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U.S. SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20540



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**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

SEC FILE NUMBER  
8-53070

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING

01/01/03

AND ENDING

12/31/03

MM/DD/YY

MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER - DEALER:

**Riverstone Advisors, L.P.**

OFFICIAL USE ONLY

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

FIRM ID. NO.

**One Greenwich Office Park**

(No. and Street)

**Greenwich**

**Connecticut**

**06831**

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

**John Casper**

**(203) 413-2229**

(Area Code - Telephone No.)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

**Deloitte & Touche LLP**

(Name - if individual, state last, first, middle name)

**Two World Financial Center**

**New York**

**New York**

**10281**

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

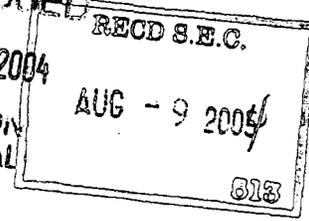
- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions.

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THOMSON FINANCIAL



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\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

Handwritten signature

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SEC 1410 (06-02)

**RIVERSTONE ADVISORS, L.P.**  
**(SEC I.D. No. 8-53070)**

**STATEMENT OF FINANCIAL CONDITION**  
**AS OF DECEMBER 31, 2003**  
**AND**  
**INDEPENDENT AUDITORS' REPORT**  
**AND**  
**SUPPLEMENTAL REPORT ON INTERNAL CONTROL**

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**Filed pursuant to Rule 17a-5(e)(3) as a PUBLIC DOCUMENT**

## INDEPENDENT AUDITORS' REPORT

To the Partners of  
Riverstone Advisors, L.P.

We have audited the accompanying statement of financial condition of Riverstone Advisors, L.P. (the "Partnership") as of December 31, 2003 that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such statement of financial condition presents fairly, in all material respects, the financial position of the Partnership at December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

*Deloitte & Touche LLP*

February 20, 2004

**RIVERSTONE ADVISORS, L.P.**

**STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2003**

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**ASSETS**

Cash and cash equivalents \$ 9,181

**TOTAL ASSETS** **\$ 9,181**

General partner \$ 296

Limited partners 8,885

**TOTAL PARTNERS' CAPITAL** **\$ 9,181**

See notes to statement of financial condition.

# RIVERSTONE ADVISORS, L.P.

## NOTES TO STATEMENT OF FINANCIAL CONDITION DECEMBER 31, 2003

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### 1. ORGANIZATION

Riverstone Advisors, L.P. (the "Partnership") is a registered broker-dealer with the Securities and Exchange Commission (the "SEC") and the National Association of Securities Dealers, Inc. (the "NASD"). The Partnership was formed to engage in the business of providing financial advisory services, on a fee basis, primarily to corporations in connection with mergers, acquisitions, divestitures, leveraged buy-outs, joint ventures, reorganization, recapitalizations and other extraordinary corporate transactions. Riverstone Holdings, LLC is the general partner of the Partnership (the "General Partner").

### 2. SIGNIFICANT ACCOUNTING POLICIES

*Estimates* – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of the assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Cash Equivalents* – The Partnership considers all highly liquid investments purchased with an original maturity date of three months or less to be cash equivalents.

*Income Taxes* – No provision for federal income taxes has been made, as each partner is responsible for reporting their proportionate share of the Partnership's income or loss in their respective tax returns.

### 3. RELATED PARTY TRANSACTIONS

The Partnership maintains a service agreement with the General Partner, whereby the General Partner charges the Partnership expenses related to its operations.

### 4. PARTNERSHIP ALLOCATION

Profits and losses of the Partnership are allocated in accordance with the capital percentages established in the Limited Partnership Agreement.

### 5. CAPITAL REQUIREMENTS

As a registered broker-dealer, the Partnership is subject to the Uniform Net Capital Rule 15c3-1 under the Securities Exchange Act of 1934, which requires the maintenance of minimum net capital as defined, which shall be the greater of \$5,000 or one-fifteenth of aggregate indebtedness, as defined. At December 31, 2003, the Partnership's regulatory net capital of \$9,181 exceeded the minimum requirement by \$4,181. The Partnership has no aggregate indebtedness at December 31, 2003.

February 20, 2004

Riverstone Advisors, L.P.  
One Greenwich Office Park  
Greenwich, CT 06831

In planning and performing our audit of the financial statements of Riverstone Advisors, L.P. for the year ended December 31, 2003 (on which we issued our report dated February 16, 2004), we considered its internal control, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the Partnership's internal control.

Also, as required by Rule 17a-5(g)(1) under the Securities Exchange Act of 1934, we have made a study of the practices and procedures (including tests of compliance with such practices and procedures) followed by the Partnership that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. We did not review the practices and procedures followed by the Partnership in making the quarterly securities examinations, counts, verifications, and comparisons, and the recordation of differences required by Rule 17a-13 or in complying with the requirements for prompt payment for securities under Section 8 of Regulation T of the Board of Governors of the Federal Reserve System, because the Partnership does not carry securities accounts for customers or perform custodial functions relating to customer securities.

The management of the Partnership is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control and of the practices and procedures, and to assess whether those practices and procedures can be expected to achieve the Securities and Exchange Commission's (the "Commission") above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Partnership has responsibility are safeguarded against loss from unauthorized acquisition, use, or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in any internal control or the practices and procedures referred to above, misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal control or of such practices and procedures to future periods are subject to the risk that they may become inadequate because of changes in conditions or that the degree of compliance with the practices or procedures may deteriorate.

Riverstone Advisors, L.P.  
February 20, 2004

Our consideration of the Partnership's internal control would not necessarily disclose all matters in the Partnership's internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving the Partnership's internal control and its operation (including control activities for safeguarding securities) that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the Commission to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Partnership's practices and procedures were adequate at December 31, 2003, to meet the Commission's objectives.

This report is intended solely for the information and use of management, the Commission, the National Association of Securities Dealers, Inc., and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

Yours truly,

*Deloitte & Touche LLP*