

COHEN & STEERS INC  
Form 10-Q  
August 09, 2012

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2012

OR  
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM TO

Commission File Number: 001-32236

COHEN & STEERS, INC.  
(Exact name of Registrant as specified in its charter)

Delaware  
(State or Other Jurisdiction of  
Incorporation or Organization) 14-1904657  
(I.R.S. Employer  
Identification No.)

280 Park Avenue  
New York, NY 10017  
(Address of Principal Executive Offices) (Zip Code)  
(212) 832-3232  
(Registrant's telephone number, including area code)

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the 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 (§ 232.405 of this chapter) 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, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer  Accelerated Filer

Non-Accelerated Filer  (Do not check if a smaller reporting company) Smaller Reporting Company

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.) Yes  No

The number of shares of the Registrant's common stock, par value \$0.01 per share, outstanding as of August 3, 2012 was 43,747,853.



COHEN & STEERS, INC. AND SUBSIDIARIES  
Form 10-Q  
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Items other than those listed above have been omitted because they are not applicable.

#### Forward-Looking Statements

This report and other documents filed by us contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, which reflect our current views with respect to, among other things, our operations and financial performance. You can identify these forward-looking statements by the use of words such as "outlook," "believes," "expects," "potential," "continues," "may," "should," "seeks,"

“approximately,” “predicts,” “intends,” “plans,” “estimates,” “anticipates” or the negative versions of these words or other comparable words. Such forward-looking statements are subject to various risks and uncertainties.

Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements. We believe that these factors include, but are not limited to, those described in the Risk Factors section of our Annual Report on Form 10-K for the year ended December 31, 2011, which is accessible on the Securities and Exchange Commission’s website at [www.sec.gov](http://www.sec.gov) and on our website at [www.cohenandsteers.com](http://www.cohenandsteers.com). These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this report. We undertake no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

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## PART I—Financial Information

## Item 1. Financial Statements

COHEN & STEERS, INC. AND SUBSIDIARIES  
 CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION (Unaudited)  
 (in thousands, except share data)

|   | June 30,<br>2012 | December 31,<br>2011 |
|---|------------------|----------------------|
| <b>ASSETS</b>   |                  |                      |
| Cash and cash equivalents   | \$ 120,273       | \$ 127,824           |
| Securities owned (\$26,655 and \$21,952)*   | 76,886           | 25,304               |
| Equity investments  | 8,554            | 7,868                |
| Investments, available-for-sale   | 26,112           | 27,133               |
| Accounts receivable   | 47,012           | 39,590               |
| Due from broker (\$10,259 and \$10,321)*  | 14,330           | 10,443               |
| Property and equipment—net  | 9,970            | 11,200               |
| Goodwill  | 19,666           | 19,934               |
| Intangible assets—net   | 1,835            | 1,879                |
| Deferred income tax asset—net   | 5,379            | 9,233                |
| Other assets (\$256 and \$209)*   | 5,768            | 5,825                |
| Total assets  | \$ 335,785       | \$ 286,233           |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>   |                  |                      |
| <b>Liabilities:</b>   |                  |                      |
| Accrued compensation  | \$ 13,566        | \$ 23,337            |
| Securities sold but not yet purchased (\$12,304 and \$9,277)*   | 12,305           | 9,277                |
| Income tax payable  | 5,777            | 4,948                |
| Other liabilities and accrued expenses (\$370 and \$493)*   | 17,289           | 13,363               |
| Total liabilities   | 48,937           | 50,925               |
| <b>Commitments and contingencies</b>  |                  |                      |
| Redeemable noncontrolling interest  | 32,924           | 4,796                |
| <b>Stockholders' equity:</b>  |                  |                      |
| Common stock, \$0.01 par value; 500,000,000 shares authorized; 46,977,355 and 46,155,192 shares issued and outstanding at June 30, 2012 and December 31, 2011, respectively | 469              | 462                  |
| Additional paid-in capital  | 415,818          | 402,573              |
| Accumulated deficit   | (65,089)         | (83,063)             |
| Accumulated other comprehensive income (loss), net of tax   | 350              | (225)                |
| Less: Treasury stock, at cost, 3,236,252 and 2,986,913 shares at June 30, 2012 and December 31, 2011 respectively   | (97,624)         | (89,235)             |
| Total stockholders' equity  | 253,924          | 230,512              |
| Total liabilities and stockholders' equity  | \$ 335,785       | \$ 286,233           |

\* Assets and liability amounts in parentheses represent the portion of the June 30, 2012 and December 31, 2011, respectively, consolidated balances attributable to the onshore global real estate long-short fund which is a variable interest entity.

See notes to condensed consolidated financial statements



COHEN & STEERS, INC. AND SUBSIDIARIES  
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

(in thousands, except per share data)

|  | Three Months Ended |          | Six Months Ended |           |
|--|--------------------|----------|------------------|-----------|
|  | June 30,           |          | June 30,         |           |
|  | 2012               | 2011     | 2012             | 2011      |
| Revenue:   |                    |          |                  |           |
| Investment advisory and administration fees                                | \$59,687           | \$57,469 | \$117,842        | \$108,521 |
| Distribution and service fees  | 2,747              | 2,586    | 5,248            | 5,001     |
| Portfolio consulting and other   | 4,998              | 1,404    | 8,072            | 2,692     |
| Total revenue  | 67,432             | 61,459   | 131,162          | 116,214   |
| Expenses:  |                    |          |                  |           |
| Employee compensation and benefits   | 22,927             | 21,818   | 44,595           | 41,804    |
| Distribution and service fees  | 6,535              | 6,150    | 12,772           | 11,904    |
| General and administrative   | 9,923              | 8,886    | 18,460           | 17,459    |
| Depreciation and amortization  | 1,438              | 1,295    | 2,834            | 2,481     |
| Amortization, deferred commissions   | 545                | 415      | 1,041            | 758       |
| Total expenses   | 41,368             | 38,564   | 79,702           | 74,406    |
| Operating income   | 26,064             | 22,895   | 51,460           | 41,808    |
| Non-operating income:  |                    |          |                  |           |
| Interest and dividend income—net   | 669                | 355      | 1,290            | 539       |
| Loss from trading securities—net   | (2,469             | ) (99    | ) (748           | ) (477    |
| (Loss) gain from available-for-sale securities—net                         | (84                | ) 232    | 603              | 590       |
| Equity in (losses) earnings of affiliates                                  | (129               | ) 627    | 643              | 613       |
| Other  | 21                 | 191      | (763             | ) 1,016   |
| Total non-operating (loss) income  | (1,992             | ) 1,306  | 1,025            | 2,281     |
| Income before provision for income taxes                                   | 24,072             | 24,201   | 52,485           | 44,089    |
| Provision for income taxes   | 9,045              | 8,442    | 19,200           | 15,428    |
| Net income   | 15,027             | 15,759   | 33,285           | 28,661    |
| Less: Net loss (income) attributable to redeemable noncontrolling interest | 1,052              | (80      | ) 848            | (7        |
| Net income attributable to common shareholders                             | \$16,079           | \$15,679 | \$34,133         | \$28,654  |
| Earnings per share attributable to common shareholders:                    |                    |          |                  |           |
| Basic  | \$0.37             | \$0.36   | \$0.78           | \$0.66    |
| Diluted  | \$0.36             | \$0.36   | \$0.77           | \$0.65    |
| Weighted average shares outstanding:                                       |                    |          |                  |           |
| Basic  | 43,808             | 43,220   | 43,705           | 43,136    |
| Diluted  | 44,393             | 43,840   | 44,390           | 43,811    |

See notes to condensed consolidated financial statements



COHEN & STEERS, INC. AND SUBSIDIARIES  
 CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)  
 (in thousands)

|  | Three Months Ended |           | Six Months Ended |           |
|--|--------------------|-----------|------------------|-----------|
|  | June 30,           |           | June 30,         |           |
|  | 2012               | 2011      | 2012             | 2011      |
| Net income attributable to common shareholders   | \$ 16,079          | \$ 15,679 | \$ 34,133        | \$ 28,654 |
| Foreign currency translation (loss) gain   | (1,953             | ) 1,419   | (814             | ) 3,129   |
| Net unrealized gain from available-for-sale securities, net of tax   | 65                 | 260       | 1,992            | 401       |
| Reclassification to statements of operations of loss (gain) from available-for-sale securities, net of tax | 84                 | (232      | ) (603           | ) (590    |
| Total comprehensive income attributable to common shareholders   | \$ 14,275          | \$ 17,126 | \$ 34,708        | \$ 31,594 |

See notes to condensed consolidated financial statements

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COHEN & STEERS, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY AND  
REDEEMABLE NONCONTROLLING INTEREST (Unaudited)  
Six Months Ended June 30, 2012 and 2011  
(in thousands)

|   | Common<br>Stock | Additional<br>Paid-In<br>Capital | Accumulated<br>Deficit | Accumulated<br>Other<br>Comprehensive<br>Income<br>(loss), net of<br>tax | Treasury<br>Stock | Total<br>Stockholders'<br>Equity | Redeemable<br>Noncontrolling<br>Interest | Shares<br>of<br>Common<br>Stock,<br>net |
|---|-----------------|----------------------------------|------------------------|--|-------------------|----------------------------------|--|---|
| Beginning balance,<br>January 1, 2011   | \$ 454          | \$ 378,081                       | \$ (65,553 )           | \$ 2,971   | \$(82,588)        | \$ 233,365                       | \$ —                                     | 42,640                                  |
| Dividends   | —               | —                                | (13,246 )              | —  | —                 | (13,246 )                        | —  | —                                       |
| Issuance of common<br>stock   | 7               | 323                              | —                      | —  | —                 | 330                              | —  | 727                                     |
| Repurchase of<br>common stock   | —               | —                                | —                      | —  | (6,454 )          | (6,454 )                         | —  | (226 )                                  |
| Tax benefits<br>associated with<br>restricted stock<br>units—net                          | —               | 997                              | —                      | —  | —                 | 997                              | —  | —                                       |
| Issuance of restricted<br>stock units   | —               | 823                              | —                      | —  | —                 | 823                              | —  | —                                       |
| Amortization of<br>restricted stock<br>units—net  | —               | 8,529                            | —                      | —  | —                 | 8,529                            | —  | —                                       |
| Forfeitures of vested<br>restricted stock units   | —               | (1 )                             | —                      | —  | —                 | (1 )                             | —  | —                                       |
| Net income  | —               | —                                | 28,654                 | —  | —                 | 28,654                           | 7  | —                                       |
| Other comprehensive<br>income, net of tax   | —               | —                                | —                      | 2,940  | —                 | 2,940                            | —  | —                                       |
| Distributions to<br>redeemable<br>noncontrolling<br>interest                              | —               | —                                | —                      | —  | —                 | —                                | (744 )                                   | —                                       |
| Foreign currency<br>translation adjustment<br>on redeemable<br>noncontrolling<br>interest | —               | —                                | —                      | —  | —                 | —                                | 239                                      | —                                       |
| Transfer of<br>redeemable<br>noncontrolling<br>interest                                   | —               | —                                | —                      | —  | —                 | —                                | 3,877                                    | —                                       |
| Ending balance, June<br>30, 2011  | \$ 461          | \$ 388,752                       | \$ (50,145 )           | \$ 5,911   | \$(89,042)        | \$ 255,937                       | \$ 3,379                                 | 43,141                                  |
| Beginning balance,<br>January 1, 2012   | \$ 462          | \$ 402,573                       | \$ (83,063 )           | \$ (225 )  | \$(89,235)        | \$ 230,512                       | \$ 4,796                                 | 43,168                                  |

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|   |        |            |              |        |             |            |           |        |
|---|--------|------------|--------------|--------|-------------|------------|-----------|--------|
| Dividends   | —      | —          | (16,159 )    | —      | —           | (16,159 )  | —         | —      |
| Issuance of common stock  | 7      | 284        | —            | —      | —           | 291        | —         | 822    |
| Repurchase of common stock  | —      | —          | —            | —      | (8,389 )    | (8,389 )   | —         | (249 ) |
| Tax benefits associated with restricted stock units—net                       | —      | 2,842      | —            | —      | —           | 2,842      | —         | —      |
| Issuance of restricted stock units  | —      | 1,112      | —            | —      | —           | 1,112      | —         | —      |
| Amortization of restricted stock units—net                                    | —      | 9,007      | —            | —      | —           | 9,007      | —         | —      |
| Net income (loss)   | —      | —          | 34,133       | —      | —           | 34,133     | (848 )    | —      |
| Other comprehensive income, net of tax  | —      | —          | —            | 575    | —           | 575        | —         | —      |
| Distributions to redeemable noncontrolling interest                           | —      | —          | —            | —      | —           | —          | (1,121 )  | —      |
| Contributions from redeemable noncontrolling interest                         | —      | —          | —            | —      | —           | —          | 30,064    | —      |
| Foreign currency translation adjustment on redeemable noncontrolling interest | —      | —          | —            | —      | —           | —          | 33        | —      |
| Ending balance, June 30, 2012   | \$ 469 | \$ 415,818 | \$ (65,089 ) | \$ 350 | \$ (97,624) | \$ 253,924 | \$ 32,924 | 43,741 |

See notes to condensed consolidated financial statements

COHEN & STEERS, INC. AND SUBSIDIARIES  
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)  
 (in thousands)

|   | Six Months Ended |           |
|---|------------------|-----------|
|   | June 30,         |           |
|   | 2012             | 2011      |
| Cash flows from operating activities:   |                  |           |
| Net income  | \$33,285         | \$28,661  |
| Adjustments to reconcile net income to net cash (used in) provided by operating activities: |                  |           |
| Stock compensation expense  | 9,041            | 8,585     |
| Amortization, deferred commissions  | 1,041            | 758       |
| Depreciation and amortization   | 2,834            | 2,481     |
| Deferred rent   | (267)            | (250)     |
| Loss from trading securities - net  | 748              | 477       |
| Equity in earnings of affiliates  | (643)            | (613)     |
| Gain from available-for-sale securities - net   | (603)            | (590)     |
| Deferred income taxes   | 3,316            | 2,937     |
| Foreign currency loss (gain)  | 564              | (145)     |
| Changes in operating assets and liabilities:  |                  |           |
| Accounts receivable   | (7,986)          | (6,291)   |
| Due from broker   | (7,474)          | —         |
| Deferred commissions  | (1,415)          | (1,096)   |
| Securities owned  | (47,405)         | (506)     |
| Other assets  | 431              | (651)     |
| Accrued compensation  | (9,239)          | (7,196)   |
| Securities sold but not yet purchased   | 1,662            | —         |
| Income tax payable  | 1,392            | (1,463)   |
| Other liabilities and accrued expenses  | 4,245            | (1,292)   |
| Net cash (used in) provided by operating activities   | (16,473)         | 23,806    |
| Cash flows from investing activities:   |                  |           |
| Purchases of equity investments   | (43)             | —         |
| Purchases of investments, available-for-sale  | (13,904)         | (15,957)  |
| Proceeds from sales of investments, available-for-sale                                      | 17,067           | 13,857    |
| Purchases of property and equipment   | (1,559)          | (1,235)   |
| Net cash provided by (used in) investing activities   | 1,561            | (3,335)   |
| Cash flows from financing activities:   |                  |           |
| Excess tax benefits associated with restricted stock units                                  | 2,817            | 1,450     |
| Issuance of common stock  | 255              | 287       |
| Repurchase of common stock  | (8,389)          | (6,454)   |
| Dividends to stockholders   | (15,747)         | (12,956)  |
| Redemptions of redeemable noncontrolling interest   | (1,121)          | —         |
| Contributions from redeemable noncontrolling interest                                       | 30,064           | —         |
| Net cash provided by (used in) financing activities   | 7,879            | (17,673)  |
| Net (decrease) increase in cash and cash equivalents  | (7,033)          | 2,798     |
| Effect of foreign exchange rate changes   | (518)            | 1,682     |
| Cash and cash equivalents, beginning of the period  | 127,824          | 136,191   |
| Cash and cash equivalents, end of the period  | \$120,273        | \$140,671 |

See notes to condensed consolidated financial statements

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COHEN & STEERS, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS—(Continued)  
(UNAUDITED)

Supplemental disclosures of cash flow information:

For the six months ended June 30, 2012 and 2011, the Company paid taxes, net of tax refunds, of approximately \$11,644,000 and \$12,557,000, respectively.

Supplemental disclosures of non-cash investing and financing activities:

In connection with its stock incentive plan, for the six months ended June 30, 2012 and 2011, the Company issued fully vested restricted stock units in the amount of \$701,000 and \$533,000, respectively. For the six months ended June 30, 2012 and 2011, the Company issued restricted stock unit dividend equivalents in the amount of \$412,000 and \$290,000, respectively.

COHEN & STEERS, INC. AND SUBSIDIARIES  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED)

1. Organization and Description of Business

Cohen & Steers, Inc. (“CNS”) was organized as a Delaware corporation on March 17, 2004. CNS was formed to be the holding company for Cohen & Steers Capital Management, Inc. (“CSCM”), a New York corporation, and to allow for the issuance of common stock to the public.

The condensed consolidated financial statements set forth herein include the accounts of CNS and its direct and indirect subsidiaries. CNS’s wholly-owned subsidiaries are CSCM, Cohen & Steers Securities, LLC (“Securities”), Cohen & Steers Asia Limited, Cohen & Steers UK Limited and Cohen & Steers Europe S.A. (collectively, the “Company”). All material intercompany balances and transactions have been eliminated in consolidation.

Through CSCM, a registered investment advisor under the Investment Advisers Act of 1940 (the “Advisers Act”), the Company provides investment management services to institutional and individual investors through a broad range of investment vehicles. Founded in 1986, the Company is a leading global investment management firm focused on global real estate securities, global listed infrastructure, real assets, large cap value stocks, and preferred securities.

The Company also manages alternative investment strategies such as hedged real estate securities portfolios and private real estate multimanager strategies for qualified investors. Its clients include Company-sponsored open-end and closed-end mutual funds, U.S. and non-U.S. pension plans, endowment funds, foundations and sub-advised funds for other financial institutions. Through Securities, its registered broker/dealer, the Company provides distribution services for certain of its funds.

2. Basis of Presentation and Significant Accounting Policies

The condensed consolidated financial statements of the Company included herein are unaudited and have been prepared in accordance with the instructions to Form 10-Q pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”). In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of the interim results have been made. The Company’s condensed consolidated financial statements and the related notes should be read together with the consolidated financial statements and the related notes included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2011.

**Accounting Estimates**—The preparation of the condensed consolidated financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the dates of the condensed consolidated financial statements and the reported amounts of revenue and expenses during the reporting periods. Management believes the estimates used in preparing the condensed consolidated financial statements are reasonable and prudent. Actual results could differ from those estimates.

**Reclassifications**—Certain prior year amounts have been reclassified to conform to the current year presentation. The amounts related to these reclassifications are not material to the Company’s condensed consolidated financial statements.

**Consolidation**—The Company consolidates operating entities deemed to be voting interest entities if the Company owns a majority of the voting interest. 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. The Company also consolidates any variable interest entities (“VIEs”) in which the Company is the primary beneficiary. The Company provides for noncontrolling interests in consolidated subsidiaries for which the Company’s ownership is less than 100 percent.

A VIE is an entity in which either (a) the equity investment at risk is not sufficient to permit the entity to finance its own activities without additional financial support or (b) the group of holders of the equity investment at risk lack certain characteristics of a controlling financial interest. The primary beneficiary is the entity that has the obligation to

absorb a majority of the expected losses or the right to receive the majority of the residual returns. Investments and redemptions or amendments to the governing documents of the respective entities could affect an entity's status as a VIE or the determination of the primary beneficiary. The Company assesses whether entities in which it has an interest are VIEs upon initial involvement and at each reporting date. The Company assesses whether it is the primary beneficiary of any VIEs identified

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COHEN & STEERS, INC. AND SUBSIDIARIES  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)  
(UNAUDITED)

by evaluating its economic interests in the entity held either directly by the Company and its affiliates or indirectly through employees. See Note 4 for further discussion about the Company's investments.

**Cash and Cash Equivalents**—Cash equivalents consist of short-term, highly liquid investments, which are readily convertible into cash and have original maturities of three months or less.

**Due from Broker**—The Company conducts business, through its consolidated seed investments, with brokers for certain of its investment activities. The clearing and custody operations for these investment activities are performed pursuant to agreements with prime brokers. The due from broker balance represents cash and cash equivalents balances at brokers and net receivables and payables for unsettled security transactions.

**Investments**—Management of the Company determines the appropriate classification of its investments at the time of purchase and re-evaluates such determination at each statement of financial condition date.

Securities owned and securities sold but not yet purchased are classified as trading securities and are measured at fair value based on quoted market prices, market prices obtained from independent pricing services engaged by management or as determined by the Company's valuation committee. Unrealized gains and losses are recorded as gain (loss) from trading securities—net reported in the Company's condensed consolidated statements of operations. Investments classified as equity investments are accounted for using the equity method, under which the Company recognizes its respective share of the investee's net income or loss for the period. The carrying amounts of these investments approximate their fair value.

Investments classified as available-for-sale are comprised of equity securities, investment-grade preferred instruments and investments in Company-sponsored open-end and closed-end mutual funds. These investments are carried at fair value based on quoted market prices or market prices obtained from independent pricing services engaged by management, with unrealized gains and losses, net of tax, reported in accumulated other comprehensive income. The Company periodically reviews each individual security position that has an unrealized loss, or impairment, to determine if that impairment is other than temporary. If the Company believes an impairment of a security position is other than temporary, the loss will be recognized in the Company's condensed consolidated statements of operations. An other than temporary impairment is generally presumed to have occurred if the available-for-sale investment has an unrealized loss continuously for 12 or more months.

From time to time, the consolidated funds of the Company enter into derivative contracts to hedge market and credit risks of the underlying portfolios utilizing options, total return swaps, credit default swaps and futures contracts. These instruments are measured at fair value with gains and losses recorded as gain (loss) from trading securities - net in the Company's condensed consolidated statements of operations. The fair value of these instruments is recorded in other assets or other liabilities and accrued expenses in the Company's condensed consolidated statements of financial condition.

Additionally, from time to time, the Company enters into foreign currency forward contracts to hedge its currency exposure related to client receivables. These instruments are measured at fair value with gains and losses recorded in other non-operating income in the Company's condensed consolidated statements of operations. The Company records these contracts as either assets or liabilities in due from broker or other liabilities and accrued expenses, respectively, in its condensed consolidated statements of financial condition.

**Goodwill and Intangible Assets**—Goodwill represents the excess of the cost of the Company's investment in the net assets of an acquired company over the fair value of the underlying identifiable net assets at the date of acquisition. Goodwill and indefinite lived intangible assets are not amortized but are tested at least annually for impairment by comparing the fair value to their carrying amounts. Finite lived intangible assets are amortized over their useful lives. See Note 3 for further discussion about the Company's goodwill and intangible assets.

Redeemable Noncontrolling Interest—Redeemable noncontrolling interest represents third-party minority voting interests in the Company's consolidated entities. This interest is redeemable at the option of the investors and therefore is not treated as permanent equity.

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**Investment Advisory and Administration Fees**—The Company earns revenue by providing asset management services to institutional accounts and to Company-sponsored open-end and closed-end mutual funds. This revenue is earned pursuant to the terms of the underlying advisory contract, and is based on a contractual investment advisory fee applied to the assets in the client's portfolio, net of applicable waivers. The Company also earns revenue from administration fees paid by certain Company-sponsored open-end and closed-end mutual funds, based on the average assets under management of such funds. This revenue is recognized as such fees are earned.

**Distribution and Service Fees**—Distribution and service fee revenue is earned as the services are performed, based on contractually-predetermined percentages of the average assets under management of the Company-sponsored open-end load mutual funds. Distribution and service fee revenue is recorded gross of any third-party distribution and service fee expense arrangements. The expenses associated with these third-party distribution and service fee arrangements are recorded as incurred.

**Stock-based Compensation**—The Company recognizes compensation expense for the grant-date fair value of awards of equity instruments granted to employees. This expense is recognized over the period during which employees are required to provide service. The Company also estimates forfeitures.

**Income Taxes**—The Company records the current and deferred tax consequences of all transactions that have been recognized in the condensed consolidated financial statements in accordance with the provisions of the enacted tax laws. Deferred tax assets are recognized for temporary differences that will result in deductible amounts in future years. Deferred tax liabilities are recognized for temporary differences that will result in taxable income in future years. The Company records a valuation allowance, when necessary, to reduce deferred tax assets to an amount that more likely than not will be realized. The effective tax rate for interim periods represents the Company's best estimate of the effective tax rate expected to be applied to the full fiscal year.

**Currency Translation and Transactions**—Assets and liabilities of subsidiaries having non-U.S. dollar functional currencies are translated at exchange rates at the applicable condensed consolidated statement of financial condition date. Revenues and expenses are translated at average exchange rates during the period. The gains or losses resulting from translating non-U.S. dollar functional currency into U.S. dollars are included in the Company's condensed consolidated statements of comprehensive income. Gains or losses resulting from non-U.S. dollar currency transactions are included in other non-operating income in the condensed consolidated statements of operations.

**Comprehensive Income**—The Company reports all changes in comprehensive income in the condensed consolidated statements of comprehensive income. Comprehensive income includes net income or loss attributable to common shareholders, unrealized gains and losses from available-for-sale securities (net of tax), foreign currency translation gains and losses (net of tax) and reclassification to statements of operations of gains and losses from available-for-sale securities (net of tax).

**Recently Issued Accounting Pronouncements**—In July 2012, the Financial Accounting Standards Board ("FASB") issued new guidance to simplify how entities test indefinite-lived intangible assets for impairment. The new guidance permits an entity to first assess qualitative factors to determine whether it is more likely than not that the fair value of an indefinite-lived intangible asset is less than its carrying amount as a basis for determining whether it is necessary to perform the second step to measure the amount of the impairment loss, if any. This new guidance will be effective for the Company's first quarter of 2013. The Company does not anticipate the adoption of this new guidance to have a material impact on the Company's condensed consolidated financial statements.

In December 2011, the FASB issued new guidance to create new disclosure requirements about the nature of an entity's rights of offset and related arrangements associated with its financial instruments and derivative instruments. This new guidance will be effective for the Company's first quarter of 2013. The Company does not anticipate the adoption of this new guidance to have a material impact on the Company's condensed consolidated financial

statements.

In September 2011, the FASB issued new guidance to simplify how entities test goodwill for impairment. The new guidance permits an entity to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the second

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step to measure the amount of the impairment loss, if any. This new guidance was effective for the Company's first quarter of 2012. The adoption of this new guidance did not have a material impact on the Company's condensed consolidated financial statements.

In June 2011, the FASB issued new guidance eliminating the option to present components of other comprehensive income as part of the statement of changes in stockholders' equity. The new guidance requires changes to the components of net income and comprehensive income in stockholders' equity be presented either in a single continuous statement of comprehensive income or in two separate but consecutive statements. In the two-statement approach, the first statement should present total net income and its components followed consecutively by a second statement that should present total other comprehensive income, the components of other comprehensive income, and the total of comprehensive income. The new guidance should be applied retrospectively. This new guidance was effective for the Company's first quarter of 2012. The adoption of this new guidance did not have a material impact on the Company's condensed consolidated financial statements.

In May 2011, the FASB issued new guidance regarding fair value measurement and disclosures. The new guidance results in common fair value measurement and disclosure requirements in U.S. Generally Accepted Accounting Principles ("GAAP") and International Financial Reporting Requirements. This new guidance changed the wording used to describe many of the requirements for measuring fair value and for disclosing information about fair value measurements. This new guidance was effective for the Company's first quarter of 2012. See Note 5 for further discussion about the fair value of the Company's investments which incorporates this new guidance.

### 3. Goodwill and Intangible Assets

#### Goodwill

Goodwill represents the excess of purchase price over the net tangible assets and identifiable intangible assets of an acquired business. At June 30, 2012 and December 31, 2011, goodwill was approximately \$19,666,000 and \$19,934,000, respectively. The Company's goodwill decreased by \$268,000 in the six months ended June 30, 2012 as a result of foreign currency revaluation.

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Intangible Assets

The following table details the gross carrying amounts and accumulated amortization for the intangible assets at June 30, 2012 and December 31, 2011 (in thousands):

|                                  | Remaining<br>Amortization<br>Period<br>(In Months) | Gross<br>Carrying<br>Amount | Accumulated<br>Amortization | Intangible<br>Assets, Net |
|----------------------------------|--|-----------------------------|-----------------------------|---------------------------|
| June 30, 2012:                   |  |                             |                             |                           |
| Amortized intangible assets:     |  |                             |                             |                           |
| Client relationships             | 78   | \$1,543                     | \$(958)                     | ) \$585                   |
| Non-amortized intangible assets: |  |                             |                             |                           |
| Mutual fund management contracts | —  | 1,250                       | —                           | 1,250                     |
| Total                            |  | \$2,793                     | \$(958)                     | ) \$1,835                 |
| December 31, 2011:               |  |                             |                             |                           |
| Amortized intangible assets:     |  |                             |                             |                           |
| Client relationships             | 84   | \$1,543                     | \$(914)                     | ) \$629                   |
| Non-amortized intangible assets: |  |                             |                             |                           |
| Mutual fund management contracts | —  | 1,250                       | —                           | 1,250                     |
| Total                            |  | \$2,793                     | \$(914)                     | ) \$1,879                 |

Amortization expense related to the intangible assets was approximately \$22,000 for both the three months ended June 30, 2012 and 2011, respectively, and approximately \$44,000 for both the six months ended June 30, 2012 and 2011, respectively. Estimated future amortization expense is as follows (in thousands):

| Periods Ending December 31, | Estimated<br>Amortization<br>Expense |
|-----------------------------|--------------------------------------|
| 2012                        | \$45                                 |
| 2013                        | 89                                   |
| 2014                        | 89                                   |
| 2015                        | 89                                   |
| 2016                        | 89                                   |
| Thereafter                  | 184                                  |
| Total                       | \$585                                |

4. Investments

The following is a summary of the Company's investments as of June 30, 2012 and December 31, 2011 (in thousands):

|                  | June 30, 2012 | December 31,<br>2011 |
|------------------|---------------|----------------------|
| Securities owned | \$76,886      | \$25,304             |

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|                                 |        |        |
|---------------------------------|--------|--------|
| Equity investments              | 8,554  | 7,868  |
| Investments, available-for-sale | 26,112 | 27,133 |

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COHEN & STEERS, INC. AND SUBSIDIARIES  
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Trading and equity investments

Cohen & Steers Global Realty Partners III-TE, L.P. ("GRP-TE"), which had an initial closing in October 2011, is structured as a partnership. The Company is the general partner and investment manager of GRP-TE, for which it receives a management fee and is entitled to receive an incentive distribution, if earned. GRP-TE is a VIE and the Company is not deemed as the primary beneficiary. As the general partner, the Company has significant influence over the financial decisions of GRP-TE and therefore records its investment in this fund using the equity method of accounting. The Company's equity interest in GRP-TE represents a seed investment to launch the fund which was made during the first quarter of 2012, adjusted for the Company's proportionate share of the fund's earnings. As of June 30, 2012, the fair value of the Company's equity interest in GRP-TE was approximately \$43,000. The Company's risk with respect to its investment in GRP-TE is limited to its equity ownership and any uncollected management fees. In conjunction with the launch of GRP-TE, the Company established Cohen & Steers Co-Investment Partnership ("GRP-CIP"), which is used by the Company to fulfill its contractual commitment to co-invest with GRP-TE. See Note 11 for further discussion regarding the Company's co-investment commitment. As of June 30, 2012, the Company owned all of the voting interest in GRP-CIP. Accordingly, the underlying assets and liabilities of GRP-CIP have been included in the Company's condensed consolidated financial statements.

The Cohen & Steers Real Asset Fund ("RAP"), launched by the Company on January 31, 2012, is an open-end mutual fund for which the Company is the investment manager. As of June 30, 2012, the Company had a controlling financial interest in RAP. Accordingly, the underlying assets and liabilities of RAP have been included in the Company's condensed consolidated financial statements with the third party interests classified as redeemable noncontrolling interest.

Prior to the sale of the Company's interest in Cohen & Steers Global Listed Infrastructure Fund ("GLIF") during the three months ended June 30, 2012, the Company owned the majority of the voting interest in GLIF. Accordingly, the underlying assets and liabilities of GLIF had been included in the Company's condensed consolidated financial statements with the third party interests classified as redeemable noncontrolling interest.

During 2008, the Company launched an onshore global real estate long-short fund (the "Onshore Fund"). As of June 30, 2012, the Company determined that the Onshore Fund was a VIE and the Company was the primary beneficiary. Therefore, the underlying assets and liabilities of the Onshore Fund have been included in the Company's condensed consolidated financial statements with the third party interests classified as redeemable noncontrolling interest. The following represents the portion of the consolidated statements of financial condition attributable to the consolidated Onshore Fund as of June 30, 2012 and December 31, 2011. The following assets may only be used to settle obligations of the Onshore Fund and these liabilities are only the obligations of the Onshore Fund for which the creditors do not have recourse to the general credit of the Company (in thousands):

|                                       | June 30, 2012 | December 31, 2011 |
|---------------------------------------|---------------|-------------------|
| Assets                                |               |                   |
| Securities owned                      | \$26,655      | \$21,952          |
| Due from broker                       | 10,259        | 10,321            |
| Other assets                          | 256           | 209               |
| Total assets                          | \$37,170      | \$32,482          |
| Liabilities                           |               |                   |
| Securities sold but not yet purchased | \$12,304      | \$9,277           |
| Other liabilities                     | 370           | 493               |

|                   |          |         |
|-------------------|----------|---------|
| Total liabilities | \$12,674 | \$9,770 |
|-------------------|----------|---------|

As of June 30, 2012 and December 31, 2011, cash and cash equivalents included in due from broker, which was related to the Company's consolidated funds, in the condensed consolidated statements of financial condition of approximately \$12,303,000 and \$9,360,000, respectively, was held at two brokers for the purpose of covering securities sold but not yet purchased.

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The offshore global real estate long-short fund (the “Offshore Fund”), launched by the Company in 2008, is structured as a partnership. The Company is the general partner and investment manager of the Offshore Fund for which it receives a management fee and is entitled to receive a performance fee, if earned. As the general partner, the Company has significant influence over the financial decisions of the Offshore Fund and therefore, as of June 30, 2012, records its investment in this fund using the equity method of accounting. The Company’s equity interest in the Offshore Fund represents a seed investment to launch the fund, adjusted for the Company’s proportionate share of the fund’s earnings. The following is a summary of the fair value of securities owned and equity investments as of June 30, 2012 and December 31, 2011 (in thousands):

|               | June 30, 2012    |                    | December 31, 2011 |                    |
|---------------|------------------|--------------------|-------------------|--------------------|
|               | Securities Owned | Equity Investments | Securities Owned  | Equity Investments |
| GLIF          | \$—              | \$—                | \$3,352           | \$—                |
| Onshore Fund  | 26,655           | —                  | 21,952            | —                  |
| GRP-CIP       | 994              | —                  | —                 | —                  |
| RAP           | 49,237           | —                  | —                 | —                  |
| GRP-TE        | —                | 43                 | —                 | —                  |
| Offshore Fund | —                | 8,511              | —                 | 7,868              |
| Total         | \$76,886         | \$8,554            | \$25,304          | \$7,868            |

Gain (loss) from trading securities—net for the three and six months ended June 30, 2012 and 2011 are summarized below (in thousands):

|  | Three Months Ended |        | Six Months Ended |         |
|--|--------------------|--------|------------------|---------|
|  | June 30, 2012      | 2011   | June 30, 2012    | 2011    |
| GLIF                                   | \$121              | \$(99) | \$142            | \$(477) |
| Onshore Fund                           | (282)              | —      | 1,854            | —       |
| RAP                                    | (2,317)            | —      | (2,753)          | —       |
| GRP-CIP                                | 9                  | —      | 9                | —       |
| Total loss from trading securities—net | \$(2,469)          | \$(99) | \$(748)          | \$(477) |

Equity in earnings (losses) of affiliates for the three and six months ended June 30, 2012 and 2011 are summarized below (in thousands):

|   | Three Months Ended |       | Six Months Ended |       |
|---|--------------------|-------|------------------|-------|
|   | June 30, 2012      | 2011  | June 30, 2012    | 2011  |
| GLIF  | \$—                | \$—   | \$—              | \$67  |
| GRP-TE  | —                  | —     | —                | —     |
| Onshore Fund                                    | —                  | 447   | —                | 399   |
| Offshore Fund                                   | (129)              | 180   | 643              | 147   |
| Total equity in (losses) earnings of affiliates | \$(129)            | \$627 | \$643            | \$613 |

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Available-for-sale

The following is a summary of the cost, gross unrealized gains, gross unrealized losses and fair value of investments, available-for-sale as of June 30, 2012 and December 31, 2011 (in thousands):

|                                       | June 30, 2012 |                        |                                     |            |
|---------------------------------------|---------------|------------------------|-------------------------------------|------------|
|                                       | Cost          | Gross Unrealized Gains | Gross Unrealized Losses < 12 months | Fair Value |
| Preferred securities                  | \$4,295       | \$632                  | \$(1)                               | ) \$4,926  |
| Common stocks                         | 10,870        | 715                    | (334)                               | ) 11,251   |
| Company-sponsored mutual funds        | 10,000        | —                      | (65)                                | ) 9,935    |
| Total investments, available-for-sale | \$25,165      | \$1,347                | \$(400)                             | ) \$26,112 |

|                                       | December 31, 2011 |                        |                                     |            |
|---------------------------------------|-------------------|------------------------|-------------------------------------|------------|
|                                       | Cost              | Gross Unrealized Gains | Gross Unrealized Losses < 12 months | Fair Value |
| Preferred securities                  | \$5,236           | \$98                   | \$(117)                             | ) \$5,217  |
| Common stocks                         | 12,247            | 698                    | (401)                               | ) 12,544   |
| Company-sponsored mutual funds        | 10,100            | —                      | (728)                               | ) 9,372    |
| Total investments, available-for-sale | \$27,583          | \$796                  | \$(1,246)                           | ) \$27,133 |

Unrealized losses on investments, available-for-sale as of June 30, 2012 were generally caused by market conditions. When evaluating whether an unrealized loss on an investment, available-for-sale is other than temporary, the Company reviews such factors as extent and duration of the loss, deterioration in the issuer's credit quality, reduction or cessation of dividend payments and overall financial strength of the issuer. As of June 30, 2012, the Company determined that it had the ability and intent to hold the remaining investments for which no other-than-temporary impairment has occurred until a recovery of fair value. Accordingly, impairment of these investments is considered temporary.

Sales proceeds, gross realized gains and losses from investments, available-for-sale for the three and six months ended June 30, 2012 and 2011 are summarized below (in thousands):

|                       | Three Months Ended |         | Six Months Ended |          |
|-----------------------|--------------------|---------|------------------|----------|
|                       | June 30, 2012      | 2011    | June 30, 2012    | 2011     |
| Proceeds from sales   | \$5,005            | \$5,901 | \$17,161         | \$13,857 |
| Gross realized gains  | 289                | 416     | 1,142            | 880      |
| Gross realized losses | (373)              | ) (184) | ) (539)          | ) (290)  |

5. Fair Value

The Codification Topic 820, Fair Value Measurements and Disclosures ("ASC 820"), defines fair value, establishes a framework for measuring fair value and enhances disclosures about instruments carried at fair value, but does not change existing guidance as to whether or not an instrument should be carried at fair value.

ASC 820 specifies a hierarchy of valuation classifications based on whether the inputs to the valuation techniques used in each valuation classification are observable or unobservable. These classifications are summarized in the three broad levels listed below:

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Level 1—Unadjusted quoted prices for identical instruments in active markets.

Level 2—Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.

Level 3—Valuations derived from valuation techniques in which significant inputs or significant value drivers are unobservable.

Inputs used to measure fair value might fall in different levels of the fair value hierarchy, in which case the Company defaults to the lowest level input that is significant to the fair value measurement in its entirety. These levels are not necessarily an indication of the risk or liquidity associated with the investments. In determining the appropriate levels, the Company performed a detailed analysis of the assets and liabilities that are subject to ASC 820. Transfers among levels, if any, are recorded at the beginning of the reporting period. There were no transfers between level 1 and level 2 during the three months ended June 30, 2012.

The following table presents fair value measurements as of June 30, 2012 (in thousands):

|                                       | Level 1  | Level 2  | Level 3 | Total    |
|---------------------------------------|----------|----------|---------|----------|
| Cash equivalents*                     | \$45,788 | \$—      | \$—     | \$45,788 |
| Due from broker*                      | \$1,672  | \$—      | \$—     | \$1,672  |
| Securities owned                      |          |          |         |          |
| Preferred securities                  | \$612    | \$627    | \$—     | \$1,239  |
| Common stocks                         | 54,976   | —        | 1,343   | 56,319   |
| Fixed income securities               | 1,654    | 16,680   | —       | 18,334   |
| Limited partnership interest          | —        | —        | 994     | 994      |
| Total securities owned                | \$57,242 | \$17,307 | \$2,337 | \$76,886 |
| Equity investments **                 | \$—      | \$8,511  | \$43    | \$8,554  |
| Investments, available-for-sale       |          |          |         |          |
| Preferred securities                  | \$1,168  | \$5      | \$3,753 | \$4,926  |
| Common stocks                         | 11,251   | —        | —       | 11,251   |
| Company-sponsored mutual funds        | 9,935    | —        | —       | 9,935    |
| Total investments, available-for-sale | \$22,354 | \$5      | \$3,753 | \$26,112 |
| Derivatives - assets                  |          |          |         |          |
| Equity contracts                      | \$133    | \$77     | \$—     | \$210    |
| Commodity contracts                   | 400      | —        | —       | 400      |
| Total derivatives - assets            | \$533    | \$77     | \$—     | \$610    |
| Derivatives - liabilities             |          |          |         |          |
| Equity contracts                      | \$25     | \$199    | \$—     | \$224    |
| Commodity contracts                   | 777      | —        | —       | 777      |
| Credit contracts                      | —        | 9        | —       | 9        |
| Total derivatives - liabilities       | \$802    | \$208    | \$—     | \$1,010  |
| Securities sold but not yet purchased | \$12,305 | \$—      | \$—     | \$12,305 |

\* Comprised of investments in money market funds.

\*\* Comprised of investments accounted for using the equity method of accounting.

Securities owned classified as level 2 in the above table was primarily comprised of investments in United States Treasury Bills carried at amortized cost, which approximates fair value.



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Securities owned classified as level 3 in the above table was comprised of investments in the common stock of a privately held bank holding company and limited partnership interests. The investment in the common stock of a privately held bank holding company was valued by the Company's valuation committee using a market approach which utilized market multiples derived from a set of comparables. The limited partnership interests made during the first quarter of 2012 as a co-investment along with GRP-TE represent the Company's ownership interests in private equity vehicles that invest directly in U.S. commercial real estate and were valued primarily based on the recent transaction value of an underlying investment.

Equity investments classified as level 2 in the above table primarily represent the fair value measurement of an equity investment in the Offshore Fund, which is measured at fair value based on the fund's net asset value. The fund makes long and short investments in listed real estate securities to maximize absolute and risk-adjusted returns with modest volatility. The Company has the ability to redeem its investment in the fund monthly at net asset value per share with prior written notice of 30 days and there are no significant restrictions to redemption.

Investments, available-for-sale classified as level 3 in the above table were comprised primarily of auction rate preferred securities which were measured at fair value using a third party pricing service by utilizing a combination of a market approach based on the quoted prices for identical or similar instruments in markets that are not active and an income approach in which the expected cash flows of the securities were discounted back to the measurement date.

The following table presents fair value measurements as of December 31, 2011 (in thousands):

|                                       | Level 1  | Level 2 | Level 3 | Total    |
|---------------------------------------|----------|---------|---------|----------|
| Cash equivalents*                     | \$35,050 | \$—     | \$—     | \$35,050 |
| Securities owned                      |          |         |         |          |
| Preferred securities                  | \$2,528  | \$—     | \$—     | \$2,528  |
| Common stocks                         | 21,501   | —       | 1,275   | 22,776   |
| Total securities owned                | \$24,029 | \$—     | \$1,275 | \$25,304 |
| Equity investments **                 | \$—      | \$7,868 | \$—     | \$7,868  |
| Investments, available-for-sale       |          |         |         |          |
| Preferred securities                  | \$1,052  | \$15    | \$4,150 | \$5,217  |
| Common stocks                         | 12,544   | —       | —       | 12,544   |
| Company-sponsored mutual funds        | 9,372    | —       | —       | 9,372    |
| Total investments, available-for-sale | \$22,968 | \$15    | \$4,150 | \$27,133 |
| Derivatives - assets                  |          |         |         |          |
| Equity contracts                      | \$48     | \$98    | \$—     | \$146    |
| Credit contracts                      | —        | 2       | —       | 2        |
| Total derivatives - assets            | \$48     | \$100   | \$—     | \$148    |
| Derivatives - liabilities             |          |         |         |          |
| Equity contracts                      | \$11     | \$245   | \$—     | \$256    |
| Securities sold but not yet purchased | \$9,277  | \$—     | \$—     | \$9,277  |

\* Comprised of investments in money market funds.

\*\* Comprised of investments accounted for using the equity method of accounting.

Securities owned classified as level 3 in the above table was comprised of an investment in the common stock of a privately held bank holding company. This security was valued by the Company's valuation committee using a market approach which incorporated the transaction data for privately negotiated transactions and market multiples derived from a set of comparables.

Equity investments classified as level 2 in the above table represent the fair value measurement of an equity investment

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in the Offshore Fund, which is measured at fair value based on the fund's net asset value. The fund makes long and short investments in listed real estate securities to maximize absolute and risk-adjusted returns with modest volatility. The Company has the ability to redeem its investment in the fund monthly at net asset value per share with prior written notice of 30 days and there are no significant restrictions to redemption.

Investments, available-for-sale classified as level 3 in the above table were comprised of auction rate preferred securities, which were measured at fair value using a third party pricing service by utilizing a combination of a market approach based on the quoted prices for identical or similar instruments in markets that are not active and an income approach in which the expected cash flows of the securities were discounted back to the measurement date.

The following table summarizes the changes in level 3 investments measured at fair value on a recurring basis for the three months ended June 30, 2012 (in thousands):

|   | Securities<br>Owned | Limited<br>Partnership<br>Interest | Equity<br>Investments<br>GRP-TE | Investments,<br>available-for-sale<br>Preferred<br>Securities |
|---|---------------------|------------------------------------|---------------------------------|---|
| Balance at April 1, 2012                                      | \$1,903             | \$811                              | \$36                            | \$3,244   |
| Purchases   | —                   | 167                                | 7                               | 22  |
| Sales   | —                   | —                                  | —                               | (38)  |
| Realized gains  | —                   | —                                  | —                               | —   |
| Unrealized gains  | 68                  | 16                                 | —                               | 578   |
| Transfers out of level 3 investments                          | (628)               | )*                                 | —                               | (53)  |
| Reclassification from equity investments due to consolidation | —                   | —                                  | —                               | —   |
| Balance at June 30, 2012                                      | \$1,343             | \$994                              | \$43                            | \$3,753   |

\* Transferred from level 3 to level 2 because observable market data became available for the securities at June 30, 2012.

^ Transferred from level 3 to level 1 because securities started trading actively on an exchange during the three months ended June 30, 2012.

The following table summarizes the changes in level 3 investments measured at fair value on a recurring basis for the six months ended June 30, 2012 (in thousands):

|                                      | Securities<br>Owned | Limited<br>Partnership<br>Interest | Equity<br>Investments<br>GRP-TE | Investments,<br>available-for-sale<br>Preferred<br>Securities |
|--------------------------------------|---------------------|------------------------------------|---------------------------------|---|
| Balance at January 1, 2012           | \$1,275             | \$—                                | \$—                             | \$4,150   |
| Purchases                            | 628                 | 978                                | 43                              | 112   |
| Sales                                | —                   | —                                  | —                               | (1,213)   |
| Realized gains                       | —                   | —                                  | —                               | 100   |
| Unrealized gains                     | 68                  | 16                                 | —                               | 657   |
| Transfers out of level 3 investments | (628)               | )*                                 | —                               | (53)  |

|   |         |       |      |          |
|---|---------|-------|------|----------|
| Reclassification from equity investments due to consolidation | —       | —     | —    | —        |
| Balance at June 30, 2012                                      | \$1,343 | \$994 | \$43 | \$ 3,753 |

\* Transferred from level 3 to level 2 because observable market data became available for the securities at June 30, 2012.

^ Transferred from level 3 to level 1 because securities started trading actively on an exchange during the six months ended June 30, 2012.

The Company had no level 3 investments during the three and six months ended June 30, 2011.

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Realized gains (losses) from investments classified as securities owned, equity investments and investments, available-for-sale in the above tables were recorded as gain (loss) from trading securities, equity in earnings (losses) of affiliates and gain (loss) from available-for-sale securities, respectively, in the Company's condensed consolidated statements of operations. Unrealized gains (losses) from investments classified as securities owned and equity investments in the above tables were recorded as gain (loss) from trading securities and equity in earnings (losses) of affiliates, respectively, in the Company's condensed consolidated statements of operations. Unrealized gains (losses) from investments, available-for-sale in the above tables were recorded as unrealized gain (loss) from available-for-sale securities in the Company's condensed consolidated statements of comprehensive income.

Valuation Techniques

In certain instances, debt and equity securities are valued on the basis of prices from an orderly transaction between market participants provided by reputable brokers/dealers or pricing services. In determining the value of a particular investment, pricing services may use information with respect to transactions in such investments, broker quotes, pricing matrices, market transactions in comparable investments and various relationships between investments. In the absence of observable market prices, the Company values its investments using valuation methodologies applied on a consistent basis. For some investments little market activity may exist; management's determination of fair value is then based on the best information available in the circumstances, and may incorporate management's own assumptions and involves a significant degree of judgment, taking into consideration a combination of internal and external factors.

Such investments are valued on a quarterly basis, taking into consideration any changes in key unobservable inputs and changes in economic and other relevant conditions and valuation models are updated accordingly. The valuation process also includes a review by the Company's valuation committee which includes primarily senior members from administration departments. The valuation committee provides independent oversight of the valuation policies and procedures.

The valuation technique and significant unobservable inputs used in the fair value measurement of the following Level 3 investments as of June 30, 2012 were (in thousands):

|   | Fair Value | Fair Value Methodology      | Significant Unobservable inputs | Price to Book Ratio |
|---|------------|-----------------------------|---------------------------------|---------------------|
| Common shares of privately-held company | \$1,343    | Market comparable companies | Price / book ratio              | 1.39x               |
| Limited partnership interest            | \$994      | Transaction value           | Recent transaction price        |                     |

The significant unobservable input related to common shares of a privately-held company utilized in the fair value measurement of the level 3 investment in the above table is the price to book ratio. Significant changes in this input may result in a materially higher or lower fair value measurement. The disclosure in the above table excludes auction rate preferred securities for which fair value is based on unobservable but non-quantitative inputs. Such items include financial instruments for which the determination of fair value is based on unadjusted quotations provided by a third party pricing service.

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6. Derivatives

The following is a summary of the notional and fair value of the derivative financial instruments. The notional amount represents the absolute value amount of all outstanding derivative contracts based on the fair value of each contract at June 30, 2012 (in thousands):

|                                  | June 30, 2012 |            |             |            |
|----------------------------------|---------------|------------|-------------|------------|
|                                  | Assets        |            | Liabilities |            |
|                                  | Notional      | Fair Value | Notional    | Fair Value |
| Total equity contracts           | \$16,100      | \$210      | \$15,794    | \$224      |
| Total foreign exchange contracts | —             | —          | —           | —          |
| Total commodity contracts        | 6,204         | 400        | 9,054       | 777        |
| Total credit contracts           | —             | —          | 1,500       | 9          |
| Total derivatives                | \$22,304      | \$610      | \$26,348    | \$1,010    |

The following is a summary of the notional and fair value of the derivative financial instruments. The notional amount represents the absolute value amount of all outstanding derivative contracts based on the fair value of each contract at December 31, 2011 (in thousands):

|                        | December 31, 2011 |            |             |            |
|------------------------|-------------------|------------|-------------|------------|
|                        | Assets            |            | Liabilities |            |
|                        | Notional          | Fair Value | Notional    | Fair Value |
| Total equity contracts | \$5,469           | \$146      | \$10,139    | \$256      |
| Total credit contracts | 1,511             | 2          | —           | —          |
| Total derivatives      | \$6,980           | \$148      | \$10,139    | \$256      |

As of June 30, 2012 and December 31, 2011, cash included in due from broker and securities included in securities owned in the condensed consolidated statement of financial condition of approximately \$4,653,000 and \$2,507,000, respectively, was held as collateral for futures, total return and credit default swaps.

7. Earnings Per Share

Basic earnings per share are calculated by dividing net income attributable to common shareholders by the weighted average shares outstanding. Diluted earnings per share are calculated by dividing net income attributable to common shareholders by the total weighted average shares of common stock outstanding and common stock equivalents. Common stock equivalents are comprised of dilutive potential shares from restricted stock unit awards. Common stock equivalents are excluded from the computation if their effect is anti-dilutive. Diluted earnings per share are computed using the treasury stock method.

No anti-dilutive common stock equivalents were excluded from the computation for the three and six months ended June 30, 2012. Anti-dilutive common stock equivalents of approximately 5,000 and 4,000 shares, respectively, were excluded from the computation for the three and six months ended June 30, 2011.

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The following is a reconciliation of the income and share data used in the basic and diluted earnings per share computations for the three and six months ended June 30, 2012 and 2011 (in thousands, except per share data):

|  | Three Months Ended |           | Six Months Ended |           |
|--|--------------------|-----------|------------------|-----------|
|  | June 30,<br>2012   | 2011      | June 30,<br>2012 | 2011      |
| Net income   | \$ 15,027          | \$ 15,759 | \$ 33,285        | \$ 28,661 |
| Less: Net loss (income) attributable to redeemable noncontrolling interest | 1,052              | (80       | ) 848            | (7        |
| Net income attributable to common shareholders                             | \$ 16,079          | \$ 15,679 | \$ 34,133        | \$ 28,654 |
| Basic weighted average shares outstanding                                  | 43,808             | 43,220    | 43,705           | 43,136    |
| Dilutive potential shares from restricted stock units                      | 585                | 620       | 685              | 675       |
| Diluted weighted average shares outstanding                                | 44,393             | 43,840    | 44,390           | 43,811    |
| Basic earnings per share attributable to common shareholders               | \$0.37             | \$0.36    | \$0.78           | \$0.66    |
| Diluted earnings per share attributable to common shareholders             | \$0.36             | \$0.36    | \$0.77           | \$0.65    |

#### 8. Income Taxes

The provision for income taxes for the three and six months ended June 30, 2012 includes U.S. federal, state, local and foreign taxes at an approximate effective tax rate of 36%. The effective tax rate for the three and six months ended June 30, 2011 was approximately 35%. The Company expects the tax rate for the full year 2012 to approximate 36%, excluding discrete items.

Deferred income taxes represent the tax effects of the temporary differences between book and tax bases and are measured using enacted tax rates that will be in effect when such items are expected to reverse. The Company's net deferred tax asset is primarily comprised of future income tax deductions attributable to the delivery of unvested restricted stock units. The Company records a valuation allowance, when necessary, to reduce deferred tax assets to an amount that more likely than not will be realized.

#### 9. Regulatory Requirements

Securities, a registered broker/dealer in the U.S., is subject to the SEC's Uniform Net Capital Rule 15c3-1 (the "Rule"), which requires that broker/dealers maintain a minimum level of net capital, as defined. As of June 30, 2012, Securities had net capital of approximately \$1,425,000, which exceeded its requirements by approximately \$1,368,000. The Rule also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital of a broker/dealer is less than the amount required under the Rule and requires prior notice to the SEC for certain withdrawals of capital.

Securities does not carry customer accounts and is exempt from the SEC's Rule 15c3-3 pursuant to provisions (k)(1) of such rule.

The non-U.S. subsidiaries of the Company are regulated outside the U.S. by the Hong Kong Securities and Futures Commission, the United Kingdom Financial Securities Authority, and the Belgium Financial Services and Markets Authority (collectively, the "Foreign Regulated Entities"). As of June 30, 2012, the Foreign Regulated Entities had

aggregate regulatory capital of approximately \$64,609,000, which exceeded requirements by approximately \$63,234,000.

#### 10. Related Party Transactions

The Company is an investment advisor to, and has administrative agreements with, affiliated open-end and closed-end

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mutual funds for which certain employees are officers and/or directors. The following table sets forth the amount of revenue the Company earned from these affiliated funds for the three and six months ended June 30, 2012 and 2011 (in thousands):

|   | Three Months Ended |          | Six Months Ended |          |
|---|--------------------|----------|------------------|----------|
|   | June 30,<br>2012   | 2011     | June 30,<br>2012 | 2011     |
| Investment advisory and administration fees | \$37,492           | \$34,703 | \$72,846         | \$66,284 |
| Distribution and service fees               | 2,747              | 2,586    | 5,248            | 5,001    |
|   | \$40,239           | \$37,289 | \$78,094         | \$71,285 |

For the three months ended June 30, 2011, the Company had investment advisory agreements with certain affiliated closed-end mutual funds, pursuant to which the Company contractually waived approximately \$397,000 of advisory fees it was otherwise entitled to receive. There were no such fees waived for the three months ended June 30, 2012. For the six months ended June 30, 2012 and 2011, the Company waived approximately \$299,000 and \$1,081,000 of advisory fees, respectively. These investment advisory agreements contractually require the Company to waive a portion of the advisory fees the Company otherwise would charge for up to ten years from the respective fund's inception date. The board of directors of these mutual funds must approve the renewal of the advisory agreements each year, including any reduction in advisory fee waivers scheduled to take effect during that year. As of June 30, 2012, there were no additional scheduled reductions in advisory fee waivers for any fund.

The Company has agreements with certain affiliated open-end and closed-end mutual funds to reimburse certain fund expenses. For the three months ended June 30, 2012 and 2011, expenses of approximately \$2,000,000 and \$1,743,000, respectively, were incurred by the Company pursuant to these agreements and are included in general and administrative expenses. For the six months ended June 30, 2012 and 2011, expenses of approximately \$3,521,000 and \$3,313,000, respectively, were incurred.

Included in accounts receivable at June 30, 2012 and December 31, 2011 are receivables due from Company-sponsored mutual funds of approximately \$15,663,000 and \$12,947,000, respectively.

#### 11. Commitments and Contingencies

From time to time, the Company is involved in legal matters relating to claims arising in the ordinary course of business. There are currently no such matters pending that the Company believes could have a material adverse effect on its business or financial condition.

The Company periodically commits to fund a portion of the equity in certain of its sponsored investment products. The Company has committed to co-invest 5%, up to \$25 million, of the total capital raised in Cohen & Steers Global Realty Partners III ("GRP"), a global private equity multimanaged fund that had an initial closing on October 4, 2011, and such co-investment will be invested in GRP for up to 12 years through the life of the fund. The ultimate co-investment amount and actual timing of the funding of this commitment is currently unknown, as the co-investment amount will be based on investor commitments to GRP through October 2012, and the drawdown of the Company's commitment is contingent on the timing of drawdowns by the underlying funds and co-investments in which GRP invests. This unfunded commitment was not recorded on the Company's condensed consolidated statements of financial condition as of June 30, 2012.

On June 29, 2012, we extended the lease for our corporate headquarters in New York City for an added 10 year period through January 2024. See also the Contractual Obligations and Contingencies section in "Management's Discussion

and Analysis of Financial Condition and Results of Operations."

12. Concentration of Credit Risk

The Company's cash is principally on deposit with three major financial institutions. The Company is subject to credit

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risk should these financial institutions be unable to fulfill their obligations.

A third party institutional account client, for which the Company acts as subadvisor to certain foreign retail funds sponsored by this client, accounted for approximately \$26,243,000 or 20% of the total revenue of the Company during the six months ended June 30, 2012, of which approximately \$21,042,000 was recorded as investment advisory and administration fees and approximately \$5,201,000 was recorded as portfolio consulting and other revenue.

13. Subsequent Events

On August 7, 2012, CNS declared a quarterly cash dividend on its common stock in the amount of \$0.18 per share. The dividend will be payable on September 27, 2012 to stockholders of record at the close of business on September 7, 2012.

On July 27, 2012, Cohen & Steers Limited Duration Preferred and Income Fund, Inc. (the "Fund") raised approximately \$662.5 million in proceeds (before deduction of sales load and other expenses and exclusive of the underwriters' over-allotment) in its initial public offering. Assuming full exercise of the underwriters' over-allotment option, which may or may not occur, overall sales of the Fund totaled approximately \$752 million. The Fund may employ leverage in an amount up to 33-1/3%. In conjunction with the offering of the Fund, the Company expects to record an expense of approximately \$15 million during the third quarter of 2012 associated with the payment of additional compensation agreements.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Set forth on the following pages is management's discussion and analysis of our financial condition and results of operations for the three and six months ended June 30, 2012 and June 30, 2011. Such information should be read in conjunction with our condensed consolidated financial statements together with the notes to the condensed consolidated financial statements. The interim condensed consolidated financial statements of the Company, included herein, are unaudited. When we use the terms "Cohen & Steers," the "Company," "we," "us," and "our," we mean Cohen & Steers, Inc., a Delaware corporation, and its consolidated subsidiaries.

### Overview

Founded in 1986, we are a leading global investment management firm focused on global real estate securities, global listed infrastructure, real assets, large cap value stocks and preferred securities. We also manage alternative investment strategies such as hedged real estate securities portfolios and private real estate multimanager strategies for qualified investors. We serve institutional and individual investors through a broad range of investment vehicles.

## Assets Under Management

We manage three types of accounts: institutional accounts, open-end mutual funds and closed-end mutual funds. The following table sets forth information regarding the net flows and appreciation/(depreciation) of assets under management for the periods presented (in millions):

|  | Three Months Ended |           | Six Months Ended |           |
|--|--------------------|-----------|------------------|-----------|
|  | June 30,           |           | June 30,         |           |
|  | 2012               | 2011      | 2012             | 2011      |
| <b>Institutional Accounts</b>                |                    |           |                  |           |
| Assets under management, beginning of period | \$26,608           | \$21,931  | \$25,380         | \$19,625  |
| Inflows                                      | 296                | 4,997     | 1,366            | 6,526     |
| Outflows                                     | (1,785)            | ) (430)   | ) (4,218)        | ) (751)   |
| Net (outflows) inflows                       | (1,489)            | ) 4,567   | (2,852)          | ) 5,775   |
| Market appreciation                          | 480                | 794       | 3,071            | 1,892     |
| Total (decrease) increase                    | (1,009)            | ) 5,361   | 219              | 7,667     |
| Assets under management, end of period       | \$25,599           | \$27,292  | \$25,599         | \$27,292  |
| Average assets under management for period   | \$25,496           | \$24,293  | \$25,690         | \$22,482  |
| <b>Open-End Mutual Funds</b>                 |                    |           |                  |           |
| Assets under management, beginning of period | \$11,588           | \$9,390   | \$9,619          | \$8,484   |
| Inflows                                      | 1,077              | 1,175     | 2,759            | 2,322     |
| Outflows                                     | (784)              | ) (642)   | ) (1,528)        | ) (1,282) |
| Net inflows                                  | 293                | 533       | 1,231            | 1,040     |
| Market appreciation                          | 233                | 290       | 1,264            | 689       |
| Total increase                               | 526                | 823       | 2,495            | 1,729     |
| Assets under management, end of period       | \$12,114           | \$10,213  | \$12,114         | \$10,213  |
| Average assets under management for period   | \$11,543           | \$9,822   | \$11,055         | \$9,313   |
| <b>Closed-End Mutual Funds</b>               |                    |           |                  |           |
| Assets under management, beginning of period | \$6,694            | \$6,709   | \$6,285          | \$6,353   |
| Inflows                                      | —                  | 24        | —                | 153       |
| Outflows                                     | —                  | —         | —                | —         |
| Net inflows                                  | —                  | 24        | —                | 153       |
| Market (depreciation) appreciation           | (16)               | ) 76      | 393              | 303       |
| Total (decrease) increase                    | (16)               | ) 100     | 393              | 456       |
| Assets under management, end of period       | \$6,678            | \$6,809   | \$6,678          | \$6,809   |
| Average assets under management for period   | \$6,608            | \$6,818   | \$6,583          | \$6,715   |
| <b>Total</b>                                 |                    |           |                  |           |
| Assets under management, beginning of period | \$44,890           | \$38,030  | \$41,284         | \$34,462  |
| Inflows                                      | 1,373              | 6,196     | 4,125            | 9,001     |
| Outflows                                     | (2,569)            | ) (1,072) | ) (5,746)        | ) (2,033) |
| Net (outflows) inflows                       | (1,196)            | ) 5,124   | (1,621)          | ) 6,968   |
| Market appreciation                          | 697                | 1,160     | 4,728            | 2,884     |
| Total (decrease) increase                    | (499)              | ) 6,284   | 3,107            | 9,852     |
| Assets under management, end of period       | \$44,391           | \$44,314  | \$44,391         | \$44,314  |
| Average assets under management for period   | \$43,647           | \$40,933  | \$43,328         | \$38,510  |

Assets under management were \$44.4 billion at June 30, 2012, compared with \$44.3 billion at June 30, 2011. The increase was due to market appreciation of \$1.2 billion, offset by net outflows of \$1.2 billion during the prior twelve month period.

Average assets under management were \$43.6 billion in the three months ended June 30, 2012, an increase of 7% from \$40.9 billion in the three months ended June 30, 2011. Average assets under management were \$43.3 billion in the six months ended June 30, 2012, an increase of 13% from \$38.5 billion in the six months ended June 30, 2011.

#### Institutional accounts

Institutional accounts assets under management were \$25.6 billion at June 30, 2012, a 6% decrease from \$27.3 billion at June 30, 2011. The decrease in assets under management was due to net outflows of \$2.6 billion, primarily from global/international real estate strategies associated with subadvisory relationships, partially offset by market appreciation of \$895 million during the prior twelve month period.

Average assets under management for institutional accounts were \$25.5 billion in the three months ended June 30, 2012, an increase of 5% from \$24.3 billion in the three months ended June 30, 2011. Average assets under management for institutional accounts were \$25.7 billion in the six months ended June 30, 2012, an increase of 14% from \$22.5 billion in the six months ended June 30, 2011.

Net outflows for institutional accounts were \$1.5 billion in the three months ended June 30, 2012, compared with net inflows of \$4.6 billion in the three months ended June 30, 2011. Gross inflows were \$296 million in the three months ended June 30, 2012, compared with \$5.0 billion in the three months ended June 30, 2011. Gross outflows totaled \$1.8 billion in the three months ended June 30, 2012, compared with \$430 million in the three months ended June 30, 2011. Market appreciation was \$480 million in the three months ended June 30, 2012, compared with \$794 million in the three months ended June 30, 2011.

Net outflows for institutional accounts were \$2.9 billion in the six months ended June 30, 2012, compared with net inflows of \$5.8 billion in the six months ended June 30, 2011. Gross inflows were \$1.4 billion in the six months ended June 30, 2012, compared with \$6.5 billion in the six months ended June 30, 2011. Gross outflows totaled \$4.2 billion in the six months ended June 30, 2012, compared with \$751 million in the six months ended June 30, 2011. Market appreciation was \$3.1 billion in the six months ended June 30, 2012, compared with \$1.9 billion in the six months ended June 30, 2011.

#### Open-end mutual funds

Open-end mutual fund assets under management were \$12.1 billion at June 30, 2012, a 19% increase from \$10.2 billion at June 30, 2011. The increase in assets under management was due to net inflows of \$1.5 billion and market appreciation of \$423 million during the prior twelve month period.

Average assets under management for open-end mutual funds were \$11.5 billion in the three months ended June 30, 2012, a 18% increase from \$9.8 billion in the three months ended June 30, 2011. Average assets under management for open-end mutual funds were \$11.1 billion in the six months ended June 30, 2012, a 19% increase from \$9.3 billion in the six months ended June 30, 2011.

Net inflows for open-end mutual funds were \$293 million in the three months ended June 30, 2012, compared with \$533 million in the three months ended June 30, 2011. Gross inflows were \$1.1 billion in the three months ended June 30, 2012, compared with \$1.2 billion in the three months ended June 30, 2011. Gross outflows totaled \$784 million in the three months ended June 30, 2012, compared with \$642 million in the three months ended June 30, 2011. Market appreciation was \$233 million in the three months ended June 30, 2012, compared with \$290 million in the three months ended June 30, 2011.

Net inflows for open-end mutual funds were \$1.2 billion in the six months ended June 30, 2012, compared with \$1.0 billion in the six months ended June 30, 2011. Gross inflows were \$2.8 billion in the six months ended June 30, 2012, compared with \$2.3 billion in the six months ended June 30, 2011. Gross outflows totaled \$1.5 billion in the six months ended June 30, 2012, compared with \$1.3 billion in the six months ended June 30, 2011. Market appreciation was \$1.3 billion in the six months ended June 30, 2012, compared with \$689 million in the six months ended June 30, 2011.

#### Closed-end mutual funds

Closed-end mutual funds assets under management were \$6.7 billion at June 30, 2012, a 2% decrease from \$6.8 billion at June 30, 2011. The decrease in assets under management was primarily due to market depreciation during

the prior twelve

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month period.

Average assets under management for closed-end mutual funds were \$6.6 billion in the three months ended June 30, 2012, a 3% decrease from \$6.8 billion in the three months ended June 30, 2011. Average assets under management for closed-end mutual funds were \$6.6 billion in the six months ended June 30, 2012, a 2% decrease from \$6.7 billion in the six months ended June 30, 2011.

Closed-end mutual funds had net inflows of \$24 million in the three months ended June 30, 2011 through an increase in the use of the funds' credit facilities. Market depreciation was \$16 million in the three months ended June 30, 2012, compared with market appreciation of \$76 million in the three months ended June 30, 2011.

Closed-end mutual funds had net inflows of \$153 million in the six months ended June 30, 2011 through an increase in the use of the funds' credit facilities. Market appreciation was \$393 million in the six months ended June 30, 2012, compared with \$303 million in the six months ended June 30, 2011.

On July 27, 2012, Cohen & Steers Limited Duration Preferred and Income Fund, Inc. (the "Fund") raised approximately \$662.5 million in proceeds (before deduction of sales load and other expenses and exclusive of the underwriters' overallotment) in its initial public offering. Assuming full exercise of the underwriters' overallotment option, which may or may not occur, overall sales of the Fund totaled approximately \$752 million. The Fund may employ leverage in an amount up to 33-1/3%. In conjunction with the offering of the Fund, we expect to record an expense of approximately \$15 million during the third quarter of 2012 associated with the payment of additional compensation agreements.

#### Results of Operations

Three Months Ended June 30, 2012 compared with Three Months Ended June 30, 2011

| (in thousands)                           | Three Months Ended |          |
|--|--------------------|----------|
|  | June 30,<br>2012   | 2011     |
| Results of operations                    |                    |          |
| Total revenue                            | \$67,432           | \$61,459 |
| Total expenses                           | (41,368)           | (38,564) |
| Total non-operating (loss) income        | (1,992)            | 1,306    |
| Income before provision for income taxes | \$24,072           | \$24,201 |

#### Revenue

Total revenue increased 10% to \$67.4 million in the three months ended June 30, 2012 from \$61.5 million in the three months ended June 30, 2011. This increase was primarily attributable to higher investment advisory and administration fees resulting from higher average assets under management. Average assets under management in the three months ended June 30, 2012 were \$43.6 billion compared with \$40.9 billion in the three months ended June 30, 2011.

In the three months ended June 30, 2012, total investment advisory and administration revenue from institutional accounts decreased 3% to \$22.2 million from \$22.8 million in the three months ended June 30, 2011. The decrease in institutional account revenue was attributable to a lower effective fee rate, partially offset by higher average assets under management. Average assets under management for institutional accounts in the three months ended June 30, 2012 were \$25.5 billion compared with \$24.3 billion in the three months ended June 30, 2011.

In the three months ended June 30, 2012, total investment advisory and administration revenue from open-end mutual funds increased 14% to \$23.5 million from \$20.6 million in the three months ended June 30, 2011. The increase in open-end mutual fund revenue was attributable to higher average assets under management resulting from net inflows of \$1.5 billion and market appreciation of \$423 million during the prior twelve month period. Average assets under management for open-end mutual funds in the three months ended June 30, 2012 were \$11.5 billion compared with \$9.8 billion in the three months ended June 30, 2011.

In the three months ended June 30, 2012, total investment advisory and administration revenue from closed-end mutual

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funds decreased 1% to \$14.0 million from \$14.1 million in the three months ended June 30, 2011. The decrease in closed-end mutual fund revenue was attributable to lower average assets under management resulting primarily from market depreciation during the prior twelve month period. Average assets under management for closed-end mutual funds in the three months ended June 30, 2012 were \$6.6 billion compared with \$6.8 billion in the three months ended June 30, 2011.

In the three months ended June 30, 2012, total portfolio consulting and other revenue increased 256% to \$5.0 million from \$1.4 million in the three months ended June 30, 2011. The increase was attributable to higher average assets under advisement from model-based strategies.

#### Expenses

Total operating expenses increased 7% to \$41.4 million in the three months ended June 30, 2012 from \$38.6 million in the three months ended June 30, 2011, primarily due to increases in employee compensation and benefits, distribution and service fees and general and administrative expenses.

Employee compensation and benefits increased 5% to \$22.9 million in the three months ended June 30, 2012 from \$21.8 million in the three months ended June 30, 2011. This increase was primarily due to higher incentive bonus and production compensation, net of deferrals, of approximately \$677,000, higher amortization of restricted stock units of approximately \$198,000 and higher salaries of approximately \$180,000.

Distribution and service fee expenses increased 6% to \$6.5 million in the three months ended June 30, 2012 from \$6.2 million in the three months ended June 30, 2011. This increase was primarily due to higher average assets under management in certain of our open-end no-load mutual funds.

General and administrative expenses increased 12% to \$9.9 million in the three months ended June 30, 2012 from \$8.9 million in the three months ended June 30, 2011. This increase was primarily due to higher professional fees of approximately \$550,000, higher fund reimbursements of approximately \$277,000 and higher information technology costs of approximately \$164,000.

#### Non-operating Income

Non-operating loss was \$2.0 million in the three months ended June 30, 2012, compared with non-operating income of \$1.3 million in the three months ended June 30, 2011. The decrease was primarily attributable to losses from trading securities from our seed investments.

#### Income Taxes

We recorded an income tax expense of \$9.0 million in the three months ended June 30, 2012, compared with \$8.4 million in the three months ended June 30, 2011. The provision for income taxes in the three months ended June 30, 2012 included U.S. federal, state, local and foreign taxes at an approximate effective tax rate of 36%. The effective tax rate for the three months ended June 30, 2011 was approximately 35%. We expect our tax rate for the full year 2012 to approximate 36%, excluding discrete items.

Six Months Ended June 30, 2012 compared with Six Months Ended June 30, 2011

| (in thousands)                           | Six Months Ended |            |
|--|------------------|------------|
|  | June 30,<br>2012 | 2011       |
| Results of operations                    |                  |            |
| Total revenue                            | \$ 131,162       | \$ 116,214 |
| Total expenses                           | (79,702)         | (74,406)   |
| Total non-operating income               | 1,025            | 2,281      |
| Income before provision for income taxes | \$52,485         | \$44,089   |

## Revenue

Total revenue increased 13% to \$131.2 million in the six months ended June 30, 2012 from \$116.2 million in the six months ended June 30, 2011. This increase was primarily attributable to higher investment advisory and administration fees resulting from higher average assets under management. Average assets under management in the six months ended June 30, 2012 were \$43.3 billion compared with \$38.5 billion in the six months ended June 30, 2011.

In the six months ended June 30, 2012, total investment advisory and administration revenue from institutional accounts increased 7% to \$45.0 million from \$42.2 million in the six months ended June 30, 2011. The increase in institutional account revenue was attributable to higher levels of average assets under management. Average assets under management for institutional accounts in the six months ended June 30, 2012 were \$25.7 billion compared with \$22.5 billion in the six months ended June 30, 2011.

In the six months ended June 30, 2012, total investment advisory and administration revenue from open-end mutual funds increased 16% to \$45.3 million from \$39.0 million in the six months ended June 30, 2011. The increase in open-end mutual fund revenue was attributable to higher levels of average assets under management. Average assets under management for open-end mutual funds in the six months ended June 30, 2012 were \$11.1 billion compared with \$9.3 billion in the six months ended June 30, 2011.

In the six months ended June 30, 2012, total investment advisory and administration revenue from closed-end mutual funds increased 1% to \$27.6 million from \$27.3 million in the six months ended June 30, 2011. The increase in closed-end mutual fund revenue was attributable to higher levels of average assets under management. Average assets under management for closed-end mutual funds in the six months ended June 30, 2012 were \$6.6 billion compared with \$6.7 billion in the six months ended June 30, 2011.

In the six months ended June 30, 2012, total portfolio consulting and other revenue increased 200% to \$8.1 million from \$2.7 million in the six months ended June 30, 2011. The increase was attributable to higher average assets under advisement from model-based strategies.

## Expenses

Total operating expenses increased 7% to \$79.7 million in the six months ended June 30, 2012 from \$74.4 million in the six months ended June 30, 2011, primarily due to increases in employee compensation and benefits, distribution and service fees and general and administrative expenses.

Employee compensation and benefits increased 7% to \$44.6 million in the six months ended June 30, 2012 from \$41.8 million in the six months ended June 30, 2011. This increase was primarily due to higher incentive bonus and production compensation, net of deferrals, of approximately \$1.0 million, higher salaries of approximately \$624,000, higher amortization of restricted stock units of approximately \$456,000 and higher payroll taxes of approximately \$229,000 associated with the delivery of restricted stock units.

Distribution and service fee expenses increased 7% to \$12.8 million in the six months ended June 30, 2012 from \$11.9 million in the six months ended June 30, 2011. This increase was primarily due to higher average assets under management in certain of our open-end no-load mutual funds.

General and administrative expenses increased 6% to \$18.5 million in the six months ended June 30, 2012 from \$17.5 million in the six months ended June 30, 2011. This increase was primarily due to higher professional fees of approximately \$402,000, higher fund reimbursements of approximately \$283,000, higher marketing and printing costs of approximately \$181,000 and higher information technology costs of approximately \$157,000.

## Non-operating Income

Non-operating income was \$1.0 million in the six months ended June 30, 2012, compared with \$2.3 million in the six months ended June 30, 2011. The decrease was primarily attributable to losses in our seed investments and foreign currency revaluations.

## Income Taxes

We recorded an income tax expense of \$19.2 million in the six months ended June 30, 2012, compared with \$15.4



million in the six months ended June 30, 2011. The provision for income taxes in the six months ended June 30, 2012 included U.S. federal, state, local and foreign taxes at an approximate effective tax rate of 36%. The effective tax rate for the six months ended June 30, 2011 was approximately 35%. We expect our tax rate for the full year 2012 to approximate 36%, excluding discrete items.

#### Liquidity and Capital Resources

Our investment advisory business does not require us to maintain significant capital balances. Our current financial condition is highly liquid, with a significant amount of our assets comprised of cash and cash equivalents, equity investments, investments, available-for-sale and accounts receivable. Our cash flows generally result from the operating activities of our business, with investment advisory and administrative fees being the most significant contributor. Cash and cash equivalents, equity investments, investments, available-for-sale and accounts receivable were 59% and 69% of total assets as of June 30, 2012 and December 31, 2011, respectively, excluding investments classified as level 3 in accordance with the Accounting Standard Codification (the "Codification") Topic 820, Fair Value Measurements and Disclosures ("Topic 820").

Cash and cash equivalents decreased by \$7.0 million, excluding the effect of foreign exchange rate changes, in the six months ended June 30, 2012. Net cash used in operating activities was \$16.5 million in the six months ended June 30, 2012. Net cash of \$1.6 million was provided by investing activities, primarily from proceeds from sales of investments, available-for-sale in the amount of \$17.1 million, partially offset by purchases of \$13.9 million of investments, available-for-sale and purchases of \$1.6 million of property and equipment. Net cash of \$7.9 million was provided by financing activities, primarily from contributions from redeemable noncontrolling interest of \$30.1 million and excess tax benefits associated with the delivery of restricted stock units of \$2.8 million, partially offset by dividends paid to stockholders of \$15.7 million, repurchases of common stock of \$8.4 million to satisfy employee withholding tax obligations on the delivery of restricted stock units, and redemptions of redeemable noncontrolling interest of \$1.1 million.

Cash and cash equivalents increased by \$2.8 million, excluding the effect of foreign exchange rate changes, in the six months ended June 30, 2011. Net cash provided by operating activities was \$23.8 million in the six months ended June 30, 2011. Net cash of \$3.3 million was used in investing activities, primarily for purchases of \$16.0 million of investments, available-for-sale and purchases of \$1.2 million of property and equipment, partially offset by proceeds from sales of investments, available-for-sale in the amount of \$13.9 million. Net cash of \$17.7 million was used in financing activities, primarily for dividends paid to stockholders of \$13.0 million and repurchases of common stock of \$6.5 million to satisfy employee withholding tax obligations on the delivery of restricted stock units, partially offset by excess tax benefits associated with the delivery of restricted stock units of \$1.5 million.

It is our policy to continuously monitor and evaluate the adequacy of our capital. We have consistently maintained net capital in excess of the regulatory requirements for our broker/dealer, as prescribed by the Securities and Exchange Commission ("SEC"). At June 30, 2012, we exceeded our minimum regulatory capital requirements by approximately \$1.4 million. The SEC's Uniform Net Capital Rule 15c3-1 imposes certain requirements that may have the effect of prohibiting a broker/dealer from distributing or withdrawing capital and requiring prior notice to the SEC for certain withdrawals of capital. On April 25, 2012, we made a capital contribution to our broker/dealer for \$1.0 million. Our non-U.S. subsidiaries are regulated outside the U.S. by the Hong Kong Securities and Future Commission, the United Kingdom Financial Securities Authority, and the Belgium Financial Services and Markets Authority. At June 30, 2012, our non-U.S. subsidiaries exceeded their aggregate minimum regulatory requirements by approximately \$63.2 million. We believe that our cash flows from operations will be more than adequate to meet our anticipated capital requirements and other obligations as they become due.

Included in cash and cash equivalents and investments, available-for-sale were approximately \$72.9 million held by our foreign subsidiaries as of June 30, 2012. We believe that our cash and cash equivalents and short term investments held in the U.S. are more than sufficient to cover our working capital needs. It is our current intention to permanently reinvest these funds outside of the U.S.

We periodically commit to fund a portion of the equity in certain of our sponsored investment products. We have committed to co-invest 5%, up to \$25 million, of the total capital raised in Cohen & Steers Global Realty Partners

III-TE, L.P. ("GRP-TE"), a global private equity multimanager fund that had an initial closing on October 4, 2011. Our investment with GRP-TE is illiquid and will be invested for up to 12 years through the life of the fund. The ultimate co-investment amount and actual timing of the funding of this commitment is currently unknown, as the co-investment amount will be based on investor commitments to GRP-TE through October 2012, and the drawdown of our commitment is contingent on the timing of drawdowns by the underlying funds and co-investments in which GRP-TE invests. The unfunded portion of this

commitment was not recorded on our condensed consolidated statements of financial condition as of June 30, 2012. On July 27, 2012, Cohen & Steers Limited Duration Preferred and Income Fund, Inc. (the "Fund") raised approximately \$662.5 million in proceeds (before deduction of sales load and other expenses and exclusive of the underwriters' overallotment) in its initial public offering. Assuming full exercise of the underwriters' overallotment option, which may or may not occur, overall sales of the Fund totaled approximately \$752 million. The Fund may employ leverage in an amount up to 33-1/3%. In conjunction with the offering of the Fund, we expect to record an expense of approximately \$15 million during the third quarter of 2012 associated with the payment of additional compensation agreements.

#### Contractual Obligations and Contingencies

We have contractual obligations to make future payments in connection with our non-cancelable operating lease agreements for office space. There were no material capital lease obligations as of June 30, 2012. The following summarizes our contractual obligations as of June 30, 2012 (in thousands):

|                  | 2012    | 2013    | 2014    | 2015    | 2016    | 2017<br>and after | Total     |
|------------------|---------|---------|---------|---------|---------|-------------------|-----------|
| Operating leases | \$4,019 | \$8,072 | \$9,257 | \$8,978 | \$8,737 | \$64,214          | \$103,277 |

On June 29, 2012, we extended the lease for our corporate headquarters in New York City to 2024. See Note 11 for further discussion about our commitments and contingencies.

#### Off-Balance Sheet Arrangements

We do not invest in any off-balance sheet vehicles that provide liquidity, capital resources, market or credit risk support, or engage in any leasing activities that expose us to any liability that is not reflected in our condensed consolidated financial statements.

#### Critical Accounting Policies and Estimates

The preparation of our condensed consolidated financial statements requires us to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the dates of the condensed consolidated financial statements and the reported amounts of revenue and expenses during the reporting periods. We believe the estimates used in preparing the condensed consolidated financial statements are reasonable and prudent. Actual results could differ from those estimates.

A thorough understanding of our accounting policies is essential when reviewing our reported results of operations and our financial position. Management considers the following accounting policies critical to an informed review of our condensed consolidated financial statements. For a summary of these and additional accounting policies, see the notes to the annual audited consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2011.

#### Investments

We determine the appropriate classification of our investments at the time of purchase and re-evaluate such determination at each statement of financial condition date.

Securities owned and securities sold but not yet purchased are classified as trading securities and are measured at fair value based on quoted market prices, market prices obtained from independent pricing services engaged by management or as determined by our valuation committee. Unrealized gains and losses are recorded as gain (loss) from trading securities reported in our condensed consolidated statements of operations.

Investments classified as equity investments are accounted for using the equity method, under which we recognize our respective share of the investee's net income or loss for the period. The carrying amounts of these investments approximate their fair value.

Investments classified as available-for-sale are comprised of equity securities, investment-grade preferred instruments and investments in our sponsored open-end and closed-end mutual funds. These investments are carried at fair value based on quoted market prices or market prices obtained from independent pricing services engaged by management, with unrealized



gains and losses, net of tax, reported in accumulated other comprehensive income. We periodically review each individual security position that has an unrealized loss, or impairment, to determine if that impairment is other than temporary. If we believe an impairment of a security position is other than temporary, the loss will be recognized in our condensed consolidated statements of operations. An other than temporary impairment is generally presumed to have occurred if the available-for-sale investment has an unrealized loss continuously for 12 or more months. From time to time, our consolidated funds enter into derivative contracts to hedge market and credit risks of the underlying portfolios utilizing options, total return swaps, credit default swaps and futures contracts. These instruments are measured at fair value with gains and losses recorded as gain (loss) from trading securities - net in our condensed consolidated statements of operations. The fair value of these instruments are recorded in other assets or other liabilities and accrued expenses in our condensed consolidated statements of financial condition. Additionally, from time to time, we enter into foreign currency forward contracts to hedge our currency exposure related to client receivables. These instruments are measured at fair value with gains and losses recorded in other non-operating income in our condensed consolidated statements of operations. We record these contracts as either assets or liabilities in due from broker or other liabilities and accrued expenses, respectively, in our condensed consolidated statements of financial condition.

#### Goodwill and Intangible Assets

Goodwill represents the excess of the cost of our investment in the net assets of an acquired company over the fair value of the underlying identifiable net assets at the date of acquisition. Goodwill and indefinite lived intangible assets are not amortized but are tested at least annually for impairment by comparing the fair value to their carrying amounts. Finite lived intangible assets are amortized over their useful lives. We determined that the fair values of our goodwill and indefinite lived intangible assets substantially exceeded their carrying values as a result of the most recent impairment test performed as of November 30, 2011.

#### Stock-based Compensation

We recognize compensation expense for the grant-date fair value of awards of equity instruments granted to employees. This expense is recognized over the period during which employees are required to provide service. We also estimate forfeitures.

#### Income Taxes

We record the current and deferred tax consequences of all transactions that have been recognized in the condensed consolidated financial statements in accordance with the provisions of the enacted tax laws. Deferred tax assets are recognized for temporary differences that will result in deductible amounts in future years. Deferred tax liabilities are recognized for temporary differences that will result in taxable income in future years. We record a valuation allowance, when necessary, to reduce deferred tax assets to an amount that more likely than not will be realized. The effective tax rate for interim periods represents our best estimate of the effective tax rate expected to be applied to the full fiscal year.

#### Recently Issued Accounting Pronouncements

In July 2012, the Financial Accounting Standards Board ("FASB") issued new guidance to simplify how entities test indefinite-lived intangible assets for impairment. The new guidance permits an entity to first assess qualitative factors to determine whether it is more likely than not that the fair value of an indefinite-lived intangible asset is less than its carrying amount as a basis for determining whether it is necessary to perform the second step to measure the amount of the impairment loss, if any. This new guidance will be effective for the first quarter of our 2013 fiscal year. We do not anticipate the adoption of this new guidance to have a material impact on our condensed consolidated financial statements.

In December 2011, the FASB issued new guidance to create new disclosure requirements about the nature of an entity's rights of offset and related arrangements associated with its financial instruments and derivative instruments. This new guidance will be effective for the first quarter of our 2013 fiscal year. We do not anticipate the adoption of this new guidance to have a material impact on our condensed consolidated financial statements.

In September 2011, the FASB issued new guidance to simplify how entities test goodwill for impairment. The new guidance permits an entity to first assess qualitative factors to determine whether it is more likely than not that the fair value



of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the second step to measure the amount of the impairment loss, if any. This new guidance was effective for the first quarter of our 2012 fiscal year. The adoption of this new guidance did not have a material impact on our condensed consolidated financial statements.

In June 2011, the FASB issued new guidance eliminating the option to present components of other comprehensive income as part of the statement of changes in stockholders' equity. The new guidance requires changes to the components of net income and comprehensive income in stockholders' equity be presented either in a single continuous statement of comprehensive income or in two separate but consecutive statements. In the two-statement approach, the first statement should present total net income and its components followed consecutively by a second statement that should present total other comprehensive income, the components of other comprehensive income, and the total of comprehensive income. The new guidance should be applied retrospectively. In December 2011, the FASB issued guidance to defer the effective date for amendments to the presentation of reclassifications of items out of accumulated other comprehensive income. This new guidance was effective for the first quarter of our 2012 fiscal year. The adoption of this new guidance did not have a material impact on our condensed consolidated financial statements.

In May 2011, the FASB issued new guidance regarding fair value measurement and disclosures. The new guidance results in common fair value measurement and disclosure requirements in U.S. Generally Accepted Accounting Principles ("GAAP") and International Financial Reporting Requirements. This new guidance changed the wording used to describe many of the requirements for measuring fair value and for disclosing information about fair value measurements. This new guidance was effective for the first quarter of our 2012 fiscal year. See Note 5 for further discussion about the fair value of our investments which incorporates this new guidance.

#### Forward-Looking Statements

This report and other documents filed by us contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, which reflect our current views with respect to, among other things, our operations and financial performance. You can identify these forward-looking statements by the use of words such as "outlook," "believes," "expects," "potential," "continues," "may," "should," "seeks," "approximately," "predicts," "intends," "plans," "estimates," "anticipates" or the negative versions of these words or other comparable words. Such forward-looking statements are subject to various risks and uncertainties.

Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements. We believe that these factors include, but are not limited to, those described in the Risk Factors section of our Annual Report on Form 10-K for the year ended December 31, 2011, which is accessible on the Securities and Exchange Commission's website at [www.sec.gov](http://www.sec.gov) and on our website at [www.cohenandsteers.com](http://www.cohenandsteers.com). These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this report. We undertake no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes in our Quantitative and Qualitative Disclosures About Market Risk from those previously reported in our annual report on Form 10-K for the year ended December 31, 2011.

Item 4. Controls and Procedures

We maintain disclosure controls and procedures (as that term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) that are designed to ensure that information required to be disclosed in our reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our Co-Chief Executive Officers and our Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

Our management, including our Co-Chief Executive Officers and our Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of June 30, 2012.

Based on that evaluation and subject to the foregoing, our Co-Chief Executive Officers and our Chief Financial Officer have concluded that our disclosure controls and procedures as of June 30, 2012 were effective to accomplish their objectives at a reasonable assurance level.

There has been no change in our internal control over financial reporting that occurred during the three months ended June 30, 2012 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## PART II—Other Information

## Item 1. Legal Proceedings

From time to time, we are involved in legal matters relating to claims arising in the ordinary course of business. There are currently no such matters pending that we believe could have a material adverse effect on our business or the condensed consolidated financial statements.

## Item 1A. Risk Factors

For a discussion of our potential risks and uncertainties, please see Part 1, Item 1A of our 2011 Annual Report on Form 10-K filed with the SEC. There have been no material changes to the risk factors disclosed in Part 1, Item 1A of our 2011 Annual Report on Form 10-K.

## Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

During the three months ended June 30, 2012, we made the following purchases of our equity securities that are registered pursuant to Section 12(b) of the Securities Exchange Act of 1934.

| Period                         | Total Number of<br>Shares Purchased | Average Price<br>Paid Per Share | Total Number of<br>Shares Purchased<br>as Part of Publicly<br>Announced Plans<br>or Programs | Maximum Number<br>of Shares that May<br>Yet be Purchased<br>Under the Plans or<br>Programs |
|--------------------------------|-------------------------------------|---------------------------------|--|--|
| April 1 through April 30, 2012 | 637                                 | (1) \$34.91                     | —  | —  |
| May 1 through May 31, 2012     | 1,045                               | (1) \$33.03                     | —  | —  |
| June 1 through June 30, 2012   | 1,046                               | (1) \$32.31                     | —  | —  |
| Total                          | 2,728                               | \$33.20                         | —  | —  |

(1) Purchases made by us to satisfy the income tax withholding obligations of certain employees.

Item 6. Exhibits

Exhibit No. Description

- 3.1 —Form of Amended and Restated Certificate of Incorporation of the Registrant(1)
- 3.2 —Form of Amended and Restated Bylaws of the Registrant(2)
- 4.1 —Specimen Common Stock Certificate(1)
- 4.2 —Form of Registration Rights Agreement among the Registrant, Martin Cohen, Robert H. Steers, The Martin Cohen 1998 Family Trust and Robert H. Steers Family Trust(1)
- 31.1 —Certification of the Co-Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
- 31.2 —Certification of the Co-Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
- 31.3 —Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
- 32.1 —Certification of the Co-Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
- 32.2 —Certification of the Co-Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
- 32.3 —Certification of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).

101 The following financial statements from the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2012 are furnished herewith, formatted in XBRL (eXtensible Business Reporting Language): (i) the Condensed Consolidated Statements of Financial Condition as of June 30, 2012 and December 31, 2011, (ii) the Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2012 and 2011, (iii) the Condensed Consolidated Statements of Comprehensive Income for the three and six months ended June 30, 2012 and 2011, (iv) the Condensed Consolidated Statements of Changes in Stockholders' Equity and Redeemable Noncontrolling Interest for the six months ended June 30, 2012 and 2011, (v) the Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2012 and 2011, and (vi) the Notes to the Condensed Consolidated Financial Statements.

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(1) Incorporated by reference to the Registrant's Registration Statement on Form S-1 (Registration No. 333-114027), as amended, originally filed with the Securities and Exchange Commission on March 30, 2004.

(2) Incorporated by reference to the Registrant's Quarterly Report on Form 10-Q (Commission File No. 001-32236) for the quarter ended June 30, 2008.



SIGNATURE

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 thereunto duly authorized.

Date: August 9, 2012

Cohen & Steers, Inc.

/s/ Matthew S. Stadler

Name: Matthew S. Stadler

Title: Executive Vice President & Chief Financial Officer

Date: August 9, 2012

Cohen & Steers, Inc.

/s/ Bernard M. Doucette

Name: Bernard M. Doucette

Title: Senior Vice President & Chief Accounting Officer