

EATON VANCE CORP
Form 8-K
August 22, 2007

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 22, 2007

EATON VANCE CORP.

(Exact name of registrant as specified in its charter)

| | | |
|---|--------------------------|-----------------------------------|
| <u>Maryland</u> | <u>1-8100</u> | <u>04-2718215</u> |
| (State or other jurisdiction of incorporation) | (Commission File Number) | (IRS Employer Identification No.) |

255 State Street, Boston, Massachusetts
(Address of principal executive offices)

02109
(Zip Code)

Registrant's telephone number, including area code: (617) 482-8260

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a -12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d -2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e -4(c))

INFORMATION INCLUDED IN THE REPORT

Item 9.01. Financial Statements and Exhibits

Registrant has reported its results of operations for the three and nine months ended July 31, 2007, as described in Registrant's news release dated August 22, 2007, a copy of which is filed herewith as Exhibit 99.1 and incorporated herein by reference.

Exhibit No.

Document

99.1 Press release issued by the Registrant dated August 22, 2007.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned hereunto duly authorized.

EATON VANCE CORP.
(Registrant)

Date: August 22, 2007

/s/ William M. Steul
William M. Steul, Chief Financial
Officer

EXHIBIT INDEX

Each exhibit is listed in this index according to the number assigned to it in the exhibit table set forth in Item 601 of Regulation S-K. The following exhibit is filed as part of this Report:

| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|--|
| 99.1 | Copy of Registrant's news release dated August 22, 2007. |

Exhibit 99.1

August 22, 2007

FOR IMMEDIATE RELEASE

**EATON VANCE CORP.
REPORT FOR THE THREE MONTHS AND NINE MONTHS ENDED
JULY 31, 2007**

Boston, MA Eaton Vance achieved another quarter of outstanding progress in growth of assets under management and profits, despite the emergence of a global credit crunch and associated turmoil in financial markets toward the end of the period, said James B. Hawkes, Chairman and CEO of Eaton Vance Corp. While we experienced an increase in retail mutual fund redemptions in July and August, solid retail managed account inflows have more than offset these outflows. Net flows in institutional, high-net-worth and offshore fund products have all remained positive. Our lack of exposure to sub-prime mortgage loans, private equity and hedge funds, combined with our broad stable asset mix and strong financial condition should help shield the Company from highly volatile financial markets. As of August 15th, Eaton Vance's assets under management remained over \$150 billion.

Eaton Vance reported diluted earnings per share of \$0.41 in the third quarter of fiscal 2007 compared to diluted earnings per share of \$0.31 in the third quarter of fiscal 2006, an increase of 32 percent. Third quarter earnings were reduced by \$14.8 million or \$0.07 per diluted share by expenses associated with the \$1.3 billion initial public offering of the closed-end Eaton Vance Risk-Managed Diversified Equity Income Fund in July. These expenses consisted of \$12.6 million of structuring fees paid to distribution partners in the underwriting group and \$2.2 million of sales-based incentives to members of the Eaton Vance sales and marketing organization.

The Company earned \$0.60 per diluted share in the first nine months of fiscal 2007 compared to earnings of \$0.88 per diluted share in the first nine months of fiscal 2006. Year-to-date earnings per share were reduced by \$0.65 per diluted share by closed-end fund related expenses. These expenses consisted of structuring fee payments of \$76.0 million, sales-based incentives of \$14.8 million and one-time payments of \$52.2 million made to terminate compensation agreements of the Company with Merrill Lynch and AG Edwards related to certain closed-end funds offered in prior periods. The Company expects to earn significant future management fees from the \$9.9 billion in new closed-end fund assets raised in the first nine months of the fiscal year and increased operating income resulting from the termination of the compensation agreements on earlier closed-end funds.

Assets under management of \$152.3 billion at the end of the third quarter of fiscal 2007 were \$31.9 billion or 26 percent greater than the \$120.4 billion at the end of the third fiscal quarter last year. In the 12-month period ended July 31, 2007, the Company's assets under management were positively affected by long-term fund and separate account net inflows of \$22.8 billion and market price appreciation of \$9.9 billion. Gross sales and other inflows into long-term funds and separate accounts in the last 12 months were \$45.1 billion.

Net inflows of \$4.2 billion in the third quarter of fiscal 2007 were 56 percent greater than net inflows of \$2.7 billion in the third quarter of fiscal 2006, helped by the \$1.3 billion closed-end Eaton Vance Risk-Managed Diversified Equity Income Fund offering and higher net inflows into open-end funds and separate accounts. Excluding closed-end funds, total long-term fund and separate account net inflows in the third quarter of fiscal 2007 increased 14 percent compared to the third quarter of fiscal 2006. Open-end fund net inflows increased 31 percent to \$2.1 billion from \$1.6 billion. Retail managed account net inflows increased to \$1.2 billion from less than \$0.1 billion in the same period last year. Private fund net outflows of \$0.2 billion resulted from the liquidation of a bank loan warehouse facility managed by the Company in anticipation of a pending collateralized loan obligation fund that has been withdrawn due to unfavorable market conditions. Institutional and high-net-worth net outflows of \$0.3 billion resulted primarily from withdrawals from relatively low-fee separate accounts at Atlanta Capital Management. Tables 1-4 on page 6 summarize the Company's assets under management and asset flows by investment objective.

As a result of higher average assets under management, revenue in the third quarter of fiscal 2007 increased by \$70.4 million or 32 percent to \$286.9 million compared to revenue in the third quarter of fiscal 2006 of \$216.6 million. Investment adviser and administration fees increased 37 percent to \$205.9 million, compared to a 28 percent increase in average assets under management. Distribution and underwriter fees increased 16 percent and service fee revenue increased 27 percent due to the increase in fund assets that pay these fees.

Operating expenses increased 33 percent in the third quarter of fiscal 2007 to \$198.1 million compared to operating expenses of \$148.7 million in the third quarter of fiscal 2006 because of \$14.8 million of onetime expenses associated with the closed-end fund offering referred to earlier, as well as higher compensation, service fee, distribution and other expenses. Compensation expense (including closed-end fund-related compensation expenses) increased 29 percent because of significantly higher sales-based incentive payments and increases in employee headcount, base salaries, stock-option expense and higher management bonus accruals.

Amortization of deferred sales commissions increased 15 percent in the third quarter of fiscal 2007 compared to the third quarter of fiscal 2006 primarily because the growth in class C share fund sales and assets more than offset the continuing decline in class B share fund sales and assets. Service fee expense increased 31 percent, in line with the increase in assets that provide service fee revenue. Distribution expense increased 47 percent as a result of the \$12.6 million of one-time closed-end fund structuring fees and increases in sales support expenses and distribution fees on class C fund shares. Fund expenses increased 35 percent because of increases in asset-based sub-advisory fees and other fund related expenses paid by the Company. Other expenses increased 40 percent primarily due to increases in information technology, facilities, travel, consulting and other miscellaneous expenses in the third quarter of fiscal 2007.

Operating income increased 31 percent to \$88.9 million in the third quarter of fiscal 2007 from \$67.9 million in the third quarter of fiscal 2006.

In evaluating operating performance, the Company considers operating income and net income, which are calculated on a basis consistent with accounting principles generally accepted in the United States (GAAP), as well as adjusted operating income, a non-GAAP performance measure. Adjusted operating income is defined as operating income plus closed-end fund structuring fees and one-time payments, stock-based compensation and the write-off of any intangible assets associated with the Company s acquisitions. The Company believes that adjusted operating income is a key indicator of the Company s ongoing profitability and therefore uses this measure as the basis for calculating performance-based management incentives. Adjusted operating income is not, and should not be construed to be, a substitute for operating income computed in accordance with GAAP. However, in assessing the performance of the business, Management and the Board of Directors look at adjusted operating income as a measure of underlying performance, since amounts resulting from one-time events (e.g., the offering of a closed-end fund) do not necessarily represent normal results of operations. In addition, when assessing performance, Management and the Board look at performance both with and without stock-based compensation.

The following table provides a reconciliation of operating income to adjusted operating income:

Reconciliation of Operating Income to Adjusted Operating Income

| <i>(in thousands)</i> | For the Three Months Ended July 31, | | | For the Nine Months Ended July 31, | | |
|---|---|----------|-------------|--|-----------|-------------|
| | 2007 | 2006 | % Change | 2007 | 2006 | % Change |
| Operating income | \$88,858 | \$67,885 | 31% | \$127,147 | \$192,581 | -34% |
| Closed-end fund structuring fees | 12,562 | 1,486 | 745% | 75,998 | 1,486 | NM |
| Payments to terminate closed- end fund compensation agreements | - | - | - | 52,178 | - | NM |
| Write-off of intangible assets | - | - | - | - | 8,876 | NM |
| Stock-based compensation | 10,914 | 8,271 | 32% | 33,390 | 28,770 | 16% |
| Adjusted operating income | \$112,334 | \$77,642 | 45% | \$288,713 | \$231,713 | 25% |

Net income increased 33 percent to \$55.8 million in the third quarter of fiscal 2007 compared to \$41.8 million in the third quarter of fiscal 2006. Interest income increased 21 percent because of higher interest earned on cash and short-term investments. Interest expense declined 91 percent due to the extinguishment of the Company s long-term debt in August 2006. The Company s effective tax rate, before minority interest and equity in net income of affiliates, was 38.8 percent in the third quarter of fiscal 2007 and 39.2 percent in the third quarter of fiscal 2006.

Cash, cash equivalents and short-term investments were \$136.1 million on July 31, 2007, and \$295.7 million on July 31, 2006. The Company's strong operating cash flow in the last 12 months enabled it to pay \$251.4 million to repurchase 6.8 million shares of its non-voting common stock, \$86.2 million to retire its long-term debt and \$58.2 million in dividends to shareholders, in addition to \$128.2 million of

closed-end fund structuring fees and compensation agreement buyouts. There were no outstanding borrowings against the Company's \$180.0 million credit facility on July 31, 2007. The credit facility was expanded to \$200.0 million and extended for five years on August 13, 2007.

During the first nine months of fiscal 2007, the Company repurchased and retired 5.1 million shares of its non-voting common stock at an average price of \$40.05 per share under its current repurchase authorization. Approximately 6.7 million shares remain of the current 8.0 million share authorization.

Eaton Vance Corp., a Boston-based investment management firm, is traded on the New York Stock Exchange under the symbol EV.

This news release contains statements that are not historical facts, referred to as forward-looking statements. The Company's actual future results may differ significantly from those stated in any forward-looking statements, depending on factors such as changes in securities or financial markets or general economic conditions, the volume of sales and repurchases of fund shares, the continuation of investment advisory, administration, distribution and service contracts, and other risks discussed from time to time in the Company's filings with the Securities and Exchange Commission.

Eaton Vance Corp.
Summary of Results of Operations
(in thousands, except per share amounts)

| | Three Months Ended | | | Nine Months Ended | | |
|--|--------------------|------------------|-------------|-------------------|------------------|-------------|
| | July 31, 2007 | July 31, 2006 | % Change | July 31, 2007 | July 31, 2006 | % Change |
| Revenue: | | | | | | |
| Investment adviser and administration fees | \$ 205,892 | \$ 149,823 | 37 % | \$ 560,726 | \$ 437,176 | 28 % |
| Distribution and underwriter fees | 40,021 | 34,598 | 16 | 113,657 | 105,379 | 8 |
| Service fees | 39,597 | 31,235 | 27 | 111,166 | 89,238 | 25 |
| Other revenue | 1,422 | 919 | 55 | 4,743 | 3,118 | 52 |
| | | | | | | |
| Total revenue | 286,932 | 216,575 | 32 | 790,292 | 634,911 | 24 |
| | | | | | | |
| Expenses: | | | | | | |
| Compensation of officers and employees | 79,862 | 61,989 | 29 | 237,005 | 181,926 | 30 |
| Amortization of deferred sales commissions | 13,931 | 12,119 | 15 | 40,902 | 39,168 | 4 |
| Service fee expense | 31,420 | 24,063 | 31 | 86,320 | 69,896 | 23 |
| Distribution expense | 45,481 | 30,861 | 47 | 223,802 | 85,479 | 162 |
| Fund expenses | 5,490 | 4,074 | 35 | 14,164 | 11,873 | 19 |
| Other expenses | 21,890 | 15,584 | 40 | 60,952 | 53,988 | 13 |
| | | | | | | |
| Total expenses | 198,074 | 148,690 | 33 | 663,145 | 442,330 | 50 |
| | | | | | | |
| Operating Income | 88,858 | 67,885 | 31 | 127,147 | 192,581 | (34) |
| | | | | | | |
| Other Income/(Expense): | | | | | | |
| Interest income | 2,667 | 2,197 | 21 | 7,002 | 5,938 | 18 |
| Interest expense | (58) | (655) | (91) | (142) | (1,380) | (90) |
| Gain on investments | 1,106 | 41 | NM | 2,779 | 3,589 | (23) |
| Foreign currency loss | (95) | (55) | 73 | (228) | (182) | 25 |
| Impairment loss on investments | - | - | NM | - | (592) | NM |
| | | | | | | |
| Income Before Income Taxes, Minority Interest, Equity in Net Income of Affiliates and Cumulative Effect of Change in Accounting Principle | | | | | | |
| | 92,478 | 69,413 | 33 | 136,558 | 199,954 | (32) |
| | | | | | | |
| Income Taxes | (35,869) | (27,233) | 32 | (52,840) | (77,451) | (32) |

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| | | | | | | |
|---|-----------|-----------|-----|-----------|------------|------|
| Minority Interest | (1,440) | (1,011) | 42 | (4,316) | (3,830) | 13 |
| Equity in Net Income of Affiliates, Net of Tax | 607 | 650 | (7) | 2,026 | 2,803 | (28) |
| <hr/> | | | | | | |
| Net Income Before Cumulative Effect of Change in Accounting Principle | 55,776 | 41,819 | 33 | 81,428 | 121,476 | (33) |
| Cumulative Effect of Change in Accounting Principle, Net of Tax | - | - | NM | - | (626) | NM |
| <hr/> | | | | | | |
| Net Income | \$ 55,776 | \$ 41,819 | 33 | \$ 81,428 | \$ 120,850 | (33) |
| <hr/> | | | | | | |
| Earnings Per Share Before Cumulative Effect of Change in Accounting Principle: | | | | | | |
| Basic | \$ 0.45 | \$ 0.33 | 36 | \$ 0.65 | \$ 0.95 | (32) |
| <hr/> | | | | | | |
| Diluted | \$ 0.41 | \$ 0.31 | 32 | \$ 0.60 | \$ 0.88 | (32) |
| <hr/> | | | | | | |
| Earnings Per Share: | | | | | | |
| Basic | \$ 0.45 | \$ 0.33 | 36 | \$ 0.65 | \$ 0.94 | (31) |
| <hr/> | | | | | | |
| Diluted | \$ 0.41 | \$ 0.31 | 32 | \$ 0.60 | \$ 0.88 | (32) |
| <hr/> | | | | | | |
| Dividends Declared, Per Share | \$ 0.12 | \$ 0.10 | 20 | \$ 0.36 | \$ 0.30 | 20 |
| <hr/> | | | | | | |
| Weighted Average Shares Outstanding: | | | | | | |
| Basic | 124,818 | 127,211 | (2) | 125,649 | 128,292 | (2) |
| <hr/> | | | | | | |
| Diluted | 135,824 | 136,601 | (1) | 135,890 | 138,141 | (2) |
| <hr/> | | | | | | |

Eaton Vance Corp.
Balance Sheet
(in thousands, except per share figures)

| | July 31, 2007 | October 31, 2006 | July 31, 2006 |
|---|-------------------|---------------------|-------------------|
| ASSETS | | | |
| Current Assets: | | | |
| Cash and cash equivalents | \$ 136,081 | \$ 206,705 | \$ 165,771 |
| Short-term investments | - | 20,669 | 129,926 |
| Investment adviser fees and other receivables | 112,581 | 94,669 | 89,391 |
| Other current assets | 8,111 | 7,324 | 6,371 |
| Total current assets | 256,773 | 329,367 | 391,459 |
| Other Assets: | | | |
| Deferred sales commissions | 105,821 | 112,314 | 114,825 |
| Goodwill | 103,003 | 96,837 | 96,834 |
| Other intangible assets, net | 35,953 | 34,549 | 34,704 |
| Long-term investments | 87,595 | 73,075 | 61,552 |
| Equipment and leasehold improvements, net | 22,987 | 21,495 | 20,228 |
| Other assets | 558 | 558 | 2,026 |
| Total other assets | 355,917 | 338,828 | 330,169 |
| Total assets | \$ 612,690 | \$ 668,195 | \$ 721,628 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| Current Liabilities: | | | |
| Accrued compensation | \$ 77,906 | \$ 80,975 | \$ 59,664 |
| Accounts payable and accrued expenses | 52,000 | 33,660 | 32,303 |
| Dividend payable | 14,886 | 15,187 | 12,704 |
| Current portion of long-term debt | - | - | 76,316 |
| Other current liabilities | 30,805 | 9,823 | 7,920 |
| Total current liabilities | 175,597 | 139,645 | 188,907 |
| Long-Term Liabilities: | | | |
| Deferred income taxes | 17,490 | 22,520 | 26,168 |
| Total long-term liabilities | 17,490 | 22,520 | 26,168 |

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| | | | |
|---|------------|------------|------------|
| Total liabilities | 193,087 | 162,165 | 215,075 |
| Minority interest | 9,561 | 9,545 | 9,246 |
| Commitments and contingencies | - | - | - |
| Shareholders' Equity: | | | |
| Common stock, par value \$0.00390625 per share: | | | |
| Authorized, 1,280,000 shares | | | |
| Issued, 371,386, 309,760 and 309,760 shares, respectively | 1 | 1 | 1 |
| Non-voting common stock, par value \$0.00390625 per share: | | | |
| Authorized, 190,720,000 shares | | | |
| Issued, 123,223,109, 126,125,717 and 126,735,035 shares, respectively | 481 | 493 | 495 |
| Notes receivable from stock option exercises | (2,574) | (1,891) | (2,043) |
| Accumulated other comprehensive income | 6,091 | 4,383 | 2,700 |
| Retained earnings | 406,043 | 493,499 | 496,154 |
| Total shareholders' equity | 410,042 | 496,485 | 497,307 |
| Total liabilities and shareholders' equity | \$ 612,690 | \$ 668,195 | \$ 721,628 |

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Table 1
Asset Flows (in millions)

Twelve Months Ended July 31, 2007

| | |
|--|------------|
| Assets 7/31/2006 - beginning of period | \$ 120,390 |
| Long-term fund sales and inflows | 35,692 |
| Long-term fund redemptions and outflows | (15,136) |
| Long-term fund net exchanges | (146) |
| Long-term fund mkt. value change | 5,730 |
| Institutional/HNW account inflows | 3,699 |
| Institutional/HNW account outflows | (5,070) |
| Institutional/HNW account assets acquired ¹ | 270 |
| Retail managed account inflows | 5,665 |
| Retail managed account outflows | (2,061) |
| Separate account mkt. value change | 4,163 |
| Change in money market funds | (857) |
| Net change | 31,949 |
| Assets 7/31/2007 - end of period | \$ 152,339 |

Table 2
Assets Under Management
By Investment Objective (in
millions)

| | July 31, | October 31, | % | July 31, | % |
|--------------------|-------------------|-------------------|------------|-------------------|------------|
| | 2007 | 2006 | Change | 2006 | Change |
| Equity Funds | \$ 69,705 | \$ 53,220 | 31% | \$ 49,636 | 40% |
| Fixed Income Funds | 24,449 | 21,482 | 14% | 19,872 | 23% |
| Bank Loan Funds | 21,006 | 19,982 | 5% | 19,511 | 8% |
| Money Market Funds | 1,615 | 3,728 | -57% | 2,472 | -35% |
| Separate Accounts | 35,564 | 30,494 | 17% | 28,899 | 23% |
| Total | \$ 152,339 | \$ 128,906 | 18% | \$ 120,390 | 27% |

Table 3
Asset Flows by Investment Objective (in millions)

| | Three Months Ended | | Nine Months Ended | |
|---|--------------------|-----------|-------------------|-----------|
| | July 31, | July 31, | July 31, | July 31, |
| | 2007 | 2006 | 2007 | 2006 |
| Equity fund assets - beginning of period | \$ 68,207 | \$ 50,116 | \$ 53,220 | \$ 45,146 |
| Sales/inflows | 4,191 | 2,137 | 18,667 | 5,810 |
| Redemptions/outflows | (1,703) | (1,432) | (5,138) | (4,093) |
| Exchanges | 10 | (43) | - | (6) |
| Market value change | (1,000) | (1,142) | 2,956 | 2,779 |
| Net change | 1,498 | (480) | 16,485 | 4,490 |
| Equity assets - end of period | \$ 69,705 | \$ 49,636 | \$ 69,705 | \$ 49,636 |
| Fixed income fund assets - beginning of period | 24,493 | 19,141 | 21,482 | 18,213 |
| Sales/inflows | 1,967 | 1,336 | 6,093 | 3,325 |
| Redemptions/outflows | (1,110) | (552) | (2,427) | (1,613) |

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| | | | | |
|--|-------------------|-------------------|-------------------|-------------------|
| Exchanges | (62) | 3 | (43) | (7) |
| Market value change | (839) | (56) | (656) | (46) |
| Net change | (44) | 731 | 2,967 | 1,659 |
| Fixed income assets - end of period | \$ 24,449 | \$ 19,872 | \$ 24,449 | \$ 19,872 |
| Bank loan fund assets - beginning of period | 21,413 | 17,792 | 19,982 | 16,816 |
| Sales/inflows | 1,996 | 2,522 | 5,668 | 5,546 |
| Redemptions/outflows | (2,145) | (814) | (4,571) | (3,095) |
| Exchanges | (82) | (14) | (105) | (42) |
| Market value change | (176) | 25 | 32 | 286 |
| Net change | (407) | 1,719 | 1,024 | 2,695 |
| Bank loan assets - end of period | \$ 21,006 | \$ 19,511 | \$ 21,006 | \$ 19,511 |
| Long-term fund assets - beginning of period | 114,113 | 87,049 | 94,684 | 80,175 |
| Sales/inflows | 8,154 | 5,995 | 30,428 | 14,681 |
| Redemptions/outflows | (4,958) | (2,798) | (12,136) | (8,801) |
| Exchanges | (134) | (54) | (148) | (55) |
| Market value change | (2,015) | (1,173) | 2,332 | 3,019 |
| Net change | 1,047 | 1,970 | 20,476 | 8,844 |
| Total long-term fund assets - end of period | \$ 115,160 | \$ 89,019 | \$ 115,160 | \$ 89,019 |
| Separate accounts - beginning of period | 34,153 | 30,181 | 30,494 | 27,650 |
| Institutional/HNW account inflows | 1,389 | 381 | 3,109 | 1,730 |
| Institutional/HNW account outflows | (1,643) | (904) | (3,677) | (3,048) |
| Institutional/HNW assets acquired ^{1,2} | 270 | - | 270 | 427 |
| Retail managed account inflows | 1,874 | 859 | 4,635 | 2,526 |
| Retail managed account outflows | (633) | (823) | (1,676) | (1,769) |
| Retail managed account assets acquired ² | - | - | - | 23 |
| Separate accounts market value change | 154 | (795) | 2,409 | 1,360 |
| Net change | 1,411 | (1,282) | 5,070 | 1,249 |
| Separate accounts - end of period | \$ 35,564 | \$ 28,899 | \$ 35,564 | \$ 28,899 |
| Money market fund assets - end of period | 1,615 | 2,472 | 1,615 | 2,472 |
| Total assets under management - end of period | \$ 152,339 | \$ 120,390 | \$ 152,339 | \$ 120,390 |

Table 4
Long-Term Fund and Separate Account Net
Flows (in millions)

| | Three Months Ended | | Nine Months Ended | |
|----------------------------|--------------------|------------------|-------------------|------------------|
| | July 31, 2007 | July 31, 2006 | July 31, 2007 | July 31, 2006 |
| Long-term funds: | | | | |
| Open-end and other funds | \$ 2,111 | \$ 1,559 | \$ 7,180 | \$ 3,801 |
| Closed-end funds | 1,266 | 162 | 9,900 | 269 |
| Private funds | (181) | 1,476 | 1,212 | 1,810 |
| Institutional/HNW accounts | (254) | (523) | (568) | (1,318) |
| Retail managed accounts | 1,241 | 36 | 2,959 | 757 |
| Total net flows | \$ 4,183 | \$ 2,710 | \$ 20,683 | \$ 5,319 |

¹ Managed Risk Advisors, LLC acquired by Eaton Vance subsidiary, Parametric Portfolio Advisors, in May 2007.

² Voyageur Asset Management (MA) acquired by Eaton Vance in December 2005.