiscal years prior to fiscal 2008. The Company is currently under audit by the Commonwealth of Massachusetts for fiscal years 2004 through 2009. The Company has extended the statute of limitations for fiscal years 2004 through 2007 to enable the Commonwealth to complete its audit.

16. Non-controlling Interests

Non-controlling 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 interest at other than fair value

Redeemable non-controlling interests consist of interests in the Company's majority-owned subsidiaries, consolidated funds and interests granted to employees of the Company's majority-owned subsidiaries under subsidiary-specific long-term equity plans. These interests are currently redeemable or will become redeemable at certain future dates.

The interests in the Company's majority-owned subsidiaries are not subject to mandatory redemption. The purchase of non-controlling interests is predicated, for each subsidiary, on the exercise of a complex series of puts held by non-controlling interest holders and calls held by the Company. 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 the subsidiary at specific 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 in fiscal 2011 and 2010 reflects an increase of $30.2 million and $18.4 million, respectively, in the estimated redemption value of redeemable non-controlling interests. Any future payments made to the non-controlling interest holders of our majority-owned subsidiaries upon execution of the puts and calls described above will reduce temporary equity.

Redeemable non-controlling interest at fair value

Interests in the Company's consolidated funds and 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.

For the years ended October 31, 2011, 2010 and 2009, net income attributable to non-controlling and other beneficial interests totaled $12.7 million, $26.9 million and $5.4 million, respectively. Net income attributable to non-controlling and other beneficial interests for the year ended October 31, 2011 also reflects $34.5 million of losses substantially borne by other beneficial interest holders of the consolidated CLO entity. Net income attributable to non-controlling and other beneficial interests is not adjusted for taxes due to the underlying tax status of the Company's majority-owned subsidiaries and consolidated funds. Atlanta Capital Management, Parametric Portfolio Associates and Parametric Risk Advisors are limited liability companies that are treated as partnerships for tax purposes. Consolidated funds and the CLO entity that the Company consolidates are registered investment companies or private funds that are treated as pass-through entities for tax purposes.

17. Comprehensive Income

During the years ended October 31, 2011, 2010 and 2009, the Company reclassified gains of $0.6 million, $3.0 million, and $1.6 million, respectively, from other comprehensive income (loss) to net income as gains and losses were realized on the sale of available-for-sale securities.

The components of accumulated other comprehensive income (loss), net of taxes, at October 31, 2011 and 2010 are as follows:

(in thousands)	**2011**	**2010**
Unamortized loss on derivative instrument, net of tax	$ (1,714)	$ (2,003)
Net unrealized gains on available-for-sale securities, net of tax	3,386	2,041
Foreign currency translation adjustments, net of tax	(332)	(473)
Total accumulated other comprehensive income (loss)	$ 1,340	$ (435)

18. Earnings per Share

The following table provides a reconciliation of common shares used in the earnings per basic share and earnings per diluted share computations for the years ended October 31, 2011, 2010 and 2009:

(in thousands, except per share data)	2011	2010	2009
Net income allocated to:			
Common shares	$ 210,305	$ 171,623	$ 128,982
Participating restricted shares	4,597	2,675	1,125
Total net income attributable to			
Eaton Vance Corp. shareholders	$ 214,902	$ 174,298	$ 130,107
Weighted-average shares outstanding – basic	115,326	116,444	116,175
Incremental common shares	4,649	6,188	4,400
Weighted-average shares outstanding – diluted	119,975	122,632	120,575
Earnings per common share attributable to			
Eaton Vance Corp. shareholders:			
Basic	$ 1.82	$ 1.47	$ 1.11
Diluted	$ 1.75	$ 1.40	$ 1.07

The Company uses the treasury stock method to account for the dilutive effect of unexercised stock options in earnings per diluted share. Antidilutive common shares related to stock options excluded from the computation of earnings per diluted share were approximately 12.1 million, 9.0 million, and 14.6 million for the years ended October 31, 2011, 2010 and 2009, respectively.

19. 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 or results of operations of the Company.

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 had invested $13.8 million of the total $15.0 million of committed capital at October 31, 2011. The Company anticipates the remaining $1.2 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, 2011 the Company has $6.3 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 noncancelable operating leases that expire over various terms. The lease payments are recognized on a straight-line basis over the noncancelable term of the lease plus any anticipated extensions. Rent expense under these leases in 2011, 2010 and 2009 amounted to $20.1 million, $19.9 million and $22.9 million, respectively. Future minimum lease commitments are as follows:

Year Ending October 31, *(in thousands)*		**Amount**[1]
2012	$	19,286
2013		19,790
2014		20,309
2015		20,114
2016 – thereafter		331,944
Total	$	411,443

(1) Future minimum lease payments have not been reduced by minimum sublease rentals of $4.5 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 noncancelable term of the sublease. Rental income under these subleases in fiscal 2011 and 2010 amounted to $1.3 million and $0.8 million, respectively. Future minimum rent to be received under the subleases are as follows:

Year Ending October 31, *(in thousands)*		**Amount**
2012	$	1,278
2013		1,022
2014		971
2015		971
2016 – thereafter		291
Total	$	4,533

Other commitments and contingencies include future payments to be made upon the exercise of puts and calls of non-controlling interests in Atlanta Capital Management, Parametric Portfolio Associates and Parametric Risk Advisors, as well as the contingent payments to be made to the selling shareholders of TABS as more fully described in Note 10.

20. 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 Securities and Exchange Commission uniform net capital rule, which requires the maintenance of minimum net capital. For purposes of this rule, EVD had net capital of $108.4 million, which exceeds its minimum net capital requirement of $3.4 million at October 31, 2011. The ratio of aggregate indebtedness to net capital at October 31, 2011 was 0.47-to-1.

At October 31, 2011, 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.

21. Related Party Transactions

Sponsored funds

The Company is an investment advisor to, and has administrative agreements with, sponsored open-end 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, are provided under contracts that set forth the services to be provided and the fees to be charged. These contracts are subject to annual review and approval by the funds' boards of directors or trustees. Revenue for services provided or related to these funds for the years ended October 31, 2011, 2010 and 2009 are as follows:

	Years Ended October 31,		
(in thousands)	**2011**	**2010**	**2009**
Investment advisory and administrative fees	$ 768,430	$ 669,017	$ 535,895
Distribution fees	92,770	91,750	76,990
Service fees	144,530	139,741	116,331
Shareholder services fees	2,188	2,255	2,123
Total	$ 1,007,918	$ 902,763	$ 731,339

For the years ended October 31, 2011, 2010 and 2009, the Company had investment advisory agreements with certain sponsored funds pursuant to which the Company contractually waived $13.0 million, $18.0 million and $29.1 million, respectively, of investment advisory fees it was otherwise entitled to receive.

Sales proceeds and net realized gains earned on investments in sponsored funds classified as available-for-sale for the years ended October 31, 2011, 2010 and 2009 are as follows:

(in thousands)	Years Ended October 31, 2011	2010	2009
Proceeds from sales	$ 61,866	$ 32,586	$ 6,699
Net realized gains	586	3,048	1,562
Total	$ 62,452	$ 35,634	$ 8,261

The Company bears non-advisory expenses on 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, 2011, 2010 and 2009, expenses of $16.0 million, $16.0 million and $10.3 million, respectively, were incurred by the Company pursuant to these arrangements.

Included in investment advisory and other receivables at October 31, 2011 and 2010 are receivables due from sponsored funds of $82.5 million and $85.9 million, respectively.

Employee Loan Program

The Company has established an Employee Loan Program under which a program maximum of $10.0 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 1.3 percent to 5.5 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. 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 $4.4 million and $3.2 million at October 31, 2011 and 2010, respectively.

22. Concentration 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.

The following portfolios and related funds provided over 10 percent of the total revenue of the Company for the fiscal years noted, and is comprised of investment advisory and administration fees, underwriting commissions, distribution plan payments and service fees for the years ended October 31, 2011, 2010 and 2009:

(dollar figures in thousands)	2011	2010	2009
Large Cap Value Portfolio and related funds	$ 127,650	$ 126,565	$ 94,665
Percent of total revenue	10.1%	11.3%	10.6%
Tax-Managed Growth Portfolio and related funds	$ -	$ -	$ 100,933
Percent of total revenue	-	-	11.3%

23. Comparative Quarterly Financial Information (Unaudited)

	2011				
(in thousands, except per share data)	**First Quarter**	**Second Quarter**	**Third Quarter**	**Fourth Quarter**	**Full Year**
Total revenues	$ 312,287	$ 325,838	$ 327,303	$ 294,603	$ 1,260,031
Operating income	$ 103,018	$ 117,037	$ 115,674	$ 101,928	$ 437,657
Net income attributable to Eaton Vance Corp. shareholders	$ 37,535	$ 62,479	$ 68,068	$ 46,820	$ 214,902
Earnings per Share:					
Basic	$ 0.31	$ 0.53	$ 0.58	$ 0.41	$ 1.82
Diluted	$ 0.30	$ 0.50	$ 0.55	$ 0.40	$ 1.75

	2010				
(in thousands, except per share data)	**First Quarter**	**Second Quarter**	**Third Quarter**	**Fourth Quarter**	**Full Year**
Total revenues	$ 272,035	$ 272,953	$ 273,079	$ 303,594	$ 1,121,661
Operating income	$ 87,347	$ 81,089	$ 78,762	$ 106,084	$ 353,282
Net income attributable to Eaton Vance Corp. shareholders	$ 46,242	$ 36,000	$ 41,750	$ 50,306	$ 174,298
Earnings per Share:					
Basic	$ 0.39	$ 0.30	$ 0.35	$ 0.43	$ 1.47
Diluted	$ 0.37	$ 0.29	$ 0.34	$ 0.41	$ 1.40

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, 2011 and 2010, 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, 2011. 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, 2011 and 2010, and the results of their operations and their cash flows for each of the three years in the period ended October 31, 2011, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2, the Company adopted new accounting guidance for consolidation of variable interest entities effective November 1, 2010, and non-controlling interests effective November 1, 2009.

DELOITTE & TOUCHE LLP

Boston, Massachusetts
December 21, 2011

Investor Information

Eaton Vance Corp. has filed an Annual Report on Form 10-K with the Securities and Exchange Commission for the 2011 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:

Robert J. Whelan
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: www.eatonvance.com. The Company has included as Exhibit 31 to its Form 10-K for fiscal 2011 certificates of the Chief Executive Officer and Chief Financial Officer certifying the quality of the Company's public disclosure. 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 43078, Providence, RI 02940-3078
(877) 282-1168
www.computershare.com

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]

Dorothy E. Puhy [1,3]

Duncan W. Richardson

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

Duncan W. Richardson
Executive Vice President and
Chief Equity Investment Officer

Jeffrey P. Beale
Vice President and
Chief Administrative Officer

Laurie G. Hylton
Vice President and
Chief Accounting Officer

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

Robert J. Whelan
Vice President, Treasurer and
Chief Financial Officer

Our mission.

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.

Our core values.

Integrity

Professionalism

Teamwork

Client Focus

Creativity/ Adaptability

Excellence

Patricia Shea Charles Brown Jean McGoey Dallas Lundy Constance Wagner Linda Hanson Stuart Strong Patricia Andersen Nora Bernazzani Wayne Saulnier Deborah Bishop William Austin
Anne Morgan Theresa Thorley Daniel Cataldo Jenilde Mastrangelo Mark Venezia Jane Nussbaum Linda Doherty Thomas Faust Cynthia Clemson Susan Kiewra Lauren Mannone Donna D'Addario
Marlo-Jean Tulis Anne Marie Gallagher Margaret Redmond Stephanie Brady Duncan Richardson Thomas Metzold Mary Maestranzi James Foley Veth Huorn William Gillen Mary Little
Kelley Creedon Douglas McMahon Karla Klein Diane Brissette David Stokkink William Ahern Rosemary Leavitt Scott Page Lynn Ostberg Brian Langstraat James Thebado Lynne Hetu
Mary McTague Clifford Krauss Payson Swaffield Gregory Coleman Michael Weilheimer Karen Zemotel Barbara Campbell Hugh Gilmartin Paul Jones Amy Ursillo Perry Hooker John Gibson
Gregory Parker Hadi Mezher Delores Wood Peter Stokinger Julie Andrade Jeffrey Beale Mark Nelson Linda Newkirk 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 Christine Johnston David Olivieri Laurie Hylton Jie Lu Stanley Weiland
Margaret Taylor James Womack Kathleen Fryer Jonathan Isaac Kathleen Krivelow Thomas Luster William Hackney Cherie Weisse James Naughton John Pumphrey John Feaster Thomas Weyl
James Godfrey Stefan Thielen Andrew Abramsky Kimberly Hing Cynthia Beckhusen Katherine Kreider Marie Preston Olympia Wheeler William Cross Lewis Piantedosi Christopher Gaylord
David Stein Walter Row Kelly Williams David McDonald Elizabeth Prall John Macejka Marie Charles Brian Dunkley Derek Devine Leanne Parziale Mark Burkhard Peter Crowley Andrew Ogren
Craig Russ James Queen Melissa Haskell Thomas Huggins Michelle Green Roseann Sulano Bree Barletto Yana Barton Michael Botthof Kurt Galley Tyson Alexander Deborah Trachtenberg
Martha Locke John Redding Paul O'Neil Kristin Anagnost Duke Laflamme Tiffany Cayarga Sotiria Kourtelidis Joanne Mey Jeffrey DuVall William Delahunty Gillian Moore Linda Carter
John Crowley Michael McGurn Heather Griffin Roberto Crugnale Michael Kinahan Daniel Ethier Thomas Ullman Richard Wilson Maria Cappellano Suzanne Marger Steven O'Brien Noah Coons
Janette Andrews Daniel Puopolo Adam Weigold Shannon Price Lee Thacker Craig Brandon Kerry Smith Kirsten Ulich Sandra Letourneau Charles Reed Arthur Jones Thomas Seto Far Salimian
Scott Firth Sherri Peterpaul Gregory Greene Catherine Gagnon David Zimmerman Eric Caplinger Linda Grasso Andrew Sveen Simone Santiago Scott Nelson Robert Breshock Judith Saryan
Joseph Roman Carolee MacLellan Mary Arutyunyan Aaron Cartozian Shalamar Kanemoto Jeanene Foster Amanda Madison John Tracey Kiersten Christensen Gregory Walsh Jeremiah Casey
Todd Larson Amanda Kokan Bruce Lewis Donald McCaughey Robert Walton William Bell Effie Kalantzis Erica Burke Lilly Scher Michael Mach Gregory Piaseckyj Jeffrey Hesselbein Tina Holmes
Ira Baron Timothy McEwen William Squadroni Robert Curtis Lisa Flynn Jared Gray Jeffrey Brown Paul Marshall Philip Pace Russell Curtis Linda Nishi Xiaozhen Li Aaron Berman Michael Allison
John Gill Peter Hartman Greg Whitehead Edward Ciancarelli Elizabeth McNamara Deborah Chlebek Samuel Scholz Stephen Concannon Craig Castriano Bruce McIntosh Christine Bogossian
Aamer Khan Andrew McClelland Michael Nappi Tracy Alter Catherine McDermott Phyllis Mastin Stephen Soltys Vincent Petisme Michael Sullivan Randall Skarda Jackie Viars Steven Leveille
Kimberly Pacheco Kevin Sullivan Patrick Cosgrove Douglas Rogers James McCuddy Michelle Breig Michael Devlin Lidia Sheykina Michael Costello Katharine Walker Aaron Singleton David Deans
Randall Clark Steven Widder Jonathan Zadrozny Michelle Baran Troy Evans Michael McLean Paul Rose Donald Murphy Judith May James Durocher Glenn Shaw James Putman Kristen Tragethon
Coleen Lynch Elizabeth Johnson Kristen Abruzzese John Santoro William McKenney Christopher Berry Linda Bailey James Skesavage Timothy Breer Robert Ellerbeck Deborah Henry
David Lochiatto Daniel Yifru Jason McGrath Laura Lang Christopher Mason Brian Herbert Joseph Furey Bradford Godfrey Amy Schwartz John Khodarahmi Lawrence Fahey William Hereford
Katherine Cameron John Greenway Dorothy Kopp Deidre Walsh Gregor Yuska Jill Halligan John Simchuk Jorge Gutierrez Christopher O'Malley Charles Kace Michael Cirami Michael Maguire
Christian Howe Vassilii Nemtchinov Heath Christensen Ralph Hinckley Eugene Lee Peter Campo Christopher Hayes Lori Miller Michele Lalchand Sheila Keane Paul Nicely Darin Clauson
Charles Gaffney Ian McGinn West Saltonstall Ian Schuelke James Reber Meghann Clark Lee LoPorto Frank Sweeney Todd Dickinson Maureen Emmerso Joseph Rofino Timothy Ford Earl Brown
Daniel Curtin Frederick Marius Amanda Jordan Manuel Resendes John Brodbine Ronald Randall Sheila Irizarry Mark Milan Laurie Allard Mason Gillespie Michael Keffer Joshua Lipchin
Bradley Ohlmuller Benjamin Pomeroy Elizabeth Stedman William Pannella Kristin Pagliuca John Croft Megan Keaty Noriko Ogawa-Ishii Eileen Tam Edward Bliss Tasha Corthouts Leonard Dolan
Susan Martland Ina Mazer Deborah Moses Emily Murphy Samuel Perry Mary-Ann Spadafora Jonathan Treat Kevin Darrow Jean Desanges George Nelson Marc Moran Rukma Raybardhan
Lauren Loehning Jodi Wong Keriann Kaestner David Richman Richard England Melinda Olson Kathleen Meany Erin Auffrey John Murphy Jamie Babineau Nicole Hoitt Sharon Gordon
Jason Fisher Daniel McElaney Gigi Szekely Brian Kiernan Mark Slavin Christopher Teixeira Joseph Hernandez Charles Manning William Holt Kwang Kim Gordon Wotherspoon Gary LeFave
Christine Wallace Barbara Andre Jeffrey Sine Richard Michaels Joseph Daniels Geoff Longmeier Erick Lopez Frank Spitaleri Matthew McNamara Scott Craig Richard Milano Brendan MacKenzie
Jamie Regan Stewart Taylor Sean Broussard Thomas Tajmajer David Lefcourt Aamir Moin Robert Carson Anatoliy Eybelman Kathryn McElroy William Dodge Richard Wyke Rebecca Burke
Kevin Connerty Janet Daubenspeck Michael Ducharme John Mahoney Claire Muollo Michael O'Brien Bridget Fangueiro Kelley Baccei Jordana Mirel Raymond Sleight Adam Pacelli Michael Parker
Michael Quinn Stacey Smith-Edwards Jeffrey Rawlins Dan Strelow Kimberly Williams Paul McCallick Peter Popovics John Baur Richard Kelly Joel Marcus Alicia Ramsdell Scott Timmerman
Timothy Fetter Christopher Marek Michael Reidy Sebastian Vargas Jay Schlott Brian Smith Sarah Morton Stephanie Douglas James Crowley Monica Connarton Patrick Gill Eric Stein Marsh Enquist
Thomas Guiendon Carl Iannacci Ashley Ryan Kate Santangelo Juliene Blevins Matthew Buckley Eric Robertson Ryan Landers Ross Chapin Walter Fullerton Carla Lopez-Codio Laura Donovan
Ivan Huerta Jennifer Mihara Brittany Barber Rainer Germann Dan Maalouly Coreen Kraysler Lauren Lashute Louis Membrino Robert Milmore Adan Gutierrez Stephen Byrnes Tracey Carter
Dexter Dodge Thomas Kelliher Bernadette Mahoney David McCabe Michael Striglio Michael Keogh Calixto Perez Daniel Clayton Jason Cyr Hemambara Vadlamudi Michaella Callaghan
Patricia Greene Michelle DiChiara Elizabeth Aldrich Nancy Tooke Patricia Bishop Charles Biron Susan Brengle Francine Craig Gayle Hodus William Howarth Kevin Taylor Henry Hong
Daniel Grover Egan Ludwig Robert Allen Anthony Jacobs Edward Devereaux Jean Carlos Michelle Berardinelli Paul Bouchey Bernard Scozzafava Victoria Faucher Andrew Frenette Brian Taranto
Jennifer Kennedy Michelle Wu Rick Polsinello Eriks Rancans Katherine Kennedy Michelle Chumash Katherine Leo Brian Pomerleau Michael Shea Alan Simeon Adam Bodnarchuk Rhonda Forde
Katy Burke Christopher Doyle Melissa Gross Eleanor McDonough Meghan Moses Evelyn Haygood John Casamassima John Shea Brian Shuell Matthew Dework Derek DiGregorio Brian Hassler
Tyler Partridge Megan Thompson Michael Turgel Talia Yourell Matthew Beaudry Phuong Cam Travis Bohon Aubin Quesnell Michael Roppolo Annemarie Ng Sean Caplice Richard Howe
Melissa Marks Brian Mazzocchi Melissa Cabral Eric Dorman Kevin Gill Katharine Kasper Brian Coole Steven Kleyn Justin Bourgette Bradley Daniels Tullan Cunningham Oh-Mee Howard
Nichole Shepherd Kim Day Holly-Anne Quinn Valerie Crono Jeanne Frawley Steven Pietricola Jami Carney Jay Jentz David Andrews Pamela Gentile Irene Deane Scott Forst Stacey Starner
James Lanza Michael Mazzei Tyler Neenan Christopher Webber Kathleen Yantosca Daniel McCarthy Stuart Muter Sarah O'Brien Tristan Benoit Richard Cooney David Griesbauer William Alicandro
Kerry Klaas Ryan Wilson Christopher Yourell Christopher Sansone Jeanmarie Lee David Gordon David Perry Christian Johnson Nelson Cohn Ryan DeBoe Dominic DeSantis George Hopkins
Chad Simmons Christopher Hackman Courtney Roth Janice Korpusik Collette Keenan Raphael Leeman Danat Abdrakhmanov Randolph Verzillo Katie McBride Andrew Szczurowski Terry Stewart
Matthew Dellelo Virginia Gockelman Jessica Savageau Colleen Duffey Torrey Shillieto Marconi Bomfim Robert Whelan Bradley Berggren Lawrence Berman Kenneth Everding Helen Hedberg
Jonathan Orseck David Ryder Kenneth Lyons John Ring Patrick Escarcega Jennifer Johnson Kevin Longacre John Jannino Maureen Renzi Benjamin Carleton Ashley Turner Matthew Witkos
Sharon Shea Gail Dowd Elaine Peretti Stephanie Rosander Kathleen Walsh Eileen Storz-Salino Charles Cheng Kevin Beauchamp Taylor Evans Trevor Harlow Amanda Marino James Kirchner
Tatiana Koltsova Rose-Lucie Croisiere Lance Garrison James Stafford Kyle Johns Ross Anderson Olivia Fredrikson Mary Gillespie Kelley Hand Darren Walters Robert Bastien Nitzan Gordon
Jake Lemle Andrea Lynch Robert Greene Donna Drewes Gregory Fuccillo Christopher Mitchell Natasha Paredes Roger Weber Matthew Gerken Steven Dansreau Michael Ferreira Tara O'Brien
Ralph Studley William Wolfe Joseph Lynch Jaime Smoller Michael Barry Gonzalo Cabello William Flemer Jillian Amaral Judith Cranna Michelle Rousseau Willard Watson Mary Proler
Stephanie DesRuisseau Jason Gifford Lee-Elizabeth Johnston Brian Mansfield Wilhelmina Roda Andrew Valk Alan Randell-Chen Yingying Liu Laura Maguire William Skinner Heather Dennehy
Christopher Eustance Nancy McKinnon Marc Bertrand Kyle Lee Fan Wang Andrew Waples Sharon Pinkston Sean Kelly Louis Cobuccio Thomas Hardy Gabriella Petruzzelli Scott Weisel
David Hanley Dan Stanger Praveenkumar Rapol Lisa Smith Michael Deich Rey Santodomingo Gisselle White-Palacios Zamir Klinger John Loy Jacob Haskell Mary Panza Pamela Chaves John Cullen
Brian Dillon Raya McAnern Albert Festa Benjamin Finley Erick Lucera James Maynard Kira Cronin Nathan Flint Rachael Carey Michael Kelly Muriel Nichols Margaret Egan Christopher Nebons
Brian Walker James Roccas Alice Li Charles McCrosson Megan Poplowski Michael Shattuck Michael Alexander Scott Casey Bernard Cassamajor Eric Cooper Christopher Lentz Eric Robens
Matthew Budrecki Edward Greenaway Samuel Swartz Richard Hein James McInerney Matthew Navins Paul Blaney David Guarino Cheryl Innerarity Kashish Jagasia Sandra Howes Avia Johnston
Kevin Hickey Suzanne Lambert Michele Sheperd Michael Gallini Kathleen Sova Kathleen Flynn Christopher Remington Andrew Beaton Darwin Macapagal Christopher Nabhan Eric Trottier
Stephen Daspit Lauren Kashmanian Wiwik Soetanto Nicholas Vose Lorraine Hickey John Murray Velvet Regan Marcos Rojas-Sosa Albi Selko Marie Sullivan-Elliott Caitlin Gauthier
Luke England-Markun Andrew Harris Kim Nguyen Jennifer Madden Ashley Freese Emily Gray James Maki Jessica Miller Kristen O'Riordan Michael Cavallaro John Harrington
Michael McGrail Robert Osborne Patrick Campbell Brian Eriksen Alexander Martin Jonathan Souza Timothy Walsh Michael Ortiz Alexandra Krotinger John McElhiney Andrew Collins
Garth Swensen Sarah Gelinas Jeffrey Parsons Davendra Rao Scott Sullivan Timothy Williamson Caleb Ballou Carl Hassett Kayla Mason Hydn Vales Brian Blair Anna Zeinieh Stephen Kaszynski
Trevor Noble Dustin Cole Heath Snow Joshua Rolstad Andrew Hinkelman Alain Auguste Angela Williams Robyn Tice Emily Levine Susan Perry John Post Conor Bryant Daniel Murphy
Elizabeth Stohlman Brian Shaw Dana Wood Patricia Baldassaro Diane Tracey Brian Barney Brian Clouser Devin Cooch Joseph Davolio James Evans John Hanna Anna Monshaw Nisha Patel
Jonathan Rocafort Evan Rourke Robert Runge Robert Salmon Colin Shaw Peter Campagna Elizabeth Driscoll Mary Sullivan Jay Hadley Aidan Forde Niall Quinn Edward Giese Liselle O'Brien
Hirotake Yamamoto Brian Hannibal Mitchell Matthewsm Patrick Cerrato Jared Guerin John McLean Christopher Harshman Andrey Lyalko Kelsy Ball Jesse Levin Laura MacDonald Robert Kutner
Jessica Woodland Patrick McCarthy Ryan Walsh Diana Atanasova Antoinette Russell Anthony Gigante Jonathan Futterman Nathan Conway Justin Serevitch Owen Gilmore Matthew Olson Angela Yi
Justine Eddy Nicholas Vecchiarelli Joseph Kosciuszek Kevin Rookey Jennifer Young Michelle Graham Thomas Guerriero Kevin Amell Kerianne Austin Jason DesLauriers Eric Filkins Wayne Taylor
Joseph White Wendy Demessianos Matthew Manning Vibhawari Naik Tracy Colameco Jeffrey Selby Kevin Andrade William Kennedy Lisa Falotico William Buie Nicholas Bender Kelsey Crawford
Howard Lee Paul Nobile Tro Hallajian Deanna Foley Grayson Gaines Christopher Halpin Kristin Graziano Lauren Haas Michael Kenneally Carolyn Rodon Marcus Jurado Laura Murphy Kha Ta
Theodore Hovivian Issac Kuo Stuart Shaw Shannon Tobin William Jervey Paul Leonardo Timothy Atwill Justin Beauregard Jessica Hemenway Maeve Flanagan Jeanette Liu Robert Quinn
Jacquelyn Jones Johnathan Komich Sarah MacFee Jon Oner Ingrid Wallace Adam Cole Daniel Grzywacz Peter Njuguna Marc Thomson Pepijn Heins Sandra Snow Sean Bakhtiari Robert Nichols
Aaron Burke David Damiani Chris Sunderland Joseph Wehr Sarah Wetherbee Arleigh Dinning Kelly O'Connell Elizabeth Chou Camilla Jocher Aida Jovani Brian Keenan Robert Labadini Marco Lei
Rachael Smith Derek Jackman Jeffrey Timbas Brian Ventura Jacob Kann Trevor Smith Harsh Vahalia Monica Marois Adrian Mencavage Andrew Geraghty Cyril Legrand Nazar Kamenchenko
Steven DeAlmo Dori Hetrick Alfonso Hernandez Jason Klemanski Marc Savaria Rebecca Ernst Alexander Martland Alexander Maus Brett Murdock Cameron Murphy Jessica Roeder Tara Trombino
Hoa Nguyen Timothy Russo Sabina Duborg Hellen Gakuru Federico Sequeda Samantha Higgins Clare Keeffe Tyler Munroe Scott Ruddick Geoffrey Underwood Christopher Fortier John White
James Birkins Maureen O'Malley Jenny Weng Kristen Gaspar Diane Hallett Madhuleena Saha David Barr William O'Brien Inwoo Chung Stephen Tilson Timothy Walsh Gerald Moore
Kelly Maneman Raffaele Di Censo Courtney Graham Amarnath Jayam Danielle Williams Isabelle Cazales-Evans Charles Cordeiro Amy Laliberte Akshay Shende Linda Yan Thomas Nitroy
Deirdre O'Connell Richard Raymond Robert Howell Edward Lothrop Michael Guertin Colin Kreidewolf James Barrett Christopher Colabrese John Curry Ryan Gagliastre Joshua Corson
Zachary Rioux David Smith Christopher McAboy John Young Duncan Hodnett Andrew Lee William McWilliams Kristen Novello Eric Peterson Kathleen Baumer Samuel Hutchings Robert Yocum
Timothy Callanan Anna Semakhin Jarir Mallah Kevin Quinn Natalie Bonnett Charles Turgeon Stephen Kistner Andrew Subkoviak Andrew Haycock Blake Holman Samuel Plotkin Jennifer Klempa
Richard Lints Thomas Shively Brian Dailey David Callard Vattanee Chaisiriwatanasai John Paolella Anthony Pell Rodrigo Soto Elissa Davis Ty Hall Erik Lanhaus Miranda Hill Anthony Zanetti
Sally Edelblute Daryl Johnson Ryan Petzold Rebekah Shippee Kai Xie Michael Yip Cheryl Schenker Christopher Powers Wayne Gramling Eric Britt Timothy Giles Daniel Gonsalves Arabelle Fedora
Darcy Fernandes Laura Ventura Justin Brown Kevin Dachille Leidy Hoffman Ross Taylor Cherina Clark Christopher McKenzie Suzette Rivera Jacob Greene Colleen Lavery Jacob DeLew
Ryan Gallagher Charles Hinckle Julia London Monica McGillicuddy Carl Murphy Chandni Sadozai Caitlin Barber Emily Coville Mark Haskell Christopher Mason Michael Palladino Jason Rendon
Carl Thompson Jason Jung Hannah Attride Reuben Butler Lauren Gassel William Howes Mahmoodur Rahman Joseph O Jeffrey Brody William Polk Timothy Kierstead Isabel Clark Maria Lee
Stephanie Andrews Benjamin Cheney Elizabeth Ducey Andrew Kinloch Daniel Kutner Jessica Meyer Cassandra Rudden Paulina Koutroubis Lisa McElheny Matthew Murphy Schuyler Hooper
Michael Kotarski Michael Wagner Colten Christianson Courtney Collura Derek Brown Kenneth DeJesus Robert Faulkner Liudmila Khomchanka Scott Mackey Charles Norvish David Oliveri
Christopher Rohan Charles Glovsky Kimberly LaRosa Rebecca Moles Benjamin Garforth Suzanne Hingel Michael Swirski Mark Hogan
William MacPherson Daniel Sugameli Emma Hutchinson Stephen Clarke Nathan Goldman John Northrop Biana Shteyn Sheri Gilchrist Masha Carey
Kathryn Johnson Luji Labbate De Brock Jeremy McLeod Lorenc Demika Peter Lonergan Megan Dooley Rachael Boggia Elyssa Dahl Kim Le
Jeffrey Schenkman Jessica Tate Michael Clark Sari Kessler Matthew Moran Christopher Ng Rocco Scanniello Tyler Cortelezzi

Eaton Vance
Investment Managers