

eLong, Inc.
Form 20-F
April 25, 2013

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 20-F

**.. REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES
EXCHANGE ACT OF 1934
OR**

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
^x OF 1934**

For the fiscal year ended December 31, 2012

OR

**.. TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934**

OR

**.. SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

Commission file number: 000-50984

eLong, Inc.

(Exact name of Registrant as specified in its charter)

Cayman Islands

(Jurisdiction of incorporation or organization)

Xingke Plaza, Tower B, Third Floor

10 Middle Jiuxianqiao Road, Chaoyang District

Beijing 100015, People's Republic of China

(Address of principal executive offices)

Guangfu Cui, Chief Executive Officer

Telephone: +(8610) 5860-2288 / Facsimile: +(8610) 6436-6019

Xingke Plaza Building, Tower B, Third Floor

10 Middle Jiuxianqiao Road, Chaoyang District

Beijing 100015, People's Republic of China

(Name, Telephone and Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
American Depositary Shares, each representing two ordinary shares, par value \$0.01 per ordinary share	The Nasdaq Global Market

Securities registered or to be registered pursuant to Section 12(g) of the Act: None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of December 31, 2012: 35,335,892 ordinary shares, par value US\$0.01 per share; 33,589,204 high-vote ordinary shares, par value US\$0.01 per share.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes No

Note checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those sections.

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

Large accelerated filer Accelerated filer Non-accelerated filer

Edgar Filing: eLong, Inc. - Form 20-F

Indicate by check mark which basis of accounting the Registrant has used to prepare the financial statements included in this filing:

U.S. GAAP International Financial Reporting Standards as issued by the International Accounting Standards Board Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the Registrant has elected to follow: Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

TABLE OF CONTENTS

	Page
PART I	5
Item 1: Identity of Directors, Senior Management and Advisers	5
Item 2: Offer Statistics and Expected Timetable	5
Item 3: Key Information	5
Item 4: Information on the Company	23
Item 4A: Unresolved Staff Comments	35
Item 5: Operating and Financial Review and Prospects	35
Item 6: Directors, Senior Management and Employees	51
Item 7: Major Shareholders and Related Party Transactions	62
Item 8: Financial Information	71
Item 9: The Offer and Listing	72
Item 10: Additional Information	73
Item 11: Quantitative and Qualitative Disclosure About Market Risk	79
Item 12: Description of Securities other than Equity Securities	79
PART II	80
Item 13: Defaults, Dividend Arrearages and Delinquencies	80
Item 14: Material Modifications to the Rights of Security Holders and Use of Proceeds	80
Item 15: Controls and Procedures	80
Item 16A: Audit Committee Financial Expert	82
Item 16B: Code of Ethics	82
Item 16C: Principal Accountant Fees and Services	82

Edgar Filing: eLong, Inc. - Form 20-F

Item 16D: Exemptions from the Listing Standards for Audit Committees	83
Item 16E: Purchases of Equity Securities by the Issuer and Affiliated Purchasers	83
Item 16F: Changes in Registrant's Certifying Accountant	83
Item 16G: Corporate Governance	84
Item 16H: Mine Safety Disclosure	84
PART III	84
Item 17: Financial Statements	84
Item 18: Financial Statements	84
Item 19. Exhibits	85

In this annual report, references to “we,” “us,” “our,” “our company,” “the Company,” “the company” and “eLong” are to eLong Inc., its subsidiaries, and, in the context of describing our operations, our consolidated affiliated entities. References to “China” or the “PRC” are to the People’s Republic of China, excluding Hong Kong, Macau and Taiwan.

Unless otherwise noted, references to “Expedia” are to Expedia, Inc. (Nasdaq: EXPE), and references to “Expedia Asia Pacific” are to Expedia Asia Pacific-Alpha Limited. References to “Tencent” are to Tencent Holdings Limited (SEHK: 00700) and references to “TCH Sapphire” are to TCH Sapphire Limited. References to “eLong Information” and “eLong Hefei” are to our wholly-owned subsidiaries, eLongNet Information Technology (Beijing) Co., Ltd. and eLong Information Technology (Hefei) Co., Ltd., respectively.

With respect to our consolidated affiliated entities (referred to as “variable interest entities” or “VIEs” in our consolidated financial statements included with this annual report), “Beijing Information” refers to Beijing eLong Information Technology Co., Ltd.; “Beijing Media” refers to Beijing Asiamedia Interactive Advertising Co., Ltd.; “Beijing Air” refers to Beijing eLong Air Services Co., Ltd.; “Hangzhou Air” refers to Hangzhou eLong Air Service Co., Ltd.; “Beijing Travel” refers to Beijing eLong International Travel Co., Ltd.; and “Beijing Xici” refers to Beijing Xici Interactive Information Technology Co., Ltd.

Unless the context otherwise requires, references in this annual report to “shares” or “ordinary shares” are to our ordinary shares, par value US\$0.01 per share. Such references exclude our high-vote ordinary shares, which are referred to separately as “high-vote ordinary shares.” References to “ADSs” are to our American depositary shares, each of which represents two ordinary shares, and references to “ADRs” are to American depositary receipts that evidence our ADSs. References to our “articles of association” are to our Third Amended and Restated Memorandum of Association and our Third Amended and Restated Articles of Association. References to “tickets” or “air tickets” are to air segments. An air segment is a one-way point-to-point air ticket; and a round-trip ticket may consist of two or more air segments. References to the “SEC” are to the Securities and Exchange Commission.

Our consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States of America, or “U.S. GAAP.” Our consolidated financial statements are expressed in Renminbi, the legal currency of China. References to “RMB” are to Renminbi and references to “U.S. dollars,” “US\$” or “\$” are to United States dollars. Our financial year ends on December 31 of each calendar year and, unless otherwise indicated, references to any year are to the calendar year ending December 31.

The “eLong” characters in Chinese as well as “eLong.com” in English are among our registered trademarks in China. This annual report also contains product and service names of other companies that are trademarks of their respective owners.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Statements in this annual report and any exhibits thereto concerning our future business, operating results and financial condition are “forward-looking” statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and as defined in the Private Securities Litigation Reform Act of 1995. Words such as “anticipate,” “believe,” “estimate,” “expect,” “forecast,” “intend,” “may,” “plan,” “project,” “predict,” “future,” “is/are likely to,” “should” and “will” and similar they relate to our company are intended to identify such forward-looking statements, but are not the exclusive means of doing so. These forward-looking statements are based upon management’s current views and expectations with respect to future events and are not a guarantee of future performance. Forward-looking statements include, but are not limited to, statements about:

- our anticipated growth strategies;
- our future business development, results of operations and financial condition;
- our ability to control costs and maintain profitability;
- our ability to attract customers and leverage our brand; and
- trends and competition in the travel industry in China and globally.

Furthermore, these statements are, by their nature, subject to a number of risks and uncertainties that could cause our actual performance and results to differ materially from those discussed in the forward-looking statements. Factors that could affect our actual results and cause our actual results to differ materially from those referred in any forward-looking statements include, but are not limited to:

- declines or disruptions in the travel industry;
 - international financial, political or economic crises;
- a slowdown in the PRC economy;
- an outbreak of bird flu or other disease;
- our reliance on maintaining good relationships with, and stable hotel and air inventory from, hotel suppliers and airline ticket suppliers, and on establishing new relationships with suppliers similar to those we currently have;
- our reliance on the TravelSky GDS system for our air business and Baidu for our search engine marketing;
- the risk that we will not be able to increase our brand recognition;
- the possibility that we will be unable to continue timely compliance with the Sarbanes-Oxley Act or other regulatory requirements;

- the risk that we will not be successful in competing against new or existing competitors;
- the risk that our infrastructure and technology are damaged, fail or become unstable or obsolete;
- risks associated with Expedia’s majority ownership interest and Tencent’s shareholding in us;
- risks relating to our acquisitions and investments in other businesses and assets;
- fluctuations in the value of the Renminbi;
- inflation in China;
- changes in our management team and other key personnel;
- risks relating to uncertainties in the PRC legal system, including but not limited to, risks relating to our consolidated affiliated entities and risks relating to the application of preferential tax policies; and
- other risks mentioned in this annual report, including but not limited to risks and other factors mentioned in “*Item 3: Key Information—Risk Factors*,” “*Item 4: Information on the Company*” and “*Item 5: Operating and Financial Review and Prospects*”

If one or more of these risks or uncertainties occur, or if our underlying assumptions prove to be incorrect, actual events or results may vary significantly from those implied or projected by the forward-looking statements. No forward-looking statement is a guarantee of future performance. New risk factors may emerge from time to time, and it is not possible for our management to predict all risk factors, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise. All forward-looking statements contained in this annual report are qualified by reference to this cautionary statement.

PART I

Item 1: Identity of Directors, Senior Management and Advisers.

Not applicable.

Item 2: Offer Statistics and Expected Timetable.

Not applicable.

Item 3: Key Information.

Selected Financial Data

You should read the following information in conjunction with our consolidated financial statements and related notes included in this annual report and “*Item 5: Operating and Financial Review and Prospects*”.

The selected consolidated statements of comprehensive income (other than ADS data) and selected consolidated cash flow data for the years ended December 31, 2010, 2011 and 2012, and the selected consolidated balance sheet data as of December 31, 2011 and 2012, are derived from our consolidated financial statements included in this annual report and should be read in conjunction with our consolidated financial statements and the notes to our consolidated financial statements. The selected consolidated statements of comprehensive income (other than ADS data) and selected consolidated cash flow data for the years ended December 31, 2008 and 2009 and the selected consolidated balance sheet data as of December 31, 2008, 2009 and 2010 are derived from our consolidated financial statements which are not included in this annual report.

Our consolidated financial statements are prepared in accordance with U.S. GAAP. Our consolidated financial statements are expressed in Renminbi, the legal currency of China. For information regarding exchange rates, see the section below entitled “*Exchange Rate Information*.”

SELECTED CONSOLIDATED FINANCIAL DATA

	eLong, Inc.					
	Year ended December 31,					
	2008	2009	2010	2011	2012	2012
	RMB	RMB	RMB	RMB	RMB	US\$
	(in thousands, except for per share and per ADS data)					
Selected Consolidated Statements of Comprehensive Income Data						
Net revenues	327,313	357,894	481,917	586,177	744,244	119,460
Gross profit	230,317	250,959	345,027	431,313	539,921	86,664
Total operating expenses	(271,999)	(239,712)	(297,956)	(381,981)	(606,073)	(97,281)
Income/(loss) from operations	(41,682)	11,247	47,071	49,332	(66,152)	(10,617)
Net income/(loss)	(76,593)	19,903	20,628	39,270	471	76
Basic net income/(loss) per share	(1.54)	0.42	0.43	0.65	0.01	0.001
Diluted net income/(loss) per share	(1.54)	0.40	0.40	0.63	0.01	0.001
Basic net income/(loss) per ADS	(3.08)	0.84	0.86	1.30	0.02	0.002
Diluted net income/(loss) per ADS	(3.08)	0.80	0.80	1.26	0.02	0.002

	eLong, Inc.					
	As of December 31,					
	2008	2009	2010	2011	2012	2012
	RMB	RMB	RMB	RMB	RMB	US\$
	(in thousands)					
Selected Consolidated Balance Sheet Data						
Cash and cash equivalents	321,541	639,468	381,426	411,676	311,140	49,942
Short-term investments	635,810	313,467	580,005	1,433,425	1,581,502	253,849
Working capital ⁽¹⁾	898,693	938,834	944,903	1,850,229	1,762,887	282,963
Property and equipment, net	52,484	44,005	41,896	44,230	72,362	11,615
Total assets	1,137,964	1,183,950	1,269,197	2,210,718	2,470,633	396,564
Long-term obligations	477	1,186	499	1,045	1,045	168
Ordinary shares	1,858,543	1,879,312	1,991,115	2,864,471	2,864,471	459,779
High-vote ordinary shares	2,362,999	2,362,999	2,362,999	2,690,950	2,690,950	431,927
Accumulated deficit	(206,635)	(186,732)	(172,481)	(148,154)	(152,562)	(24,488)
Shareholders' equity	1,012,181	1,043,500	1,094,869	2,005,983	2,036,874	326,941

⁽¹⁾ Represents the amount of total consolidated current assets less total consolidated current liabilities.

	eLong, Inc.					
	Year ended December 31,					
	2008	2009	2010	2011	2012	2012
	RMB	RMB	RMB	RMB	RMB	US\$
	(in thousands)					
Selected Consolidated Cash Flow Data						
Net cash provided by (used in) operating activities	(14,076)	69,014	85,387	98,037	134,324	21,560
Net cash provided by (used in) investing activities	(641,501)	248,306	(324,676)	(911,246)	(235,721)	(37,836)
Net cash provided by (used in) financing activities	(98,331)	948	(5,446)	851,419	1,281	206

Exchange Rate Information

We conduct substantially all of our business in China, and our revenues and expenses are primarily denominated in Renminbi. Solely for the convenience of the reader, this annual report contains translations of Renminbi amounts into U.S. dollar amounts at specified rates. Translations of Renminbi amounts into U.S. dollar amounts are based on the noon buying rate in the City of New York for cable transfers of Renminbi as published by the Federal Reserve Bank of New York. Unless otherwise noted, all translations from Renminbi amounts to U.S. dollar amounts and from U.S. dollar amounts to Renminbi amounts in this annual report were made at a rate of RMB6.2301 to US\$1.00, the rate in effect as of December 31, 2012. The rate as of March 29, 2013, the last business day before March 31, 2013, was RMB6.2108 to US\$1.00. We make no representation that any Renminbi or U.S. dollar amounts could have been, or could be, converted into U.S. dollar or Renminbi amounts at any particular rate, the rates stated herein, or at all. The

Chinese government imposes controls over the conversion of Renminbi into foreign currencies. For discussion of the effects of currency controls and fluctuating exchange rates on the value of our shares and ADSs, see “*Item 3: Key Information—Risk Factors—Risks Related to Doing Business in the People’s Republic of China—Fluctuation in the value of the Renminbi may adversely affect our financial results and the value of our ADSs*” and “*Item 3: Key Information—Risk Factors—Risks Related to Doing Business in the People’s Republic of China—Governmental control of currency conversion may affect the value of our ADSs and our ability to pay dividends.*”

The table below sets forth the average exchange rates between Renminbi and U.S. dollars for each of the past five years, calculated by averaging the rates on the last day of each month.

Average Exchange Rates of Renminbi per U.S. Dollar

	Average
Year ended December 31, 2008	6.9193
Year ended December 31, 2009	6.8295
Year ended December 31, 2010	6.7603
Year ended December 31, 2011	6.4475
Year ended December 31, 2012	6.2990

The table below sets forth the high and low exchange rates between Renminbi and U.S. dollars for each of the six months from October 2012 through March 2013.

Recent Exchange Rates of Renminbi per U.S. Dollar

	High	Low
October 2012	6.2877	6.2372
November 2012	6.2454	6.2221
December 2012	6.2502	6.2251
January 2013	6.2303	6.2134
February 2013	6.2438	6.2213
March 2013	6.2246	6.2105

Risk Factors

You should carefully consider each of the following risks and uncertainties associated with our company and the ownership of our securities. You should pay particular attention to the fact that we conduct substantially all of our operations in China and are governed by a legal and regulatory environment that differs significantly from that of the United States. Additional risks referred to elsewhere in this annual report, and other risks which are not currently known to us or that we currently deem immaterial may also have a material adverse impact on our business operations and financial condition.

Risks Related to Our Business

We may not be profitable in 2013 or any future period.

We sustained net losses in 2004, 2005, 2007 and 2008, and reported net income in 2006, 2009, 2010, 2011 and 2012. In 2012, we reported a loss from operations of RMB66.2 million (US\$10.6 million) and net income of only RMB0.5 million (US\$0.1 million). We operate in a highly dynamic and increasingly competitive industry, and cannot assure you that we will report operating or net income during 2013 or any future period. A significant factor contributing to the much lower level of profitability in 2012 than in recent prior years was our higher sales and marketing expenses, which increased by 79% year-on-year from RMB230.9 million (US\$37.1 million) or 39% of our net revenues in 2011 to RMB412.3 million (US\$66.2 million) or 55% of our net revenues in 2012, primarily due to increased online marketing expenses, advertising expenses related to our brand marketing campaign and hotel commission payments to our distribution partners and resellers. In a growing and highly competitive market, we may continue to increase our sales and marketing expenses in the future.

Other factors contributing to our higher costs include higher employee compensation and benefit costs and increased capital expenditures (including, for example, higher information technology investments and expenses to establish and expand our second customer service center). Factors which may lead to decreased margins include our expanded eCoupon program or other promotions, an increasing proportion of lower-priced transactions (including budget hotel and hotel groupbuy transactions), and declining commissions from our hotel and air suppliers. Increased sales and marketing expenses as well as those and other factors may materially and adversely affect our profitability in future periods.

A slow-down of, or increased volatility in, economic growth in China may adversely affect our growth and financial performance.

Our financial results have been and will likely continue to be significantly affected by the condition of the economy and the travel industry in China. Travel expenditures are sensitive to business and personal discretionary spending levels and tend to decline during economic downturns. In recent years, the PRC economy has seen increased volatility, including a slowdown related to the international financial crisis in 2008, recovery in 2009, growth in 2010 and 2011, and slower growth in 2012. In 2013, economic conditions remain uncertain and unpredictable, with a wide variety of forecasts and predictions. In addition, China is affected by global economic conditions, which have been volatile in recent years. The global financial markets have experienced significant disruptions since 2008, and currently face slow growth in the United States and Japan, a European debt crisis and a multitude of other uncertainties, including the long-term effects of expansionary monetary and fiscal policy. There have also been concerns over recent tensions in the relationship between China and Japan, about North Korea's nuclear program, as well as unrest in the Middle East and Africa which has resulted in volatility in oil and other markets, and the possibility of armed conflict with Iran.

We believe that demand for travel services in China will continue to be linked to the condition of the broader PRC economy in the future. A slow-down of, or increased volatility in, economic growth in China is likely to reduce expenditures for travel which would have a material adverse effect on our revenues and results of operations.

We may not be able to compete successfully against our current or future competitors.

We face a highly dynamic and increasingly competitive PRC travel marketplace with numerous sources of competition, including our primary competitor, Ctrip, as well as other e-commerce companies such as Meituan and travel search services such as Qunar. We do not have long-term arrangements with our suppliers and our business involves relatively low fixed costs; accordingly, we also face the threat of new competitors. In addition, our current and future competitors may enter into alliances, equity investments or other arrangements with one another or with travel suppliers or marketing channels which may limit our ability to reach commercial arrangements with such parties. For example, Ctrip is a large shareholder, and has representation on the Boards of Directors, of two of China's largest budget hotel chains, Home Inns & Hotels Management Inc. and China Lodging Group Ltd., and in 2011,

Baidu, China's largest search engine, acquired a controlling interest in Qunar.

More broadly, we also face competition from high-speed rail as a substitute for air tickets, and from travel services which are owned or operated by PRC state-owned companies. Moreover, large state-owned companies, internet search engines, e-commerce companies and/or international travel companies may choose to enter the PRC travel market, either as sole entrants or in cooperation with our current or future competitors. Some of our current and future competitors have competitive advantages over us, including more well-known brand names, lower cost sources of internet traffic, larger customer bases and greater financial, marketing, technical and other expertise and resources. Increased competition could reduce our revenue and profitability. We cannot assure you that we will be able to successfully compete against our current or future competitors. If we are unable to compete successfully with our current or future competitors, our business will be materially and adversely affected.

Declines or disruptions in the travel industry may reduce our revenues.

Our business is affected by the condition of the travel industry in China. Trends or events that may reduce travel and therefore may reduce our revenues include:

- outbreaks, or the fear of outbreaks, of H1N1 flu, bird flu or other diseases;
- travel-related accidents;
- unseasonable or extreme weather;

\$	37,535	1	26
----	--------	---	----

**Earnings per share attributable to
Eaton Vance Corp. Shareholders:**

Basic	\$ 0.41	\$ 0.41	\$ 0.31	-	32
Diluted	\$ 0.40	\$ 0.40	\$ 0.30	-	33

Weighted average shares outstanding:

Basic	112,768	112,939	116,741	-	(3)
Diluted	114,901	115,238	122,175	-	(6)

Dividends declared per share	\$ 0.19	\$ 0.19	\$ 0.18	-	6
-------------------------------------	---------	---------	---------	---	---

Attachment 2

Eaton Vance Corp.
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
(unaudited)

<i>(in thousands, except per share figures)</i>	Three Months Ended		
	January 31, 2012	October 31, 2011	January 31, 2011
Net income attributable to Eaton Vance Corp. shareholders	\$ 47,271	\$ 46,820	\$ 37,535
Non-controlling interest value adjustments	8,102	8,906	18,197
Adjusted net income attributable to Eaton Vance Corp. shareholders	\$ 55,373	\$ 55,726	\$ 55,732
Earnings per diluted share	\$ 0.40	\$ 0.40	\$ 0.30
Non-controlling interest value adjustments	0.07	0.07	0.15
Adjusted earnings per diluted share	\$ 0.47	\$ 0.47	\$ 0.45

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

	January 31, 2012	October 31, 2011
Assets		
Cash and cash equivalents	\$ 475,370	\$ 510,913
Investment advisory fees and other receivables	126,885	130,525
Investments	333,404	287,735
Assets of consolidated collateralized loan obligation entity:		
Cash and cash equivalents	16,832	16,521
Bank loans and other investments	472,933	462,586
Other assets	1,222	2,715
Deferred sales commissions	24,377	27,884
Deferred income taxes	44,768	41,343
Equipment and leasehold improvements, net	64,443	67,227
Intangible assets, net	65,225	67,224
Goodwill	142,302	142,302
Other assets	66,772	74,325
Total assets	\$ 1,834,533	\$ 1,831,300

**Liabilities, Temporary Equity and
Permanent Equity**

Liabilities:

Accrued compensation	\$ 49,748	\$ 137,431
Accounts payable and accrued expenses	60,788	51,333
Dividend payable	22,023	21,959
Debt	500,000	500,000
Liabilities of consolidated collateralized loan obligation entity:		
Senior and subordinated note obligations	480,345	477,699
Other liabilities	6,777	5,193
Other liabilities	118,979	75,557
Total liabilities	1,238,660	1,269,172
Commitments and contingencies		

Temporary Equity:

Redeemable non-controlling interests	118,494	100,824
Total temporary equity	118,494	100,824
Permanent Equity:		
Voting common stock, par value \$0.00390625 per share:		
Authorized, 1,280,000 shares		
Issued, 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, 115,435,234 and 115,223,827 shares, respectively	451	450
Notes receivable from stock option exercises	(4,118)	(4,441)
Accumulated other comprehensive income	2,003	1,340
Appropriated retained earnings (deficit)	1,124	(3,867)
Retained earnings	477,152	466,931
Total Eaton Vance Corp. shareholders' equity	476,614	460,415
Non-redeemable non-controlling interests	765	889
Total permanent equity	477,379	461,304
Total liabilities, temporary equity and permanent equity	\$ 1,834,533	\$ 1,831,300

Eaton Vance Corp.
Table 1
Asset Flows (in millions)
Twelve Months Ended January 31, 2012
(unaudited)

Assets as of January 31,2011 - beginning of period	\$	191,744
Long-term fund sales and inflows		30,304
Long-term fund redemptions and outflows		(32,318)
Long-term fund net exchanges		(123)
Institutional account inflows		11,990
Institutional account outflows		(10,334)
High-net-worth account inflows		3,071
High-net-worth account outflows		(2,330)
High-net-worth assets acquired		352
Retail managed account inflows		6,819
Retail managed account outflows		(6,283)
Market value change		(1,016)
Change in cash management funds		(170)
Net change		(38)
Assets as of January 31,2012 - end of period	\$	191,706

Eaton Vance Corp.
Table 2
Assets Under Management
By Investment Mandate ⁽¹⁾
(in millions) (unaudited)

	January 31, 2012	October 31, 2011	%	January 31, 2011	%
			Change		Change
Equity	\$ 110,834	\$ 108,859	2%	\$ 114,722	-3%
Fixed income	45,514	43,708	4%	43,013	6%
Floating-rate income	24,376	24,322	0%	21,939	11%
Alternative	10,449	10,645	-2%	11,367	-8%
Cash management	533	670	-20%	703	-24%
Total	\$ 191,706	\$ 188,204	2%	\$ 191,744	0%

⁽¹⁾Includes funds and separate accounts

Eaton Vance Corp.
Table 3
Long-Term Fund and Separate Account Net Flows (in millions)
(unaudited)

	Three Months Ended		
	January 31, 2012	October 31, 2011	January 31, 2011
Long-term funds:			
Open-end funds	\$ (1,518)	\$ (3,494)	\$ 2,061
Closed-end funds	(47)	108	(111)
Private funds	357	286	(598)
Institutional accounts	(391)	501	471
High-net-worth accounts	469	104	156
Retail managed accounts	10	(238)	(131)
Total net flows	\$ (1,120)	\$ (2,733)	\$ 1,848

Eaton Vance Corp.

Table 4

Asset Flows by Investment Mandate (in millions) (unaudited)

Three Months Ended

	January 31, 2012	October 31, 2011	January 31, 2011
Equity fund assets - beginning of period	\$ 53,860	\$ 59,644	\$ 58,434
Sales/inflows	2,752	2,300	4,178
Redemptions/outflows	(4,216)	(3,911)	(4,142)
Exchanges	(19)	(34)	66
Market value change	1,392	(4,139)	2,813
Net change	(91)	(5,784)	2,915
Equity assets - end of period	\$ 53,769	\$ 53,860	\$ 61,349
Fixed income fund assets - beginning of period	27,472	27,551	29,412
Sales/inflows	1,662	1,605	1,678
Redemptions/outflows	(1,604)	(1,597)	(2,577)
Exchanges	51	98	(229)
Market value change	1,009	(185)	(1,691)
Net change	1,118	(79)	(2,819)
Fixed income assets - end of period	\$ 28,590	\$ 27,472	\$ 26,593
Floating-rate income fund assets - beginning of period	20,156	21,494	16,128
Sales/inflows	1,401	1,359	1,967
Redemptions/outflows	(1,202)	(2,098)	(561)
Exchanges	(8)	(129)	118
Market value change	(168)	(470)	251
Net change	23	(1,338)	1,775
Floating-rate income assets - end of period	\$ 20,179	\$ 20,156	\$ 17,903
Alternative fund assets - beginning of period	10,217	11,287	10,004
Sales/inflows	1,090	930	1,812
Redemptions/outflows	(1,091)	(1,689)	(1,003)
Exchanges	(38)	(4)	(20)
Market value change	(52)	(307)	92
Net change	(91)	(1,070)	881
Alternative assets - end of period	\$ 10,126	\$ 10,217	\$ 10,885
Long-term fund assets - beginning of period	111,705	119,976	113,978
Sales/inflows	6,905	6,194	9,635
Redemptions/outflows	(8,113)	(9,295)	(8,283)
Exchanges	(14)	(69)	(65)
Market value change	2,181	(5,101)	1,465
Net change	959	(8,271)	2,752
Total long-term fund assets - end of period	\$ 112,664	\$ 111,705	\$ 116,730

Separate accounts - beginning of period		75,830		78,239		70,126
Institutional account inflows		1,824		2,954		2,184
Institutional account outflows		(2,215)		(2,453)		(1,713)
High-net-worth account inflows		1,021		598		798
High-net-worth account outflows		(552)		(494)		(642)
Retail managed account inflows		1,746		1,318		1,584
Retail managed account outflows		(1,736)		(1,556)		(1,715)
Exchanges and reclassifications		-		-		3
Market value change		2,591		(2,776)		3,686
Net change		2,679		(2,409)		4,185
Separate accounts - end of period	\$	78,509	\$	75,830	\$	74,311
Cash management fund assets - end of period		533		669		703
Total assets under management - end of period	\$	191,706	\$	188,204	\$	191,744

Footnotes

¹(1) *Adjusted earnings per diluted share reflects the add back of adjustments in connection with changes in the estimated redemption value of non-controlling interests in our affiliates redeemable at other than fair value (non-controlling interest value adjustments), closed-end structuring fees and other items management deems non-recurring or non-operating. See reconciliation provided in Attachment 2 for more information on adjusting items.*

²(2) *Adjusted net income attributable to Eaton Vance Corp. shareholders reflects the add back of adjustments in connection with changes in the estimated redemption value of non-controlling interests in our affiliates redeemable at other than fair value, closed-end structuring fees and other items management deems non-recurring or non-operating. See reconciliation provided in Attachment 2 for more information on adjusting items.*