

# Greenhill

**2019 Annual Report**



# Greenhill

Dear Clients, Stockholders and Colleagues,

Greenhill is a leading independent advisory firm for complex financial transactions across the globe. Our objective is to provide high quality, unconflicted advice to corporations, partnerships, institutions and governments globally on a wide range of transactions, including mergers & acquisitions (“M&A”), restructuring, financing, capital raising and other important financial transactions. Over 24 years we have developed a brand that is highly respected by senior decision makers around the world. We have grown to significant scale, with a large and expanding group of client-facing Managing Directors supported by a highly skilled group of other professionals. Our team includes senior bankers who have deep expertise in nearly every industry sector and type of strategic financial advice, in each of the major international markets.

We believe the Firm we operate today is unique among its competitors. First, we are entirely focused on advisory work for clients, and so we are able to avoid the conflicts of interests that can arise from other business activities or other products that are cross-sold to clients. Second, we are a truly global firm, having generated nearly half of our cumulative historic revenue from clients based outside the U.S. and with a heavy focus on executing complex cross-border transactions. Third, we have an unusually collegial culture, where our teams work seamlessly across sectors, regions and advisory specialties in order to help clients achieve their goals.

## **Review of 2019 Performance**

Following a very strong performance in 2018, 2019 was a more challenging year for our Firm. But a strong second half, and particularly fourth quarter, nonetheless resulted in a respectable full year performance in terms of revenue and productivity. Our revenue for the year was down 14% compared to the prior year, as reduced transaction activity also resulted in revenue declines for almost all of our competitors.

On a regional basis, we had improved performance in North America, Australia and Latin America, but that was more than offset by a weaker performance in Europe, which only the prior year had produced record revenue in local currency terms. By type of advice, M&A was a strong area for the Firm nearly everywhere but Europe, our newly enlarged restructuring advisory team generated significant revenue improvement, and the capital advisory team we acquired five years ago had a third consecutive strong annual revenue performance. By industry sector, we saw robust transaction activity in consumer, financials and media, offset by light activity in energy and healthcare.

# Greenhill

## **Strategic Progress in 2019**

2019 was a year of significant progress in executing our strategy, which is to grow in terms of geographic reach, industry sector expertise and breadth of advisory activities. From a geographic perspective, we announced new offices in Paris and Singapore, which brings us to 17 offices on 5 continents. We also put in place an important strategic alliance with a leading advisory firm in Israel. We recruited significant industry sector expertise, including in building products and insurance, and we continued to expand our restructuring advisory team, while also building a new specialty in shareholder advisory work. In terms of personnel, we increased our Managing Director headcount by 7% and our investment banking professional headcount by 11%.

During 2019 we also completed a very successful debt refinancing transaction, which materially reduced our interest costs, extended our debt maturity and expanded our financial and operating flexibility.

## **Our Plan for 2020 and Beyond**

Our plan going forward is for more of the same: to continually seek to expand and upgrade the quality of our team, develop our brand as a leading independent advisor globally and expand our client base. As I write this letter our Firm, like all others, is facing a new challenge: a health scare and resulting market panic. But in that new environment our clients need us more than ever. Strong companies will see a world full of discounted acquisition opportunities. Less strong companies may be vulnerable to opportunistic takeover bids. Weaker companies will need to restructure their balance sheets. Institutions will need to reposition their investment portfolios. We are well positioned to help clients with each of these matters. And our small size should be an advantage in a more challenging environment, as we do not need very high global transaction volumes in order to succeed.

While ours will always be a business where quarterly and even annual results can vary widely as a result of economic and market factors or simply the random timing of transaction announcements and completions, we are hopeful about the future. We provide a service (advising on large and complex transactions) that is highly valued and highly remunerated by clients. We have built a strong global brand in the eyes of boards of directors and senior executives who need those services. And we have developed a strong culture that allows us to attract and retain talented professionals, who in turn help us further enhance our brand by providing sound and unconflicted advice.

# Greenhill

## Closing

We are grateful to our clients for their trust, to our employees for their steadfast efforts and to our stockholders for believing in our strategy and its potential for creation of value. We will do our utmost to realize that potential in 2020 and beyond.

A handwritten signature in black ink that reads "Scott L. Bok". The signature is written in a cursive, flowing style.

Scott L. Bok

*Chairman & Chief Executive Officer*

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

FORM 10-K

(Mark One)

- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the fiscal year ended December 31, 2019.

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 001-32147

GREENHILL & CO., INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware

(State or Other Jurisdiction  
of Incorporation or Organization)

51-0500737

(I.R.S. Employer  
Identification No.)

300 Park Avenue  
New York, New York

(Address of Principal Executive Offices)

10022  
(ZIP Code)

Registrant's telephone number, including area code: (212) 389-1500

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

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, par value \$.01 per share	GHL	New York Stock Exchange

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

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

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes  No

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 every Interactive Data File required to be submitted 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 such files). Yes  No

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

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company   
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

The aggregate market value of the common stock held by non-affiliates of the registrant, computed by reference to the closing price as of the last business day of the registrant's most recently completed second fiscal quarter, June 30, 2019, was approximately \$224 million. The registrant has no non-voting stock. As of February 20, 2020, there were 18,771,782 shares of the registrant's common stock outstanding.

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the Registrant's definitive proxy statement to be delivered to stockholders in connection with the 2020 annual meeting of stockholders to be held on April 23, 2020 are incorporated by reference in response to Part III of this Report.

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## PART I

*When we use the terms “Greenhill”, “we”, “us”, “our”, “the Company”, and “the Firm”, we mean Greenhill & Co., Inc., a Delaware corporation, and its consolidated subsidiaries.*

### Item 1. Business

#### Overview

Greenhill is a leading independent investment bank that provides financial and strategic advice on significant domestic and cross-border mergers and acquisitions, divestitures, restructurings, financings, capital raising and other transactions to a diverse client base, including corporations, partnerships, institutions and governments globally. We serve as a trusted advisor to our clients throughout the world on a collaborative, globally integrated basis from our offices in the United States, Australia, Brazil, Canada, Germany, Hong Kong, Japan, Singapore, Spain, Sweden and the United Kingdom.

At Greenhill, we are singularly focused on providing conflict-free advice to clients on a wide variety of complex financial matters, using our global resources to provide a combination of transaction experience, industry sector expertise and knowledge of relevant regional markets. We work seamlessly across offices and markets to provide the highest caliber advice and services to our clients.

Greenhill was established in 1996 by Robert F. Greenhill, the former President of Morgan Stanley and former Chairman and Chief Executive Officer of Smith Barney. Greenhill was formed as a limited liability company and converted to a Delaware corporation in 2004 at the time of our IPO. Since our founding, Greenhill has grown significantly, by recruiting talented managing directors and other senior professionals, acquiring complementary advisory businesses and training, developing and promoting professionals internally. We have expanded beyond merger and acquisition advisory services to include financing, restructuring, and capital advisory services, and we have expanded the breadth of our sector expertise to cover substantially all major industries. Since the opening of our original office in New York, we have expanded globally to 16 offices across five continents.

As of December 31, 2019, we had 405 employees globally. At that date, we had 79 client facing managing directors, including those whose hiring we had announced.

#### Advisory Services

Greenhill is a unique global investment banking firm, not only in relation to the large integrated, or “bulge bracket”, institutions, which engage in commercial lending, underwriting, research, sales and trading and other businesses, but also in relation to other so-called “independent” investment banks, many of which engage in investment management, research and capital markets businesses, all of which can create conflicts with clients’ interests. Greenhill’s singular focus on advisory services differentiates us from other investment banks, and enables us to offer best-in-class service to each of our clients.

- **Advising clients is our only business.** We do not engage in investing, trading, lending, underwriting, research or investment management businesses. Our clients’ interests are our sole priority.
- **We provide unbiased, conflict-free advice.** We have no products or additional services to cross-sell and, thus, no inherent conflicts of interest. We also have no lending, prime brokerage or other relationships with activist investors.
- **We maintain the highest levels of confidentiality.** Our advisory-only business model and minimal conflicts enable us to maintain greater client confidentiality.
- **Senior level attention is fundamental to our model.** Our managing directors, who are seasoned professionals with both transaction expertise and sector and regional knowledge, are actively engaged in our client mandates from origination through execution and closing.
- **We offer a collaborative approach to global client service.** Our professionals around the globe work together on a fully-integrated, one-firm, one-team approach to advance the interests of our clients.

We provide comprehensive financial advisory services primarily in connection with mergers and acquisitions, divestitures, restructurings, financings, capital raising and other similar transactions. We also provide advice in connection with shareholder defense preparedness, activist investor response strategies and other critical strategic matters. For all of our advisory services, we draw on the extensive experience, senior relationships and industry expertise of our managing directors and senior advisors.

*Mergers and Acquisitions.* On merger and acquisition engagements, we provide a broad range of advice to global clients in relation to domestic and cross-border mergers, acquisitions, divestitures, spin-offs and other strategic transactions, through all stages of a transaction's life cycle, from initial structuring and negotiation to final execution. Our focus is on providing high-quality, unbiased advice to senior executive management teams, boards of directors and special committees of prominent large and mid-cap companies and to key decision makers at governments and at large institutions on transactions that typically are of the highest strategic and financial importance to our clients. We have specialists in nearly every significant industry sector who work closely with our transaction and regional specialists to provide the highest quality advice and transaction execution. In addition to merger and acquisition transactions, we advise clients on a full range of critical strategic matters, including activist shareholder defense, special committee projects, licensing deals and joint ventures. We provide advice on valuation, negotiation tactics, industry dynamics, structuring alternatives, timing and pricing of transactions, as well as financing alternatives. In appropriate situations, we also provide fairness opinions with regard to merger and acquisition transactions.

*Financing Advisory and Restructuring.* Our financing advisory and restructuring practice encompasses a wide range of advisory services. In debt restructurings, we advise debtors, creditors, governments, pension funds and other stakeholders in companies experiencing financial distress, as well as potential acquirers of distressed companies and assets. We provide advice on valuation, restructuring alternatives, capital structures, financing alternatives and sales or recapitalizations, and we assist clients in identifying and capitalizing on potential incremental sources of value. We also assist those clients who seek court-assisted reorganizations by developing and seeking approval for plans of reorganization as well as the implementation of such plans. In addition to debt restructurings, we advise on a variety of other financing matters, including debt issuances, equity financings, exchange offers and spin-off transactions. We also provide advice on initial public offerings (IPOs) and other equity capital market transactions in which clients value our independent advice as a knowledgeable advisor who does not stand to earn substantial underwriting or placement fees.

*Capital Advisory.* We are one of the leading global financial advisors to pension funds, endowments and other institutional investors on transactions involving alternative assets. We advise such institutions globally on secondary sales of interests in private equity and similar funds, as well as providing advice to alternative asset fund sponsors for capital raising, restructuring, financing, liquidity options, valuation and related services.

## **Revenues**

Our revenues are derived from both corporate advisory services related to mergers and acquisitions (M&A), financings and restructurings and capital advisory services related to sales or capital raises pertaining to alternative assets. Revenues from corporate advisory are primarily driven by total deal volume and the size of individual transactions. While fees payable upon the successful conclusion of a transaction generally represent the largest portion of our corporate advisory fees, we also earn other fees, including on-going retainer fees, substantially all of which relate to non-success based strategic advisory, and financing advisory and restructuring assignments, and fees payable upon the commencement of an engagement or upon the achievement of certain milestones, such as the announcement of a transaction or the rendering of a fairness opinion. Additionally, we generate capital advisory revenues from sales of alternative assets in the secondary market and from capital raises.

## **Employees**

As an independent investment bank focused solely on advisory services, our people are our primary asset. Our managing directors average more than 20 years of relevant experience, which they leverage to provide the highest quality advice on a collaborative, globally-integrated basis across our full range of services. Our managing directors are supported by a strong team of more junior professionals, and we spend a significant amount of time training and mentoring our junior professionals. We seek to provide our junior professionals with broad exposure to a variety of assignments involving mergers and acquisitions, divestitures, restructurings, financings, capital raisings and other transactions. This approach provides us with the flexibility to allocate resources depending on the transaction environment and provides our bankers with a wide variety of experiences to assist in the development of their business and financial judgment.

As of December 31, 2019, Greenhill employed a total of 405 people, of which 240 were located in our offices in North America, 105 were based in our European offices, and 60 in the rest of the world. The vast majority of our accounting, operational and administrative employees are located in the United States. We strive to maintain a work environment that fosters collegiality, teamwork, professionalism, excellence, diversity and collaboration among our employees worldwide. We utilize a comprehensive evaluation process at the end of each year to measure performance, determine compensation and provide guidance on opportunities for continued development.

## Competition

We operate in a highly competitive environment where there are no long-term contracted sources of revenue. Each revenue-generating engagement is separately awarded and negotiated. Our list of clients with whom there is an active engagement changes continually. To develop new client relationships, and to develop new engagements from historic client relationships, we maintain, on an ongoing basis, business dialogues with a large number of clients and potential clients. We have gained a significant number of new clients each year through our business development initiatives, through recruiting additional senior investment banking professionals who bring with them client relationships and expertise in certain industry sectors or geographies and through referrals from members of boards of directors, attorneys and other parties with whom we have relationships. At the same time, we lose clients each year as a result of the sale or merger of a client, a change in a client's senior management team, competition from other investment banks and other causes.

The financial services industry is intensely competitive, and we expect it to remain so. Our competitors are global and regional integrated banking firms, mid-sized full service financial firms, other independent financial services firms and specialized financial advisory firms. We compete with some of our competitors globally and with others on a regional, product, industry or niche basis. We compete on the basis of a number of factors, including the quality of our advice and service, our range of sector expertise, strength of relationships, innovation, reputation and price.

The global and regional integrated banking firms offer a wider range of products, from loans, deposit-taking and insurance to brokerage, hedging, foreign exchange, asset management and corporate finance and securities underwriting services, which may enhance their competitive position. They also have the ability to support their investment banking operations with commercial banking, insurance and other financial services revenues in an effort to gain market share, which could result in pricing pressure in our business. In addition to our larger and mid-sized full service competitors, we compete with a number of independent investment banks, which offer independent advisory services on a model similar to ours. A few of the independent banks with whom we compete are larger and have greater general and industry-specific coverage resources.

We believe our primary competitors in securing mergers and acquisitions and financing advisory engagements are large, diversified financial institutions including Bank of America Corporation, Barclays Bank PLC, Citigroup Inc., Credit Suisse Group AG, Deutsche Bank AG, Goldman Sachs Group, Inc., JPMorgan Chase & Co., Morgan Stanley, and UBS AG, as well as other publicly listed investment banking firms such as Evercore Partners Inc., Jefferies Group, Inc., Lazard Ltd., Moelis & Co. and PJT Partners, and certain closely held boutique firms. Advisory services in restructuring and bankruptcy situations tend to be highly specialized, and we believe our primary competitors to be Evercore Partners, Inc., Houlihan Lokey, Inc., Lazard Ltd., Moelis & Co., PJT Partners Inc. and many closely held boutique firms. We believe our primary competitors in our capital advisory business are Credit Suisse Group AG, Evercore Partners, Inc., Lazard Ltd., Park Hill Group LLC (part of PJT Partners Inc.), UBS AG and many other closely held boutique firms.

Competition can be intense for the hiring and retention of qualified employees. Our ability to continue to compete effectively in our business will depend upon our ability to attract new employees and retain and motivate our existing employees.

For a discussion of risks related to the highly competitive environment in which we operate, see "Item 1A. Risk Factors" in this annual report.

## Regulation

Our business, as well as the financial services industry generally, is subject to extensive regulation in the United States and elsewhere. As a matter of public policy, regulatory bodies in the United States and the rest of the world are charged with safeguarding the integrity of the securities and other financial markets and with protecting the interests of parties participating in those markets.

Certain of our operations are subject to compliance with laws and regulations of U.S. federal and state governments, non-U.S. governments, their respective agencies and/or various self-regulatory organizations or exchanges, and any failure to comply with these regulations could expose us to liability and/or damage our reputation. Our businesses have operated for many years within a legal framework that requires us to monitor and comply with a broad range of legal and regulatory developments that affect our activities. However, additional legislation, changes in rules promulgated by self-regulatory organizations or changes in the interpretation or enforcement of existing laws and rules, either in the United States or elsewhere, may directly affect our mode of operation and profitability. Our activities are subject to financial markets regulation in the following jurisdictions:

## *United States*

In the United States, the Securities and Exchange Commission (“SEC”) is the federal agency responsible for the administration of the federal securities laws and the protection of investors who invest in Greenhill. Greenhill & Co., LLC (“G&Co LLC”) is a wholly-owned subsidiary of Greenhill through which we conduct our U.S. advisory business. It is registered as a broker-dealer with the SEC, is a member of the Financial Industry Regulatory Authority (“FINRA”) and is subject to regulation and oversight by the SEC. In addition, FINRA, a self-regulatory organization that is subject to oversight by the SEC, adopts and enforces rules governing conduct, and examines the activities, of its member firms, such as G&Co LLC. State and local securities regulators also have regulatory oversight authority over G&Co LLC.

Broker-dealers are subject to regulations that cover all aspects of the securities business. Our business model is exclusively focused on providing strategic advice to clients and we do not hold customer funds or securities, or carry on research, securities trading, lending or underwriting activities. While this means that certain broker-dealer regulations, such as those pertaining to the use and safekeeping of customers’ funds and securities and the financing of customers’ purchases, may not be applicable to us, we remain subject to other applicable broker-dealer regulations, including regulatory capital levels, record keeping and reporting requirements, and the conduct and qualifications of officers and employees. In particular, as a registered broker-dealer and member of a self-regulatory organization, G&Co LLC is subject to the SEC’s uniform net capital rule, Rule 15c3-1. Rule 15c3-1 specifies the minimum level of net capital a broker-dealer must maintain and also requires that a significant portion of a broker-dealer’s assets be retained in liquid financial instruments relative to the amount of its liabilities. The SEC and various self-regulatory organizations impose rules that require notification when net capital falls below certain predefined criteria, limit the ratio of subordinated debt to equity in the regulatory capital composition of a broker-dealer and constrain the ability of a broker-dealer to expand its business under certain circumstances. Additionally, the SEC’s uniform net capital rule 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.

In addition, Greenhill Capital Partners, LLC, our wholly-owned subsidiary, which operated as and will continue to operate as general partner of Greenhill Capital Partners II, a former merchant banking fund, is a registered investment adviser under the Investment Advisers Act of 1940, as amended. As such, it is subject to regulation and periodic examinations by the SEC. Such regulations relate to, among other things, fiduciary duties to clients, maintaining an effective compliance program, solicitation agreements, conflicts of interest, recordkeeping and reporting requirements, disclosure requirements, limitations on agency cross and principal transactions between an adviser and advisory clients and general anti-fraud prohibitions.

## *Europe*

Greenhill & Co. International LLP and Greenhill & Co. Europe LLP, our wholly owned affiliated partnerships with offices in the United Kingdom and Germany, respectively, through which we conduct the majority of our European advisory business, are authorized and regulated by the United Kingdom’s Financial Conduct Authority (“FCA”). Greenhill & Co. Europe LLP is also subject to regulation by the Federal Financial Supervisory Authority in Germany (“BaFin”). The current UK regulatory regime is based upon the Financial Services and Markets Act 2000 (the “FSMA”), together with secondary legislation and other rules made under the FSMA. These rules govern all aspects of our advisory business in the United Kingdom, including carrying on regulated activities, record keeping, approval standards for individuals, anti-money laundering and periodic reporting.

As a result of the U.K.’s departure from the European Union and its potential impact on the structure of our European operations, we incorporated a new German entity in 2019 and submitted an application to BaFin to provide investment banking services throughout the EU from our offices in Frankfurt, Madrid, and our proposed new operations in Paris. We have received approval of our application from BaFin and subject to other requisite approvals we will seek to provide investment banking services from our offices in Frankfurt, Madrid and our new operations in Paris, prior to the expiration of the UK’s transition period.

Greenhill & Co. Sweden AB, our wholly-owned Swedish subsidiary with an office in Stockholm, provides financial advice to clients in Sweden and the wider Nordic region, and is subject to regulation by the Swedish Financial Supervisory Authority.

Greenhill & Co. Spain Limited, our wholly-owned Spanish subsidiary with an office in Madrid, provides financial advice to clients in Spain and the wider Iberian region, and is authorized and regulated by the FCA and also subject to regulation by the Comisión Nacional del Mercado de Valores (CNMV).

### *Australia*

Greenhill & Co. Australia Pty Limited (“Greenhill Australia”), our wholly-owned Australian subsidiary, is licensed and subject to regulation by the Australian Securities and Investments Commission (“ASIC”) and must also comply with applicable provisions of the Corporations Act 2001 and other Australian legal and regulatory requirements, including capital adequacy rules, customer protection rules, and compliance with other applicable trading and investment banking regulations.

### *Hong Kong*

Greenhill & Co. Asia Limited, a wholly-owned Hong Kong subsidiary, is licensed under the Hong Kong Securities and Futures Ordinance with the Securities and Futures Commission (“SFC”) and is regulated by the SFC. The compliance requirements of the SFC include, among other things, net capital, stockholders’ equity and periodic reporting requirements, and also the registration and training of certain employees and responsible officers.

### *Singapore*

Greenhill & Co. Asia (Singapore) PTE. LTD., a wholly-owned Singapore subsidiary, is regulated by the Monetary Authority of Singapore (“MAS”) and licensed under the Securities and Futures Act to conduct the regulated activities of dealing in capital markets products and advising on corporate finance. The compliance requirements in relation to the capital markets services license include, among other things, capital adequacy, business conduct rules, periodic reporting requirements and ensuring representatives are fit and proper to carry out the regulated activities.

Our business may also be subject to regulation by other governmental and regulatory bodies and self-regulatory authorities in other countries where Greenhill operates or conducts business.

### *Anti-money laundering, Sanctions and Bribery Legislation*

Federal anti-money-laundering laws make it a criminal offense to own or operate a money transmitting business without the appropriate state licenses, which we maintain, and require registration with the U.S. Department of Treasury’s Financial Crimes Enforcement Network (“FinCEN”), where we are registered. In addition, pursuant to the USA PATRIOT Act of 2001 and the Treasury Department’s implementing federal regulations, as a “financial institution,” we have established and maintain an anti-money-laundering program.

In connection with its administration and enforcement of economic and trade sanctions based on U.S. foreign policy and national security goals, the Treasury Department’s Office of Foreign Assets Control, or OFAC, publishes a list of individuals and companies owned or controlled by, or acting for or on behalf of, targeted countries. It also lists individuals, groups and entities, such as terrorists and narcotics traffickers, designated under programs that are not country-specific. Collectively, such individuals and companies are called “Specially Designated Nationals,” or SDNs. Assets of SDNs are blocked, and we are generally prohibited from dealing with them. In addition, OFAC administers a number of comprehensive sanctions and embargoes that target certain countries, governments and geographic regions. Similar restrictions have been issued in the U.K. by HM Treasury. We are prohibited from engaging in transactions involving any country, region or government that is subject to such comprehensive sanctions.

We also are subject to the Foreign Corrupt Practices Act, which prohibits offering, promising, giving, or authorizing others to give anything of value, either directly or indirectly, to a non-U.S. government official in order to influence official action or otherwise gain an unfair business advantage, such as to obtain or retain business. We are also subject to applicable anti-corruption laws in the United States and in the other jurisdictions in which we operate, such as the U.K. Bribery Act. We have implemented policies, procedures, and internal controls that are designed to comply with such laws, rules, and regulations.

### *Data Privacy*

As part of our business we routinely receive sensitive and confidential information from our clients. We also collect personal information from our prospective and current employees, as permitted by employment laws and regulation. As a result, we are subject to the laws and regulations in relation to privacy of the U.S. federal and state governments, non-U.S. governments, their agencies and self-regulatory organizations, such as the E.U.’s new data privacy and security framework titled the General Data Protection Regulations (the “GDPR”), and the California Consumer Privacy Act (“CCPA”).

For a discussion of risk related to the regulation that we are subject to, see “Item 1A. Risk Factors” in this annual report.

## Where You Can Find Additional Information

Greenhill & Co., Inc. files current, annual and quarterly reports, proxy statements and other information required by the Securities Exchange Act of 1934, as amended (the “Exchange Act”), with the SEC. Our SEC filings are also available to the public from the SEC’s internet site at <http://www.sec.gov>.

Our public internet site is <http://www.greenhill.com>. We make available, free of charge, through our internet site, via a link to the SEC’s internet site at <http://www.sec.gov>, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements and Forms 3, 4 and 5 filed on behalf of directors and executive officers and any amendments to those reports filed or furnished pursuant to the Exchange Act as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. Also posted on our website in the “Corporate Governance” section, and available in print upon request of any stockholder to our Investor Relations Department, are the charters for our Audit Committee, Compensation Committee and Nominating & Corporate Governance Committee, our Corporate Governance Guidelines, Related Party Transaction Policy and Code of Business Conduct & Ethics governing our directors, officers and employees. You may need to have Adobe Acrobat Reader software installed on your computer to view these documents, which are in PDF format. The information on our website is not, and shall not be deemed to be, a part hereof or incorporated into this or any of our other filings with the SEC.

### Item 1A. Risk Factors

***Our future growth is dependent on both our ability to identify, attract and hire additional managing directors and other professionals and our ability to identify, acquire and successfully integrate complementary advisory businesses***

The future growth of our business is dependent upon our ability to recruit new personnel, develop our existing and new personnel and expand through strategic investments or acquisitions. To successfully increase our headcount we must identify, attract and hire professionals, or teams of professionals, to join our firm, who not only will be able to function as trusted advisors to our clients without the support of a large suite of products but also will be able to fit into our collegial culture. The recruitment, development and training of professionals require large commitments of time and resources. It may take a substantial amount of time to determine whether new professionals will be effective and, during that time, we may incur significant expenses on compensation, integration and business development activities. Furthermore, there can be no certainty that our personnel will develop the skills necessary to advise our client base or that we will be able to retain the high achieving personnel.

In the event we grow by strategic investment or acquisition, we face numerous risks and uncertainties similar to those of hiring and developing internally our individual professionals. We also face the challenge of integrating a large number of personnel into our global organization and ensuring a good cultural fit. Management and other existing personnel will spend considerable time and resources working to integrate the acquired business, which may distract them from other business operations.

If we are unable to successfully attract, hire and train new and existing professionals or make strategic investments and integrate the personnel into our business and retain them, our financial results could suffer.

***Our ability to retain our managing directors and other professionals is critical to the success of our business***

The success of our business depends upon the personal reputation, judgment, integrity, business generation capabilities and project execution skills of our managing directors. Our managing directors’ personal reputations and relationships with our clients are a critical element in obtaining and maintaining client engagements. Accordingly, the retention of our managing directors, who are not obligated to remain employed with us, is particularly crucial to our future success. Managing directors have left Greenhill in the past and others may do so in the future, and we cannot predict the impact that the departure of any managing director would have on our business. The departure or other loss of a number of our managing directors could materially adversely affect our ability to secure and successfully complete engagements, which could materially adversely affect our results of operations.

In addition, if any of our managing directors were to join an existing competitor or form a competing company, some of our clients could choose to use the services of that competitor instead of our services, or some of our managing directors or other professionals could choose to follow the departing managing director in joining an existing competitor or forming a competing company. Although we have entered into non-competition agreements with our managing directors, the restriction period in many of the agreements does not exceed three to six months, and there is no guarantee that these agreements are sufficiently broad or effective to prevent our managing directors from resigning to join our competitors or that the non-competition agreements would be upheld if we were to seek to enforce our rights under these agreements. Further, certain states in which

we operate, such as California, have laws that limit the enforceability of non-compete agreements. If additional states adopt similar regulation, it may further limit our ability to prevent our managing directors from joining our competitors.

***Principally all of our revenues are derived from advisory fees, which results in volatility in our revenues and profits***

We are entirely focused on the financial advisory business and we earn principally all of our revenues from advisory fees paid to us by each of our clients, in large part upon the successful completion of the client's transaction, the timing of which is outside of our control. Unlike diversified investment banks, which generate revenues from commercial lending, securities trading and underwriting, or other advisory firms, which have asset management and other businesses, our generation of revenues from sources other than advisory fees is minimal. As a result, a decline in our advisory engagements, the number and scale of successfully completed client transactions or the market for advisory services generally would have a material adverse effect on our business and results of operations.

***Our engagements are singular in nature and do not provide for subsequent engagements, which could cause our revenues to fluctuate materially from period to period***

We operate in a highly-competitive environment where our clients generally retain us on a non-exclusive, short-term, engagement-by-engagement basis in connection with specific transactions or projects, rather than under long-term contracts covering potential additional future services. As these transactions and projects are singular in nature and subject to intense competition, we must seek out new engagements when our current engagements are successfully completed or are terminated. As a result, high activity levels in any period are not necessarily indicative of continued high levels of activity in the next-succeeding period or any future period. In addition, we generally derive most of our engagement revenues at key transaction milestones, such as announcement or closing, and the timing of these milestones is outside our control. Extended regulatory and other delays in the closing of announced transactions can create increased volatility in our revenues from period to period, since the largest portion of our fees is typically paid upon closing. Further, a transaction can fail to be completed for many reasons, including failure to agree upon final terms with the counterparty, failure to secure necessary board or shareholder approvals, failure to secure necessary financing, failure to achieve necessary regulatory approvals and adverse market conditions. In cases where an engagement is terminated prior to the successful completion of a transaction or project, whether due to market reasons or otherwise, we may earn limited or no fees and may not be able to recoup the costs we incurred prior to the termination.

***A high percentage of our revenues is derived from a small number of clients, and the termination of any one engagement could reduce our revenues and harm our operating results***

Each year, we advise a limited number of clients. Our top ten client engagements accounted for 35% of our total revenues in 2019 and 34% in 2018. In 2019, there was one client that accounted for approximately 11% of revenues (advice to Total System Services, Inc. (TSYS) on its merger with Global Payments Inc.). There was no single client in 2018 that represented greater than 10% of our revenues. While the composition of the group comprising our largest clients varies significantly from year to year, we expect that our engagements will continue to be limited to a relatively small number of clients, compared to some of our larger competitors, and that an even smaller number of those clients will account for a high percentage of revenues in any particular year. As a result, the adverse impact on our results of operation from lost engagements or the non-completion of transactions on which we are advising can be significant.

***We generate a substantial portion of our revenues from our services in connection with mergers and acquisitions; in the event of a decline in merger and acquisition activity, it is unlikely we could offset lower revenues with revenues from other services***

The large majority of our bankers are focused on covering clients in the context of providing merger and acquisition advisory services and those activities generate a substantial portion of our revenues. In the event of a decline in merger and acquisition activity, we may seek to generate greater business from our financing advisory and restructuring and/or capital advisory services. However, it is unlikely that we will be able to completely offset lower revenues from our merger and acquisition activities with revenues generated from either financing advisory and restructuring or capital advisory assignments. Both our financing advisory and restructuring business, which provides financing, restructuring and bankruptcy advice to companies in financial distress or their creditors or other stakeholders, and our capital advisory business, which primarily advises on secondary transactions for alternative assets, are smaller than our mergers and acquisitions advisory business, and we expect that they will remain that way for the foreseeable future.

***If the number of debt defaults, bankruptcies or other factors affecting demand for our restructuring services is at a low level, our financial advisory and restructuring business could suffer***

We provide various financing advisory and restructuring and related advice to companies in financial distress or to their creditors or other stakeholders. A number of factors affect demand for these advisory services, including general economic

conditions, the availability and cost of debt and equity financing, governmental policy and changes to laws, rules and regulations, including those that protect creditors. In addition, providing restructuring advisory services entails the risk that the transaction will be unsuccessful, takes considerable time and can be subject to a bankruptcy court's discretionary power to disallow or discount our fees. If the number of debt defaults, bankruptcies or other factors affecting demand for our restructuring advisory services is at a low level, our financing advisory and restructuring business would likely be adversely affected.

***Our capital advisory business is dependent on the availability of capital for deployment in the alternative asset classes in which our clients are invested***

In our capital advisory business, we advise institutional investors and general partners of investment funds on the sale of alternative assets funds in secondary transactions and other restructuring and/or capital raising transactions. Our ability to find suitable engagements and earn fees in this business depends on the availability of private and public capital for investments in illiquid assets such as private equity. Our ability to assist investors in selling their interests in secondary transactions or to assist fund managers and sponsors in raising capital from investors depends on a number of factors, including many that are outside our control, such as the general economic environment, changes in the weight investors give to alternative asset investments as part of their overall investment portfolio among asset classes, and market liquidity and volatility. To the extent private and public capital focused on alternative investment opportunities for our clients is limited, the results of our capital advisory business may be adversely affected.

***Our business may be adversely affected by difficult market conditions and a decline in transaction activity***

Adverse market or economic conditions may affect the number, size and timing of transactions on which we provide advice and therefore adversely affect our advisory fees. Furthermore, rapid increases in equity valuations, the uncertainty of available credit and the volatility of equity markets can adversely affect the size, volume and timing of, as well as the ability of our clients to successfully complete merger and acquisition transactions, which can also adversely affect our advisory business. Furthermore, market volatility also affects our clients' ability and willingness to engage in stock-for-stock transactions.

While we operate in North America, Europe, Australia, Asia and South America, our operations in the United States and Europe have historically provided most of our revenues and earnings. Consequently, our revenues and profitability are particularly affected by market conditions in these locations.

***We face strong competition from far larger firms and other independent firms, which could adversely affect our market share of the advisory business***

The investment banking industry is intensely competitive, and we expect it to remain so. We compete on the basis of a number of factors across the U.S. and internationally, including the quality of our advice and service, our range of sector expertise, strength of relationships, innovation, reputation and price. We may experience pricing pressures in the future if some of our competitors seek to obtain market share by reducing prices. We are a relatively small investment bank, with 405 employees as of December 31, 2019 and total revenues of \$301.0 million for the year ended December 31, 2019. Most of our competitors in the investment banking industry have a far greater range of products and services, greater financial and marketing resources, larger customer bases, greater name recognition, more managing directors to serve clients' needs, greater global reach and broader relationships with current and potential clients than we have. These larger and better capitalized competitors may be better able to respond to changes in the investment banking market, to compete for skilled professionals, to finance acquisitions, to fund internal growth and to compete for market share generally.

Our integrated investment banking competitors and other large commercial banks, insurance companies and other broad-based financial services firms that have established or acquired financial advisory practices and broker-dealers, or that have merged with other financial institutions, have the ability to offer a wide range of products, from loans, deposit-taking and insurance to brokerage, hedging, foreign exchange, asset management and investment banking services, which may enhance their competitive position. Their ability to support investment banking with commercial banking, insurance and other financial services revenues in an effort to gain market share could result in pricing pressure in our businesses. In particular, the ability to provide financing as well as advisory services has become an important advantage for some of our larger competitors; and, because we are unable to provide such financing, we may be unable to compete for advisory clients in a significant part of the advisory market.

In addition to our larger competitors, a number of independent investment banks offer independent advisory services and some of these firms are larger and have greater general and industry specific coverage resources and larger financing advisory and restructuring groups than we do. Furthermore, a number of such independent firms may have greater financial resources than us. Additionally, independent advisory firms require minimal capital to operate and there are few obstacles to forming a new firm. Furthermore, there continue to be a number of newly formed independent advisory firms, some of which provide



industry specific advice and stress their lack of other business as a competitive advantage. As these independent firms seek to gain market share, our share of the advisory business could diminish and there could be pricing pressure, which would adversely affect our revenues and earnings.

***The inherent volatility in our financial results, from period to period, translates into volatility in our stock price***

Compared to our larger, more diversified competitors in the financial services industry, we can experience significant variations in revenues and earnings, especially between quarterly periods. These variations can generally be attributed to the fact that our revenues are usually earned in large amounts upon the successful completion of a transaction, the timing of which is uncertain and is not subject to our control. Adverse market conditions, geopolitical factors, the procurement of requisite regulatory and shareholder approvals and the availability of capital are all factors that impact the successful completion of a transaction and remain outside our control. Our dependence on a relatively small number of transactions for a large percentage of our revenues in each quarterly or annual reporting period also impacts our earnings rather significantly in any particular quarter or year.

Furthermore, since substantially all of our revenues are generated from advisory fees, we lack other more stable sources of revenue such as brokerage and asset management fees, which could moderate some of the volatility in advisory revenues. As a result, it may be difficult for us to achieve consistent results and steady earnings growth on a quarterly basis, which could adversely affect our stock price.

***Our revenues are subject to risks and uncertainties beyond our control***

In many cases, we are not paid for advisory engagements that do not result in the successful consummation of a transaction or restructuring. As a result, our business is highly dependent on market conditions and the decisions and actions of our clients and interested third parties. For example, in our mergers and acquisitions business, a client could delay or terminate a transaction because of a failure to agree upon final terms with the counterparty, failure to obtain necessary regulatory consents or board or shareholder approvals, failure to secure necessary financing, or adverse market conditions. In our financing advisory and restructuring business, anticipated bidders for assets of a client in financial distress may not materialize or our client may not be able to restructure its operations or indebtedness due to a failure to reach agreement with its principal creditors. In our capital advisory business, our clients may not be able to sell their fund interests in secondary transactions because anticipated investors or buyers may decline to invest in such a fund due to lack of liquidity, change in strategic direction of the investor, or other factors. In these circumstances, we may receive limited or no advisory fees and may not be able to recoup all of our expenses, despite having committed substantial time and resources to an engagement. In particular, cross-border deals may require numerous approvals in numerous jurisdictions, and the likelihood and timing of approvals may be difficult to predict. The failure of the parties to complete a transaction on which we are advising, and the consequent loss of revenue to us, could lead to large adverse movements in our revenues and earnings.

***Strategic investments and acquisitions, or foreign expansion, may result in additional risks and uncertainties in our business***

When we make strategic investments or acquisitions, such as our acquisitions of Caliburn Partnership Pty Limited (now Greenhill Australia) and Cogent Partners, LP ("Cogent" and now Greenhill's secondary capital advisory team), in addition to the risks associated with the integration and retention of personnel, we face numerous risks and uncertainties combining or integrating the relevant businesses and systems, including accounting and data processing systems and management controls.

To the extent that we pursue business opportunities in certain markets outside the United States, we will be subject to political, economic, legal, operational, regulatory and other risks that are inherent in operating in a foreign country, including risks of possible nationalization, expropriation, price controls, capital controls, exchange controls, inflation controls, excessive taxation, licensing requirements and other restrictive governmental actions, as well as the outbreak of hostilities and pandemic diseases. In many countries, the laws and regulations applicable to the financial services industries are uncertain and evolving, and it may be difficult and costly for us to determine the exact requirements of local laws in every market. Our inability to remain in compliance with local laws in a particular foreign market could have a significant and negative effect not only on our businesses in that market but also on our reputation generally.

If we expand to new geographic locations, we will incur additional compensation, occupancy, integration, legal and business development costs. Additionally, it may take significant time for us to determine whether new managing directors will be profitable or effective, during which time we may incur significant expenses and expend significant time and resources on compensation, integration and business development. Accordingly, the additional costs and expenses of an expansion may be reflected in our financial results before any offsetting revenues are generated. Depending upon the extent of our expansion, and whether it is done by recruiting new managing directors, strategic investment or acquisition, the incremental costs of our expansion may be funded from cash from operations or other financing alternatives. There can be no assurance that we will be

able to generate or obtain sufficient capital on acceptable terms to fund our expansion needs, which would limit our future growth and could adversely affect our share price.

If we grow, we will also be required to commit additional management, operational, and financial resources to maintain appropriate operational and financial systems to adequately support expansion. There can be no assurance that we will be able to manage our expanding operations effectively or that we will be able to maintain or accelerate our growth, and any failure to do so could adversely affect our ability to generate revenues and control our expenses.

***We currently have a substantial amount of long-term debt that could adversely affect our business***

At December 31, 2019, we had \$365.6 million of outstanding debt under our term loan facility. We are obligated to make quarterly principal installment payments on our term loan facility of \$4.7 million (or \$18.8 million annually), with the remaining balance of the term loan facility due at maturity on April 12, 2024. In addition, we may be required to make annual repayments of principal on the term loan facility within ninety days of each year-end of from 0% to 50% of our annual excess cash flow as defined in the credit agreement based on a calculation of net leverage. Such payment, if any, would be applied to the next quarterly principal installment payment. For the years ended December 31, 2019 and 2018, an excess cash flow payment was not required.

Our ability to make payments on, or repay or refinance, our debt, and to fund other contractual obligations will depend largely upon our future operating performance, which is subject to general economic, financial, competitive, regulatory and other factors that are beyond our control. We cannot provide assurance that we will maintain a level of cash flows from our operating activities sufficient to permit us to pay the principal of, and interest on, any indebtedness or fund other contractual obligations.

The amount of our long-term debt could have adverse consequences. For example, it could:

- increase our vulnerability to general adverse economic and industry conditions;
- require us to dedicate a substantial portion of our cash flow from operations to make interest and principal payments on our debt, thereby limiting the availability of our cash flow to fund our operating activities, including deferred compensation arrangements, working capital, and other general corporate requirements;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- place us at a competitive disadvantage compared with our competitors; and
- limit our ability to borrow additional funds, even when necessary to maintain adequate liquidity and meet regulatory capital requirements.

If we only make the quarterly principal amortization payments through March 31, 2024, we will have due \$285.9 million at maturity on April 12, 2024. There is no assurance that our cash flow will be sufficient to allow us to make either timely quarterly principal and interest payments under the credit agreement or the payment due at maturity. If we are unable to fund our debt obligations, we may need to consider taking other actions, including refinancing the debt obligation with a new debt obligation, issuing additional securities, seeking strategic investments, reducing operating costs or consider taking a combination of these actions, in each case on terms which may not be favorable to us. Further, failure to make timely principal and interest payments under the debt agreement could result in a default. A default would permit lenders to accelerate the maturity for the debt and to foreclose upon any collateral securing the debt. In addition, the limitations imposed by the financing agreements on our ability to incur additional debt could limit our business opportunities, which could in turn have a material impact on our operations and a material adverse effect on our share price.

Our borrowings bear interest at variable rates, subject to, at our election, either the U.S. Prime Rate plus a margin of 2.25% or LIBOR plus a margin of 3.25%. For the year ended December 31, 2019 we incurred interest expense of \$27.4 million, including the non-recurring charge of \$4.8 million related to the refinancing of our term loan facility, and our borrowing rate ranged from 5.0% to 6.6%. We currently do not hedge our borrowing rate and we are subject to unanticipated interest rate and currency exchange rate fluctuations. An increase in interest rates would increase the portion of our cash flow used to service our indebtedness and could have a material adverse effect on our liquidity and our ability to meet our obligations timely, which could have a material adverse effect on our stock price. The FCA, which regulates LIBOR, has announced that it will not compel panel banks to contribute to LIBOR after 2021. It is not possible to predict whether LIBOR will continue to be viewed as an acceptable market benchmark or what rate or rates may become accepted alternatives to LIBOR. Although our credit agreement provides a mechanism for the replacement of LIBOR with a new broadly accepted market convention for determining a rate of interest for syndicated loans in the United States, there can be no assurances that the phase out of LIBOR

will not cause the cost of capital to increase.

***The credit agreement contains various covenants that impose restrictions on us that may affect our ability to operate our business***

The credit agreement contains covenants that may limit our ability to take actions that might be to the advantage of the Firm and our shareholders. Among other things, subject to certain exceptions, the credit agreement limits our ability to:

- grant liens on our assets;
- incur additional indebtedness (including guarantees and other contingent obligations);
- make certain investments (including loans and advances);
- make certain acquisitions;
- merge or make other fundamental changes;
- sell or otherwise dispose of property or assets;
- pay dividends and other distributions, repurchase shares and prepay certain indebtedness;
- make changes in the nature of our business;
- enter into transactions with our affiliates;
- amend or waive our organizational documents, subordinated and junior lien indebtedness;
- change our fiscal year; and
- enter into contracts restricting dividends and lien grants by non-guarantor subsidiaries.

In addition, we are subject to a springing total net leverage ratio financial covenant, subject to certain step downs, if our borrowings under the secured revolving loan facility exceed \$12.5 million. Under the terms of the loan facilities, we are also subject to certain other non-financial covenants. Our ability to comply with these covenants will depend upon our future operating performance. These covenants may adversely affect our ability to finance our future operations or capital needs or to engage in other business activities that may be desirable or advantageous to us.

Failure to comply with any of the covenants in our credit agreement could result in a default, which would permit lenders to accelerate the maturity for the debt and to foreclose upon any collateral securing the debt. Under these circumstances, we might not have sufficient funds or other resources to satisfy all of our obligations. In addition, the limitations imposed by the credit agreement on our ability to incur additional debt and to take other actions might significantly impair our ability to obtain other financing. Our inability to repay or refinance the loan facilities when due could have a material adverse effect on our liquidity and result in our inability to meet our obligations, which could have a material adverse effect on our business operations and our stock price.

***Our decision to return cash to our shareholders through repurchases of our common stock may not prove to be the best use of our capital or result in the effects we anticipated, including a positive return of capital to stockholders***

In October 2017, in conjunction with our recapitalization we commenced a program to repurchase our common shares. For the year ended December 31, 2020, the Board of Directors has authorized repurchases of our common stock and common stock equivalents (e.g., vesting restricted stock units) of \$60.0 million and as of February 20, 2020, we had \$38.0 million remaining and authorized for repurchase. We may repurchase our common stock through various means, such as open market purchases (including pursuant to 10b5-1 plans) and privately negotiated transactions. The price and timing of share repurchases, as well as the total funds ultimately expended, will be subject to market conditions and other factors, such as our results of operations, financial position and capital requirements, general business conditions, legal, tax and regulatory constraints or restrictions, any contractual restrictions and other factors deemed relevant. There can be no assurances of the price at which we may be able to repurchase our shares or that we will repurchase the full amount authorized for 2020 or the amount authorized in any future year. Our ability to repurchase shares is also limited by covenants in our term loan facility and Section 160 of the Delaware General Corporation Law that requires repurchases only be made out of surplus (as defined under Delaware law).

The impact of our share repurchase program could cause the price of our common stock to be higher than it would be in the absence of such a program and could reduce the market liquidity for our common stock and impact our ability to effectuate the

repurchases. Furthermore, there can be no assurance that any past or future repurchases will have a positive impact on our stock price or enhance shareholder value, or that share repurchases provide the best use of our capital because the value of our common stock may decline significantly below the levels at which we repurchased shares of common stock.

***Our decision to repurchase shares of our common stock will reduce our public float, which could cause our share price to decline***

As we continue to make share repurchases we will likely reduce our “public float,” (i.e., the number of shares of our common stock that are owned by non-affiliated stockholders and available for trading in the securities markets), which most likely will reduce the volume of trading in our shares and result in reduced liquidity which may cause fluctuations in the trading price of our common stock unrelated to our performance.

Furthermore, certain institutional holders of our common shares (including index funds) may require a minimum market capitalization of each of their holdings in excess of our market capitalization and therefore be required to dispose of our common stock, which may cause the value of our common stock to decline. There can be no assurance that this reduction in our public float will not result in a lower share price or reduced liquidity in the trading market for our common shares during and upon completion of our share repurchase plan. As a result of a lower stock price and reduction in our outstanding shares we are no longer a “well-known seasoned issuer”, which otherwise would allow us to, among other things, file automatically effective shelf registration statements. As a result, any attempt to access the public capital markets could be more expensive or subject to delays.

***Our executive officers, directors and other employees, together with their affiliated entities, hold a significant percentage of our common stock, and their interests may differ from those of our unaffiliated shareholders***

Our executive officers, directors and other employees and their affiliated entities collectively owned approximately 31% of the total shares of common stock outstanding as of February 20, 2020 (or approximately 46%, assuming vesting in full on February 20, 2020 of all restricted stock units they hold).

As a result of these shareholdings, our executive officers, directors and employees, together with their affiliated entities, currently are able to exercise, and may increasingly be able to exercise, significant influence over the election of our Board of Directors, the management and policies of Greenhill and the outcome of any corporate transaction or other matter submitted to the shareholders for approval, including mergers, and their interests may differ from those of our unaffiliated shareholders. In addition, this concentration of ownership could have the effect of delaying, preventing or defeating a third party from acquiring control over or merging with us.

In addition, sales of substantial amounts of common stock by our executive officers, directors and other employees, or their affiliated entities, or the possibility of such sales, may adversely affect the price of the common stock and impede our ability to raise capital through the issuance of equity securities. Though such persons are subject to certain restrictions on sales of our common stock by applicable securities laws and our internal policies and procedures, they may nonetheless sell a substantial number of shares over time during open trading windows.

***A significant portion of the compensation of our managing directors is paid in restricted stock units, and the shares we expect to issue on the vesting of those restricted stock units could result in a significant increase in the number of shares of common stock outstanding***

As part of annual bonus and incentive compensation, we award restricted stock units to managing directors and other employees. Generally, restricted stock units are awarded in the first calendar quarter each year and for 2019 such awards will be granted in March 2020. We also award restricted stock units as a long-term incentive to new hires at the time they join Greenhill. In February 2020, 1,571,070 restricted stock units vested related to awards granted in prior years.

At February 20, 2020, 5,150,905, restricted stock units were outstanding. Each restricted stock unit represents the holder’s right to receive one share of our common stock or a cash payment equal to the fair value thereof, at our election, following the applicable vesting date. Awards of restricted stock units to our managing directors and other employees generally vest ratably over a three to five-year period, with the first vesting on the first anniversary of the grant date, or do not vest until the fourth or fifth anniversary of their grant date, when they vest in full, subject to continued employment on the vesting date. Shares will be issued in respect of restricted stock units only under the circumstances specified in the applicable award agreements and the equity incentive plan, and may be forfeited in certain cases. Vesting of restricted stock units will be accelerated and immediately vested upon a participant’s death, disability or retirement, as defined in the relevant agreements. Assuming all of the conditions to vesting are fulfilled, shares in respect of the restricted stock units that were outstanding as of February 20, 2020 are scheduled to be issued as follows: 303,499 additional shares in 2020, 1,534,576 shares in 2021, 2,120,021 shares in 2022, 910,692 shares in 2023, 254,259 shares in 2024, and 27,858 shares in 2025 and beyond.

### ***Employee misconduct could harm Greenhill and is difficult to detect and deter***

There have been a number of highly publicized cases involving fraud, insider trading or other misconduct by employees in the financial services industry in recent years, and we run the risk that employee misconduct could occur at Greenhill. For example, misconduct by employees could involve the improper use or disclosure of confidential information, which could result in regulatory sanctions and material fines, or insider trading, which could lead to criminal charges. Our advisory business often requires that we deal with highly confidential information of great significance to our clients, the improper use of which may have a material adverse impact on our clients. Any breach of our clients' confidences as a result of employee misconduct may harm our reputation and impair our ability to attract and retain advisory clients, which could adversely affect our business. We also face the risk that our employees engage in work place misconduct, such as sexual harassment or discrimination, despite our implementation of policies and training to prevent and detect misconduct. In addition to impairing our ability to attract and retain clients, such misconduct may also impair our ability to attract and retain talent resulting in a materially adverse effect on our business. It is not always possible to deter employee misconduct, and the precautions we take to detect and prevent misconduct may not be effective in all cases.

In recent years, the U.S. Department of Justice and the SEC have also devoted greater resources to the enforcement of the Foreign Corrupt Practices Act. In addition, the United Kingdom has significantly expanded the reach of its anti-bribery laws. While we have developed and implemented policies and procedures designed to ensure strict compliance with anti-bribery and other laws, such policies and procedures may not be effective in all instances to prevent violations. Any determination that we or our employees have violated these laws or other applicable anti-corruption laws could subject us to, among other things, civil and criminal penalties, material fines, profit disgorgement, injunction on future conduct, securities litigation and reputational damage, any one of which could adversely affect our business prospects, financial position or the market value of our common stock.

***We may face damage to our professional reputation and legal liability to our clients and affected third parties if our services are not regarded as satisfactory or if conflicts of interests should arise***

As an independent investment banking firm, we depend to a large extent on our relationships with our clients and our reputation for integrity and high-caliber professional services to attract and retain clients. As a result, if a client is not satisfied with our services, it may be more damaging in our business than in other businesses. Further, because we provide our services primarily in connection with significant or complex transactions, disputes or other matters that usually involve confidential and sensitive information or are adversarial, and because our work is the product of myriad judgments of our financial professionals and other staff operating under significant time and other pressures, we may not always perform to the standards expected by our clients. In addition, we may face reputational damage from, among other things, litigation against us, our failure to protect confidential information and/or breaches of our cybersecurity protections or other inappropriate disclosure of confidential information, including inadvertent disclosures.

We may experience negative publicity from time to time relating to our business and our people, regardless of whether the allegations are valid. Our reputation and businesses may be adversely affected by negative publicity or information regarding our businesses and personnel, whether or not accurate or true, that may be posted on social media or other Internet forums or published by news organizations. The speed and pervasiveness with which information can be disseminated through these channels, in particular social media, may magnify risks relating to negative publicity. Such negative publicity may adversely affect our business in a number of ways, including whether potential clients choose to engage us and our ability to attract and retain talent.

In addition, our clients are often concerned about conflicts of interest that may arise in the course of engagements. While we have adopted various policies, controls and procedures to reduce the risks associated with the execution of transactions, the rendering of fairness opinions and potential conflicts of interest, these policies may not be adhered to by our employees or be effective in reducing these risks. Failure to adhere to these policies and procedures may result in regulatory sanctions or client litigation. We are unable to estimate the amount of monetary damages which could be assessed or reputational harm that could occur as a result of any such regulatory sanction or client litigation.

***As a financial advisor on significant transactions, we face substantial litigation risk***

Our role as advisor to our clients on important mergers and acquisitions or restructuring transactions involves complex analysis and the exercise of professional judgment, including rendering fairness opinions in connection with mergers and other transactions. Our activities may subject us to the risk of significant legal liabilities to our clients and aggrieved third parties, including shareholders of our clients who could bring actions against us. In recent years, the volume of claims and amount of damages claimed in litigation and regulatory proceedings against financial advisors has been increasing, including claims for aiding and abetting client misconduct. Moreover, judicial scrutiny and criticism of investment banker performance and activities has increased, creating risk that our services in a litigated transaction could be criticized by the court. These risks

often may be difficult to assess or quantify, and their existence and magnitude often remain unknown for substantial periods of time.

Our engagements typically include broad indemnities from our clients and provisions to limit our exposure to legal claims relating to our services, but these provisions may not protect us fully or may not be enforceable in all cases. The effectiveness of these indemnities in limiting our financial exposure is also dependent on our client's capacity to pay the amounts claimed. As a result, we may incur significant legal expenses in defending against litigation. Substantial legal liability or significant regulatory action against us could have material adverse financial effects or cause significant reputational harm to us, which could seriously harm our business prospects. We depend to a large extent on our business relationships and our reputation for integrity and high-caliber professional services to attract and retain clients. As a result, allegations of improper conduct by private litigants or regulators, whether the ultimate outcome is favorable or unfavorable to us, as well as negative publicity and press speculation about us, whether or not valid, may harm our reputation, which may be more damaging to our business than to other types of businesses.

***We are subject to extensive regulation in the financial services industry, which creates risk of non-compliance that could adversely affect our business and reputation***

As a participant in the financial services industry, we are subject to extensive regulation in the United States, Europe, Australia and Asia. In addition, as we expand our international operations by opening new offices outside the United States or by carrying out transactions or private placement activities internationally, we are increasingly subject to new regulatory requirements. Regulatory and self-regulatory agencies, as well as securities commissions, in various jurisdictions in which we do business are empowered to conduct periodic examinations and administrative proceedings that can result in censure, fine, issuance of cease and desist orders or suspension of personnel or other sanctions, including revocation of our license or registration or the registration of any of our regulated subsidiaries. In addition, as a result of recent highly publicized scandals in the financial services industry, scrutiny by regulators of financial services firms has increased significantly. Even if a sanction imposed against us or our personnel is small in monetary amount, the adverse publicity arising from the imposition of sanctions against us by regulators could harm our reputation and cause us to lose existing clients or fail to gain new clients.

***Change in applicable law and regulatory schemes could adversely affect our business***

From time to time, the United States and other national governments in the countries in which we operate, as well as related regulatory authorities and local governments, adopt new rules that affect our business. Many of the requirements imposed by our regulators are designed to ensure the integrity of the financial markets and to protect customers and other third parties who deal with us and are not designed to protect our stockholders. Consequently, these regulations may serve to limit our activities, including through net capital, customer protection and market conduct requirements. There can be no assurance that new regulations will not be imposed that may materially adversely affect our business, financial condition or results of operation.

In addition, public figures in the United States, including the current President, members of his administration and other public officials, including members of the current U.S. Congress, continue to signal a willingness to revise, renegotiate, or terminate various multilateral trade agreements under which U.S. companies currently exchange products and services around the world and to impose taxes or other adverse consequences on certain business activities. It is not known what specific measures might be proposed or how they would be implemented and enforced. There can be no assurance that pending or future legislation or executive action in the U.S. that could significantly increase costs with respect to our foreign operations and, consequently, adversely affect our business, financial condition or results of operations, will not be enacted. In addition, such steps, if adopted, could also lead to retaliatory actions by other foreign governments through measures to prohibit, reduce or discourage business of foreign companies, or other means, which could make it more difficult for us to do business in those countries.

Compliance with any new laws or regulations could also make our compliance efforts more difficult and expensive, affect the manner in which we conduct our business and adversely affect our profitability.

***We may be unable to protect our intellectual property rights, which could adversely affect our ability to prevent misappropriation, and we may become subject to intellectual property infringement claims, which could be time consuming, costly, and could require changes to our business.***

We have not registered our intellectual property in all of our current or potential markets, and may not be able to do so in the future. Any applications for registration of our intellectual property may not be allowed or competitors may challenge the validity or scope of our intellectual property rights. In addition, our intellectual property rights may not provide us with a significant competitive advantage.

Contractual rights with third parties and intellectual property laws may be insufficient to prevent third parties from infringing on or misappropriating our intellectual property rights. We may have to litigate to enforce and protect our intellectual property rights or to determine their scope, validity or enforceability. This may result in a significant diversion of resources, and our efforts may not prove successful. The inability to secure or protect our intellectual property rights could also harm our reputation and otherwise be harmful to the competitiveness of our business.

In addition, we may be subject to intellectual property-related claims by third parties, such as for:

- patent, trademark or copyright infringement;
- breach of patent, trademark or copyright license usage rights; or
- misappropriation of trade secrets.

Any such claims or resulting litigation could result in significant expense and liability for damages. If we are found to have infringed or misappropriated third-party intellectual property rights, we could in some circumstances be required to make changes to our business to avoid such infringement or misappropriation. Alternatively, we could be required to enter into costly licensing arrangements with third parties.

***Legal restrictions on our clients may reduce the demand for our services***

New laws or regulations, or changes in enforcement of existing laws or regulations, applicable to our clients may also adversely affect our businesses. For example, changes in antitrust enforcement could affect the level of mergers and acquisitions activity, and changes in regulation could restrict the activities of our clients and their need for the types of advisory services that we provide to them.

***The cost of compliance with international employment, labor, benefits and tax regulations may adversely affect our business and hamper our ability to expand internationally***

Since we operate our business both in the United States and internationally, we are subject to many distinct employment, labor, benefits and tax laws in each state and country in which we operate, including regulations affecting our employment practices and our relations with our employees and service providers. If the existing regulations under which we operate are modified or interpreted differently, or new regulations are issued and we are unable to comply with these regulations or interpretations, our business could be adversely affected or the cost of compliance may make it difficult to expand into new international markets. Additionally, our competitiveness in international markets may be adversely affected by regulations requiring, among other things, the awarding of contracts to local contractors, the employment of local citizens, the purchase of services from local businesses, or requiring local ownership.

***Uncertainty regarding Brexit and the outcome of future arrangements between the European Union and the United Kingdom may adversely affect our business***

We have a presence in certain European Union countries, including the U.K. On January 31, 2020, the U.K. withdrew from the European Union, commonly referred to as "Brexit". The European Union and the U.K. have ratified a withdrawal agreement, which provides for a transition period for the European Union and the U.K. to negotiate and agree to a framework for their future relationship. The transition period is currently scheduled to end on December 31, 2020 and the relationship between the European Union and the U.K. beyond that date is uncertain. A failure to reach an agreement at the end of the transition period could adversely affect European and worldwide economic and market conditions, contribute to instability in global financial and foreign exchange markets, and introduce significant legal uncertainty and potentially divergent national laws and regulations. Further, even if an agreement is reached at the end of the transition period, there is uncertainty regarding the nature of the long-term relationship between the European Union and the U.K.

Conditions arising from Brexit could adversely affect our U.K. business and operations, including by reducing the volume or size of mergers, acquisitions, divestitures and other strategic corporate transactions on which we seek to advise, and further, will likely increase our legal, compliance and operational costs. We incorporated a new German entity in 2019 in order to continue to provide investment banking services throughout the European Union and submitted an application to BaFin requesting such permission. We have received approval of our application from BaFin and subject to other requisite approvals we will be able to provide investment banking services from our offices in Frankfurt, Madrid and our new operations in Paris prior to the expiration of the UK's transition period.

***The value of our goodwill may decline in the future, which could adversely affect our financial results***

A significant decline in our expected future cash flows, a significant adverse change in the business climate, or slower growth rates, any or all of which could be materially affected by many of the risk factors discussed herein, may require that we take charges in the future related to the impairment of goodwill. Future regulatory actions also could have a material impact on assessments of goodwill for impairment. If we were to conclude that a future write-down of our goodwill and other intangible assets is necessary, we would record the appropriate charge which could have a material adverse effect on our results of operations, our ability to make share repurchases or pay dividends and the market value of our common stock.

***Our failure to prevent a cyber-security attack may disrupt our businesses, harm our reputation, result in losses or limit our growth***

Our clients typically provide us with sensitive and confidential information, which in the course of due diligence may include data of customers of our clients, including personal information. We rely heavily on our technological and communications infrastructure to securely process, transmit and store such information among our locations around the world and with our professional staff, clients, alliance partners and vendors. If any of our technology systems, or those of our third-party service providers (or providers to such third-party service providers) do not operate properly or are disabled, we could suffer financial loss, a disruption of our businesses, regulatory intervention or reputational damage. Our information systems and technology may not continue to be able to accommodate our growth, and the cost of maintaining such systems may increase from its current level. Such a failure to accommodate growth, or an increase in costs related to such information systems, could have a material adverse effect on us.

We may also encounter attempted security breaches and cyber-attacks on our critical data, and we may not be able to anticipate or prevent all such attacks. We are not aware of any such occurrence that may have had a material impact to date, but a successful breach of our systems, or the systems used by our clients and other third parties, could lead to shutdowns or disruptions of our systems or third-party systems on which we rely and potential unauthorized disclosure of sensitive or confidential information. Breaches of our or third-party network security systems on which we rely could involve attacks that are intended to obtain unauthorized access to our proprietary information, destroy data or disable, degrade or sabotage our systems, often through the introduction of computer viruses, cyber-attacks and other means and could originate from a wide variety of sources, including unknown third parties outside the firm. We may incur increasing costs in an effort to minimize these risks and could be held liable for any security breach or loss. Although we have policies and procedures designed to prevent or limit the likelihood and effect of the possible failure, interruption or security breach of our information and communication systems, there can be no assurance that any such failure, interruption or security breach will not occur or, if they do occur, that they will be adequately addressed, especially because the cyber-attack techniques used change frequently or are not recognized until launched. As cyber threats continue to multiply, become more sophisticated and threaten additional aspects of our businesses, we may also be required to expend additional resources on information security and compliance costs in order to continue to modify or enhance our protective measures or to investigate and remediate any information security vulnerabilities or other exposures. The occurrence of any failure, interruption or security breach of our information or communication systems could damage our reputation, result in a loss of business, subject us to additional regulatory scrutiny, or expose us to civil litigation and possible financial liability.

We depend on our headquarters in New York City, where a large number of our personnel are located, for the continued operation of our business. A disaster or a disruption in the infrastructure that supports our businesses, including catastrophic events such as hurricanes or other larger scale catastrophes, a disruption involving electronic communications or other services used by us or third parties with whom we conduct business, or directly affecting our headquarters, could have a material adverse impact on our ability to continue to operate our business without interruption. The incidence and severity of catastrophes and other disasters are inherently unpredictable. Our disaster recovery programs may not be sufficient to mitigate the harm that may result from such a disaster or disruption. Although we carry insurance to mitigate our exposure to certain catastrophic events, our insurance and other safeguards might only partially reimburse us for our losses, if at all and will not cover related reputational harm.

***Evolving data privacy regulations, including the European Union's General Data Protection Regulation ("GDPR"), may subject us to significant penalties***

As part of our business, we manage, utilize and store sensitive or confidential client or employee data, including personal data. As a result, we are subject to various risks and costs associated with the collection, handling, storage and transmission of sensitive information, including those related to compliance with U.S. and foreign data collection and privacy laws and other contractual obligations, as well as those associated with the compromise of our systems collecting such information. These laws and regulations are increasing in complexity and number. For example, in May 2018, the European Union's GDPR came into effect, and changed how businesses can collect, use and process the personal data of European Union residents. The GDPR has



extraterritorial effect and imposes a mandatory duty on businesses to self-report personal data breaches to authorities, and, under certain circumstances, to affected individuals. The GDPR also grants individuals the right to erasure (commonly referred to as the right to be forgotten), which may put a burden on us to erase records upon request. Compliance with the GDPR's requirements may increase our legal, compliance, and operational costs. Non-compliance with the GDPR's requirements can result in significant penalties, which may have a material adverse effect on our business, expose us to legal and regulatory costs, and impair our reputation.

Other jurisdictions, including certain U.S. states and non-U.S. jurisdictions where we conduct business, have also enacted or are considering data privacy legislation. For example, the California Consumer Privacy Act of 2018 which went into effect on January 1, 2020, imposes certain requirements with respect to personal information of California residents. Increasingly numerous, fast-changing, and complex legislation related to data privacy may result in greater compliance costs, heightened regulatory scrutiny, and significant penalties. New and changing regulations may increase compliance costs such that they hamper our ability to expand into new territories.

***Fluctuations in foreign currency exchange rates could adversely affect our results of operations***

Because our financial statements are denominated in U.S. dollars and we receive a portion of our revenue in other currencies, predominantly in British pounds, euros, and Australian dollars, we are exposed to fluctuations in foreign currencies. In addition, we pay compensation to our non-U.S. employees and certain of our other expenses in such currencies. We have not entered into any transactions to hedge our exposure to these foreign exchange fluctuations through the use of derivative instruments or otherwise. An appreciation or depreciation of any of these currencies relative to the U.S. dollar could result in an adverse or beneficial impact to our financial results.

***The market price of our common stock is volatile and may decline***

The price of our common stock may fluctuate widely, depending upon many factors, including the perceived prospects of Greenhill and the financial services industry in general, differences between our actual financial and operating results and those expected by investors, changes in general economic or market conditions, broad market fluctuations, the impact of increased leverage on our financial position and the reduction in float as a result of our share repurchase plan. Since a significant portion of the compensation of our managing directors and certain other employees is paid in restricted stock units, and our employees rely upon the ability of share sales to generate additional cash flow, a decline in the price of our stock may adversely affect our ability to retain key employees, including our managing directors. Similarly, our ability to recruit managing directors and other professionals may be adversely affected by a decline in the price of our stock.

***We could change our existing dividend policy in the future, which could adversely affect our stock price***

We began paying quarterly cash dividends to holders of record of our common stock in June 2004. During 2019, we paid quarterly dividends of \$0.05 per share. In January 2020, our Board of Directors declared by unanimous written consent a dividend of \$0.05 per share to be paid on March 18, 2020 to common stockholders of record on March 4, 2020. We intend to continue to pay such reduced quarterly dividends, subject to capital availability, cash flows and periodic determinations that cash dividends are in the best interest of our stockholders. Future declaration and payment of dividends on our common stock is at the discretion of our Board of Directors and depend upon, among other things, general financial conditions, capital requirements and surplus, cash flows, debt service obligations, our recent and expected future operations and earnings, contractual restrictions and other factors as the Board of Directors may deem relevant. For example, in the event that there is deterioration in our financial performance and/or our liquidity position, a downturn in global economic conditions or disruptions in the credit markets and our ability to obtain financing, our Board of Directors could decide to further reduce or even suspend dividend payments in the future. As a Delaware corporation, we are required to meet certain surplus thresholds for our Board of Directors to declare a dividend in accordance with the Delaware General Corporation Law. We cannot provide assurance that we will continue to declare dividends at all or in any particular amounts. A reduction or suspension in our dividend payments could have a negative effect on our stock price.

***Failure to maintain effective internal controls in accordance with Section 404 of the Sarbanes-Oxley Act could materially adversely affect our business***

We have documented and tested our internal control procedures in order to satisfy the requirements of Section 404 of the Sarbanes-Oxley Act, which requires annual management assessments of the effectiveness of our internal controls over financial reporting and a report by our independent auditors regarding our internal control over financial reporting. If we fail to maintain the adequacy of our internal controls as such standards are modified, supplemented or amended from time to time, we may not be able to ensure that we can conclude on an ongoing basis that we have effective internal controls over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act. Failure to maintain an effective internal control environment could materially adversely affect our business.

## Cautionary Statement Concerning Forward-Looking Statements

We have made statements under the captions “Business”, “Risk Factors”, and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and in other sections of this Annual Report on Form 10-K that are forward-looking statements. In some cases, you can identify these statements by forward-looking words such as “may”, “might”, “will”, “should”, “could”, “expect”, “plan”, “outlook”, “potential”, “anticipate”, “believe”, “estimate”, “intend”, “predict”, “potential” or “continue”, the negative of these terms and other comparable terminology. These forward-looking statements, which are subject to risks, uncertainties and assumptions about us, may include current views and projections of our operations and future financial performance, growth strategies and anticipated trends in our business. These statements are only predictions based on our current expectations and projections about future events. There are important factors that could cause our actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied by the forward-looking statements including, but not limited to:

- our ability to attract and retain key talent;
- our ability to attract and maintain clients;
- the level of merger and acquisition activity;
- general market or economic conditions (for example, economic developments, changes in government or Central Bank policy, or the occurrence or spread of pandemic diseases);
- the competitive environment in our industry;
- our ability to manage and integrate strategic investments and acquisitions;
- political, economic, legal, regulatory, operational, and other risks presented by our foreign business operations;
- risks and uncertainties that affect whether parties are able to complete a given transaction;
- our ability to make payments on, or repay or refinance, our debt, and to fund other contractual obligations;
- events that adversely affect our reputation, such as employee misconduct, litigation, negative press, failure to protect confidential information, cybersecurity breaches, or conflicts of interest that arise in the course of an engagement;
- legal and regulatory costs and risks, including those related to litigation, compliance, regulatory proceedings, enforcement actions, and regulatory scrutiny;
- the impact of any introduction of or any changes in laws, regulations, rules or government policies on our business or our clients;
- international trade policies and conditions;
- the cost and resilience of our information systems, technology, and communications infrastructure;
- cybersecurity risks;
- catastrophic events, particularly those impacting our headquarters in New York City;
- fluctuations in foreign currency exchange rates; and
- fluctuations in our stock price due to market conditions or other factors.

The risks presented above are not exhaustive. Other sections of this Annual Report on Form 10-K may include additional factors which could impact our business and financial performance. In particular, you should consider the numerous risks outlined in the foregoing paragraphs of this “Risk Factors” section.

Moreover, we operate in a very competitive and rapidly changing environment. New risk factors emerge from time to time and it is not possible for our management to predict all risk factors, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

Although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot give assurances that those expectations will be achieved, nor can we guarantee future results, level of activity, performance or achievements.

Moreover, neither we nor any other person assumes responsibility for the accuracy or completeness of any of these forward-looking statements. You should not rely upon forward-looking statements as predictions of future events. We are under no duty to update or review any of these forward-looking statements after the date of this filing to conform our prior statements to actual results or revised expectations, whether as a result of new information, future developments or otherwise.

#### **Item 1B. Unresolved Staff Comments**

There are no unresolved written comments that were received from the SEC staff 180 days or more before the end of the year relating to our periodic or current reports under the Exchange Act.

#### **Item 2. Properties**

We do not own any real estate property. Each of our 16 offices occupy leased office space.

Currently our principal executive office is located at 300 Park Avenue, New York, N.Y. On May 16, 2019, we entered into a new office lease for approximately 78,000 square feet located at 1271 Avenue of the Americas, New York, N.Y. 10020 for our new principal executive office in New York. Rental payments are scheduled to commence on November 1, 2020 and shall continue for a term of 15 years and 3 months.

In terms of square footage, our other large offices include Chicago, Dallas, London, Frankfurt and Sydney. We also have smaller leased office space in other cities around the world, and generally these leases may be extended or renewed.

#### **Item 3. Legal Proceedings**

We are from time to time involved in legal proceedings incidental to the ordinary course of our business. We do not believe any such proceedings will have a material effect on our results of operations.

#### **Item 4. Mine Safety Disclosures**

Not applicable.

## INFORMATION ABOUT OUR EXECUTIVE OFFICERS AND DIRECTORS

In 2019, our executive officers were and remain Scott L. Bok (Chief Executive Officer), Kevin M. Costantino (President), David A. Wyles (President) and Harold J. Rodriguez, Jr. (Chief Financial Officer, Chief Operating Officer, Chief Compliance Officer and Treasurer). Set forth below is a brief biography of each executive officer.

Scott L. Bok, 60, has served as Chief Executive Officer since April 2010, served as Co-Chief Executive Officer between October 2007 and April 2010, and served as our U.S. President between January 2004 and October 2007. He has also served as a member of our Management Committee since its formation in January 2004. In addition, Mr. Bok has been a director of Greenhill & Co., Inc. since its incorporation in March 2004. Mr. Bok joined Greenhill as a Managing Director in February 1997. Before joining Greenhill, Mr. Bok was a Managing Director in the mergers, acquisitions and restructuring department of Morgan Stanley & Co., where he worked from 1986 to 1997, based in New York and London. From 1984 to 1986, Mr. Bok practiced mergers and acquisitions and securities law in New York with Wachtell, Lipton, Rosen & Katz. Mr. Bok also served as a member of the Board of Directors of Iridium Communications Inc., from 2009 to 2013.

Kevin M. Costantino, 43, has served as President since 2015, and also is a member of our Management Committee and serves as Co-Head of U.S. M&A. Mr. Costantino joined Greenhill's New York office in 2005. Since that time, Mr. Costantino has served in various positions in Greenhill's Chicago and Sydney Offices, most recently as co-Head of the Australian Business, before returning to New York in 2015 to serve in his current capacity. Before joining Greenhill, Mr. Costantino was an attorney with Wachtell, Lipton, Rosen & Katz in New York, specializing in corporate law.

David A. Wyles, 51, has served as President since 2015, and also is a member of our Management Committee. Prior to his appointment as President, Mr. Wyles served as Co-Head of our European business. Mr. Wyles joined Greenhill in 1998 as part of the original team from Baring Brothers that founded our London office, and was involved in the opening of our Frankfurt office two years later. He is one of the leading M&A advisors in the UK market, and has also led numerous major transaction assignments in Continental Europe and globally, including most of our assignments involving China.

Harold J. Rodriguez, Jr., 64, has served as our Chief Financial Officer since August 2016, as Chief Operating Officer since January 2012, as Chief Administrative Officer from March 2008 until January 2012 and as Managing Director — Finance, Regulation and Operations from January 2004 to March 2008. Mr. Rodriguez also serves as our Chief Compliance Officer and Treasurer and is a member of our Management Committee. Mr. Rodriguez is the Chief Financial Officer of Greenhill's operating subsidiaries and from November 2000 through December 2003 was Chief Financial Officer of Greenhill. Mr. Rodriguez has served as the Chief Financial Officer of Greenhill Capital Partners LLC since he joined Greenhill in June 2000. Prior to joining Greenhill, Mr. Rodriguez was Vice President — Finance and Controller of Silgan Holdings, Inc., a major consumer packaging goods manufacturer, from 1987 to 2000. From 1978 to 1987, Mr. Rodriguez worked at Ernst & Young, where he was a senior manager specializing in taxation.

In addition, on January 30, 2020 the Board appointed the firm's General Counsel and Corporate Secretary, Gitanjali Pinto Faleiro, as an executive officer, effective immediately. Ms. Faleiro, 42, joined the firm in September 2019 and serves as Greenhill's General Counsel and Corporate Secretary. She is also a member of our Management Committee. Prior to joining Greenhill, Ms. Faleiro was a Vice President and Associate General Counsel in the Legal department at Goldman Sachs where she advised the Securities Division and Investment Banking Division on transactional, legal, regulatory and reputational matters in relation to the Volcker Rule and other broker-dealer regulations. Ms. Faleiro also served as secretary to certain firm-wide and division-wide committees. From 2006 to 2012, Ms. Faleiro was a clerk and then Solicitor (England & Wales) at Linklaters, LLP in London, from 2012 to 2015, Ms. Faleiro was an attorney at Latham & Watkins, LLP in New York, and from 2000 to 2004, Ms. Faleiro was an analyst and then associate in the Securities Division at Goldman Sachs.

Our Board of Directors currently has seven members, two of whom are employees (Robert F. Greenhill and Scott L. Bok) and five of whom are independent (Steven F. Goldstone, Meryl D. Hartzband, Stephen L. Key, John D. Liu and Karen P. Robards). A brief biography of each of Messrs. Greenhill, Goldstone, Key and Liu and Ms. Hartzband and Robards is set forth below.

Robert F. Greenhill, 83, our Founder and Chairman Emeritus, served as our Chairman from 1996 to 2018, and as our Chief Executive Officer from 1996 to 2007. In addition, Mr. Greenhill has been a director of Greenhill & Co., Inc. since its incorporation in March 2004. Prior to founding and becoming Chairman of Greenhill, Mr. Greenhill was Chairman and Chief Executive Officer of Smith Barney Inc. and a member of the Board of Directors of the predecessor to the present Travelers Corporation (the parent of Smith Barney) from June 1993 to January 1996. From January 1991 to June 1993, Mr. Greenhill was president of, and from January 1989 to January 1991, a vice chairman of, Morgan Stanley Group, Inc. Mr. Greenhill joined Morgan Stanley in 1962 and became a partner in 1970. In 1972, Mr. Greenhill directed Morgan Stanley's newly-formed mergers and acquisitions department. In 1980, Mr. Greenhill was named director of Morgan Stanley's investment banking division, with responsibility for domestic and international corporate finance, mergers and acquisitions, merchant banking,

capital markets services and real estate. Also in 1980, Mr. Greenhill became a member of Morgan Stanley's management committee.

Steven F. Goldstone, 74, has served on our Board of Directors since July 2004 and has also served as our Lead Independent Director since January 2016. He currently manages Silver Spring Group, a private investment firm. From 1995 until his retirement in 2000, Mr. Goldstone was Chairman and Chief Executive Officer of RJR Nabisco, Inc. (which was subsequently named Nabisco Group Holdings following the reorganization of RJR Nabisco, Inc.). Prior to joining RJR Nabisco, Inc., Mr. Goldstone was a partner at Davis Polk & Wardwell, a law firm in New York City. He joined the Board of Directors of ConAgra Foods, Inc., in 2003 and was appointed the non-executive Chairman in 2005, retaining that position until his retirement in October 2018. Mr. Goldstone served as a member of the Board of Directors of Trane, Inc. (f/k/a American Standard Companies, Inc.) from 2002 until 2008 and as a member of the Board of Directors of Merck & Co. from 2008 until 2012. Mr. Goldstone has also served as a member of the Board of Directors of The Chefs' Warehouse, Inc. since March 2016.

Meryl D. Hartzband, 65, has served on our Board of Directors since July 2018. Ms. Hartzband currently serves on the Board of Directors of Everest Re Group, Ltd., a publicly-traded insurance and reinsurance company listed on NYSE, and the Board of Directors of Conning Holdings Limited, a leading global investment management firm. Past directorships include The Navigators Group, Inc., ACE Limited, Travelers Property Casualty Corp., AXIS Capital Holdings Limited, Alterra Capital Holdings Limited, and numerous portfolio companies of the Trident Funds. She was a founding partner of Stone Point Capital, a private equity firm that focuses on investing in the global financial services industry. From 1999 to 2015, she served as the firm's Chief Investment Officer and as a member of the Investment Committees of the Trident Funds. Prior to that, she was a Managing Director at J.P. Morgan Chase & Co., where, during a 16-year career, she specialized in managing private equity investments in the financial services industry.

Stephen L. Key, 76, has served on our Board of Directors since May 2004. Since 2003, Mr. Key has been the sole proprietor of Key Consulting, LLC. From 1995 to 2001, Mr. Key was the Executive Vice President and Chief Financial Officer of Textron Inc., and from 1992 to 1995, Mr. Key was the Executive Vice President and Chief Financial Officer of ConAgra, Inc. From 1968 to 1992, Mr. Key worked at Ernst & Young, serving in various capacities, including as the Managing Partner of Ernst & Young's New York Office from 1988 to 1992. Mr. Key is a Certified Public Accountant in the State of New York. Mr. Key served as a member of the Board of Directors of Fairway Group Holdings Corp. from 2012 to 2016 and as Chairman of the Audit Committee of the Board of Directors of Fairway Group Holdings Corp. from 2013 to 2016. Mr. Key has also served as a member of the Board of Directors of Sitel, Inc. from 2007 until 2008, as a member of the Board of Directors of Forward Industries, Inc. from 2010 until 2012, and as a member of the Board of Directors of 1-800-Contacts, Inc. from 2005 to 2012.

John D. Liu, 51, has served on our Board of Directors since June 2017. Since March 2008, Mr. Liu has been the chief executive officer of Essex Equity Management, a financial services company, and managing partner of Richmond Hill Investments, an investment management firm. Prior to that time, Mr. Liu was employed for 12 years by Greenhill until March 2008 in positions of increasing responsibility, including as chief financial officer from January 2004 to March 2008 and as co-head of U.S. Mergers and Acquisitions from January 2007 to March 2008. Earlier in his career, Mr. Liu worked at Wolfensohn & Co. and was an analyst at Donaldson, Lufkin & Jenrette. Mr. Liu also serves as a member of the Board of Directors of Whirlpool Corporation.

Karen P. Robards, 69, has served on our Board of Directors since April 2013. Since 1987, Ms. Robards has been a principal of Robards & Company, LLC, a consulting and private investment firm. From 1976 to 1987, Ms. Robards was an investment banker at Morgan Stanley where she served as head of its healthcare investment banking activities. Ms. Robards currently serves as Co-Chair of the Fixed Income Board at BlackRock and a member of the Audit Committee of the BlackRock Fixed Income Funds. Ms. Robards served as a member of the Board of Directors of AtriCure, Inc., a medical device company, from 2000 to May 2017. From 1996 to 2005, Ms. Robards served as a director of Enable Medical Corporation, a developer and manufacturer of surgical instruments, which was acquired by AtriCure, Inc. in 2005. From 2007 to 2010, Ms. Robards also served as a director of Care Investment Trust, a publicly held real estate investment trust focusing on investment opportunities in the healthcare industry.

## PART II

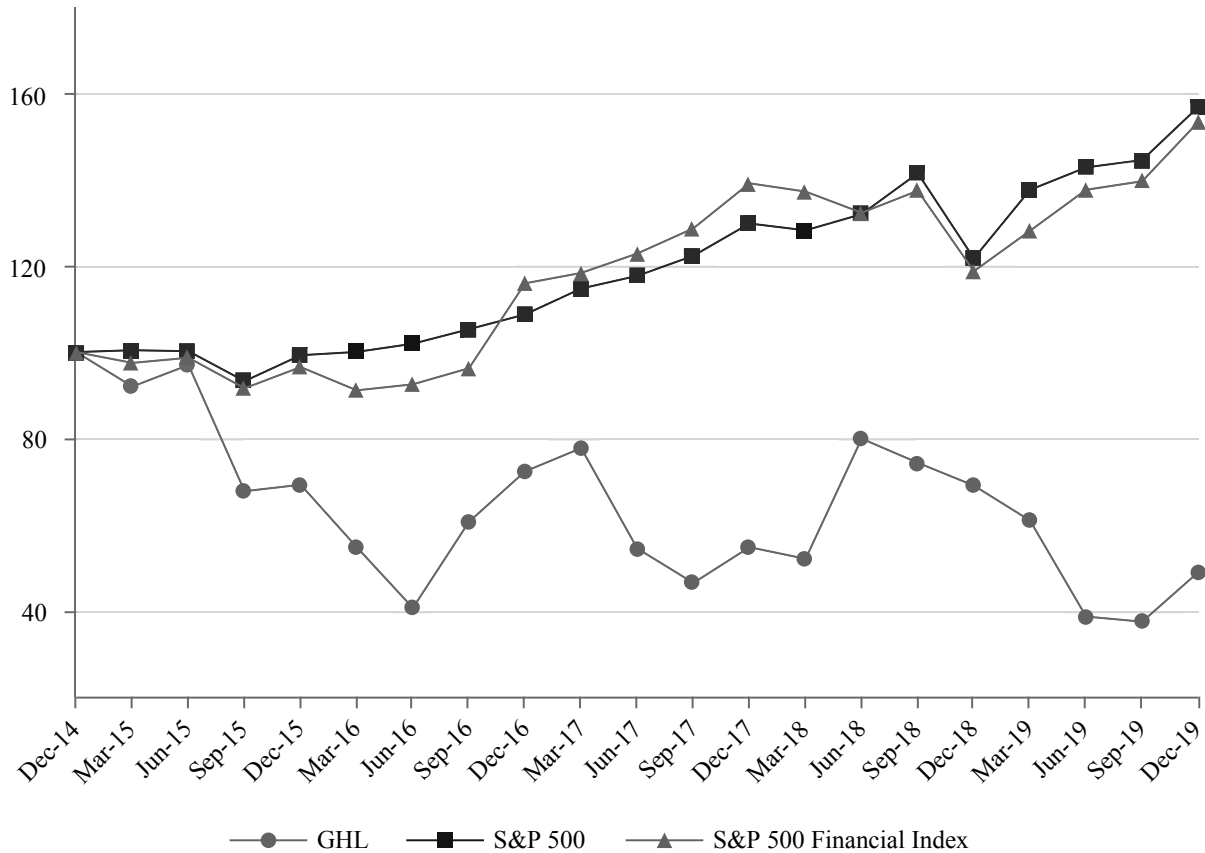
### **Item 5. Market for Registrant’s Common Stockholders’ Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities**

The New York Stock Exchange is the principal market on which our common stock (ticker: GHL) is traded.

As of February 20, 2020, there were 14 holders of record of our common stock. The majority of our shares are held in street name by diversified financial broker dealers which are not counted as “record” holders.

The following performance graph and related information shall not be deemed “soliciting material” or to be “filed” with the Securities and Exchange Commission, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933 or Securities Exchange Act of 1934, each as amended, except to the extent we specifically incorporate it by reference into such filing. Our stock price performance shown in the graph below is not indicative of future stock price performance.

**COMPARES 5-YEAR CUMULATIVE TOTAL RETURN AMONG GREENHILL & CO., INC., S&P 500 INDEX AND S&P FINANCIAL INDEX**



ASSUMES \$100 INVESTED ON DECEMBER 31, 2014  
 ASSUMES DIVIDEND REINVESTED  
 FISCAL YEAR ENDING DECEMBER 31, 2019

## Share Repurchases in the Fourth Quarter of 2019

Period	Total Number of Shares Repurchased (1)	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	Approximate Dollar Value of Shares that May Yet Be Purchased under the Plans or Programs (2)
October 1 – October 31.....	687,414	\$ 14.52	687,414	\$ 44,083,571
November 1 – November 30.....	367,997	17.82	367,997	37,524,558
December 1 – December 31.....	378,834	16.72	378,834	31,191,513
Total.....	1,434,245		1,434,245	\$ 31,191,513

- (1) Excludes 16,217 shares we are deemed to have repurchased in the fourth quarter of 2019 at an average price of \$18.85 per share, or \$0.3 million, from employees in conjunction with the payment of tax liabilities in respect of stock delivered to employees in settlement of restricted stock units.
- (2) For the year ended December 31, 2020, the Board of Directors has authorized repurchases of our common stock and common stock equivalents (e.g., vesting restricted stock units) of \$60.0 million.



## Item 6. Selected Financial Data

	As of or for the Year Ended December 31,				
	2019	2018	2017	2016	2015
(in millions, except per share and number of employees data)					
<b>Statement of Operations Data:</b>					
Total revenues <sup>(a)</sup>	301.1	352.0	239.2	335.5	261.6
<i>% change from prior year</i>	(14)%	47 %	(29)%	28 %	(5)%
Employee compensation and benefits expense	178.9	195.2	160.2	182.5	147.2
Non-compensation operating expenses	76.2	75.9	72.1	61.9	68.6
Total operating income	46.0	80.9	6.9	91.1	45.8
Interest expense	27.4	22.4	7.2	3.2	2.5
Income (loss) before taxes	18.6	58.5	(0.3)	87.9	43.3
Provision for taxes	7.4	19.2	26.4	27.1	17.7
Net income (loss)	11.2	39.3	(26.7)	60.8	25.6
Diluted average shares outstanding	24,272,479	27,637,720	32,074,894	32,074,232	31,200,378
Diluted earnings (loss) per share	0.45	1.42	(0.83)	1.89	0.82
<b>Balance Sheet Data:</b>					
Total assets	\$ 494.4	\$ 485.7	\$ 610.8	\$ 456.7	\$ 423.1
Total liabilities	449.7	423.3	402.5	165.5	139.8
Stockholders' equity	44.7	62.4	208.3	291.2	283.4
Dividends declared per share	0.20	0.20	1.40	1.80	1.80
<b>Selected Data and Ratios (unaudited)</b>					
Operating income as a percentage of revenues	15 %	23%	3 %	27 %	18%
Revenues per employee <sup>(b)</sup>	\$ 782	\$ 990	\$ 681	\$ 950	\$ 799
Employees at year-end <sup>(c)</sup>					
North America	240	221	203	195	192
Europe	105	93	89	91	88
Rest of World	60	51	54	70	70
Total employees	405	365	346	356	350

(a) On January 1, 2018, the Company adopted ASU 2014-09 “Revenue from Contracts with Customers” codifying ASC 606, Revenue Recognition — Revenue from Contracts with Customers utilizing the modified retrospective approach. See “Note 2 — Summary of Significant Accounting Policies — Recently Adopted Accounting Pronouncements”.

(b) Total revenues divided by average number of employees (including managing directors and senior advisors) in each year (in thousands).

(c) Includes our managing directors and senior advisors.

## Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

### Overview

Greenhill is a leading independent investment bank that provides financial and strategic advice on significant domestic and cross-border mergers and acquisitions, divestitures, restructurings, financings, capital raising and other transactions to a diverse client base, including corporations, partnerships, institutions and governments globally. We serve as a trusted advisor to our clients throughout the world on a collaborative, globally integrated basis from our offices in the United States, Australia, Brazil, Canada, Germany, Hong Kong, Japan, Singapore, Spain, Sweden and the United Kingdom.

We were established in 1996 by Robert F. Greenhill, the former President of Morgan Stanley and former Chairman and Chief Executive Officer of Smith Barney. Since our founding, Greenhill has grown significantly, by recruiting talented managing directors and other senior professionals, acquiring complementary advisory businesses and training, developing and promoting professionals internally. We have expanded beyond merger and acquisition advisory services to include financing, restructuring, and capital advisory services, and we have expanded the breadth of our sector expertise to cover substantially all major industries. Since the opening of our original office in New York, we have expanded globally to 16 offices across five continents.

Over our 24 years as an independent investment banking firm, we have sought to opportunistically recruit new managing directors with a range of industry and transaction specialties, as well as high-level corporate and other relationships, from major investment banks, independent financial advisory firms and other institutions. We also have sought to expand our geographic reach both through recruiting managing directors in new locations and through strategic acquisitions, such as our acquisition of Caliburn Partnership Pty Limited (now Greenhill Australia) in Australia in 2010. Additionally, we expanded the breadth of our advisory services through our acquisition in 2015 of Cogent, which extended our services to capital advisory related to the secondary fund placement market as well as through the recent recruitment of a number of managing directors focused on financing and restructuring advisory services. Through our recruiting and acquisition activity, we have significantly increased our geographic reach by adding offices in the United States, United Kingdom, Germany, Canada, Japan, Australia, Sweden, Hong Kong, Brazil, Spain, and Singapore. We expect to add a Paris office shortly, subject to regulatory approval. We intend to continue our efforts to recruit new managing directors with industry sector experience and/or geographic reach who can help expand our advisory capabilities. During 2019, we recruited 8 additional client facing managing directors to expand our regional reach to Singapore and France, enhance our efforts in the shareholder advisory area, and extend our industry sector expertise in the building products, industrial and insurance areas. We had 79 client facing managing directors as of December 31, 2019.

In September 2017, we announced plans for a leveraged recapitalization to put in place a capital structure designed to enhance long term shareholder value in the context of our then current equity valuation, existing tax rates and existing opportunities in the credit market. Under that plan, the net proceeds from term loan borrowings and proceeds from the purchase of our common stock by each of our Chairman and Chief Executive Officer were to be used to repurchase up to \$285.0 million of our common stock. In April 2019, we refinanced the term loan facility under more favorable borrowing terms and increased the amount permitted for buybacks of our common stock. As of December 31, 2019, we had repurchased a total of 14.6 million common shares for a total cost of \$307.9 million at an average cost per share of \$21.16. In future periods, we intend to balance our use of net cash generated from operations for the repurchase of common shares against the advance repayment of our debt facility. See “— Liquidity and Capital Resources” below.

### Business Environment and Outlook /Factors Affecting Our Results

*Global and Regional Transaction Activity.* Economic conditions and global financial markets can materially affect our financial performance. Our revenues are derived from fees we earn on advisory services we provide related to M&A, restructuring and capital raising transactions. As a result, the volume of global and regional transactional activity will have a significant impact on our results of operations. In 2019, we experienced a decrease in the number and scale of M&A transactions, particularly in Europe, and we experienced a decline in capital advisory fees compared to the prior year's record level. At the same time, the number and volume of completed transactions globally decreased by 8% and 14%, respectively, in 2019 as compared to 2018, while the number and volume of announced transactions globally decreased by 7% and 9%, respectively, in the same period.<sup>(1)</sup> Although announced transaction activity was down from last year, we continue to see the environment for M&A activity as reasonably good in most of the jurisdictions in which we operate.

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(1) Excludes transactions less than \$100,000 and withdrawn/canceled deals. Source: Thomson Financial as of February 25, 2020.

*Competition.* We operate in a highly competitive environment where there are no long-term contracted sources of revenue. Each revenue-generating engagement is separately awarded and negotiated. Our list of clients with whom there are active engagements changes continually. To develop new client relationships, and to develop new engagements from historic client relationships, we maintain, on an ongoing basis, active business dialogues with a large number of clients and potential clients. We gain new clients each year through our business development initiatives, through recruiting additional senior investment banking professionals who bring with them client relationships and expertise in certain industry sectors or geographies, and through referrals from members of boards of directors, attorneys and other parties with whom we have relationships. At the same time, we lose clients each year as a result of the sale or merger of a client, bankruptcy, a change in a client's senior management team, turnover of our senior banking professionals, competition from other investment banks and other similar reasons.

## Results of Operations

The results of operations below focuses on the results of 2019 versus 2018. For a discussion of 2018 versus 2017, refer to "Results of Operations" in our Form 10-K for the year ended December 31, 2018.

### Revenues

The following table sets forth data relating to the Firm's sources of revenues by client location.

	For the Years Ended December 31,		
	2019	2018	2017
North America .....	71 %	56 %	73 %
Europe .....	15 %	32 %	17 %
Rest of World .....	14 %	12 %	10 %

*Sources of Revenues.* Our revenues are derived from both corporate advisory services related to M&A, financings and restructurings and capital advisory services related to sales or capital raises pertaining to alternative assets. A majority of our revenue is contingent upon the closing of a merger, acquisition, financing, restructuring, or other advisory transaction. While fees payable upon the successful conclusion of a transaction generally represent the largest portion of our corporate advisory fees, we also earn other fees, including on-going retainer fees, substantially all of which relate to non-success-based strategic advisory, financing advisory and restructuring assignments, and fees payable upon the commencement of an engagement or upon the achievement of certain milestones (such as the announcement of a transaction or the rendering of a fairness opinion). Additionally, we generate capital advisory revenues from sales of alternative assets in the secondary market and from capital raises.

We do not allocate our revenue by type of advice rendered (M&A, financing advisory and restructuring, strategic advisory, or other) because of the complexity of the assignments for which we earn revenue and because a single transaction can encompass multiple types of advice. For example, a restructuring assignment can involve, and in some cases end successfully in, a sale of all or part of the financially distressed company. Likewise, an acquisition assignment can relate to a financially distressed target involved in or considering a restructuring, and an M&A assignment can develop from a relationship that we had on a prior restructuring assignment, and vice versa. We do, however, separately allocate capital advisory (fund placement) revenue.

*2019 versus 2018.* Revenues were \$301.0 million for the year ended December 31, 2019 compared to \$352.0 million for the year ended December 31, 2018, a decrease of 14%. The decrease in our 2019 revenues, as compared to 2018, resulted principally from a decrease in the number and scale of merger and acquisition transaction completion fees, particularly in Europe, partially offset by slightly higher transaction announcement, opinion, and retainer fees. By type of advice, we benefited from significant improvement in restructuring advisory revenue relative to recent years, as our recently enlarged team gained increasing traction throughout the year. Our capital advisory team had another strong performance, though fell short of the prior year's record revenue level. In M&A, results were relatively strong nearly everywhere other than in Europe.

By geographic region in 2019, North America, where we generated 71% of our revenues, remained our largest contributor. Revenue from our North American clients increased year over year on an absolute dollar basis and increased significantly as a percentage of total revenues as a result of weaker performance in Europe in 2019 as compared to 2018. In Europe, we derived 15% of our revenues, and our absolute revenues declined by more than half from 2018. We generated 14% of our revenues in the rest of the world, reflecting an increase in both the percentage and absolute dollar amount of total revenues.

The ten largest fee-paying clients contributed 35% of our total revenues in 2019 and 34% in 2018. We had one client in 2019 that represented greater than 10% of our revenues. There were no clients in 2018 that represented greater than 10% of our revenues.

## Operating Expenses

We classify operating expenses as employee compensation and benefits expenses and non-compensation operating expenses. Non-compensation operating expenses include the costs for occupancy and equipment rental, communications, information services, professional fees, recruiting, travel and entertainment, insurance, depreciation and amortization, and other operating expenses.

For the year ended December 31, 2019, total operating expenses were \$255.2 million compared to \$271.1 million in 2018. The decrease of \$15.9 million, or 6%, principally resulted from a decrease in our compensation and benefits expenses as described in more detail below. Our operating profit margin was 15% for 2019 as compared to 23% for 2018.

The following table sets forth information relating to our operating performance metrics.

	For the Years Ended December 31,		
	2019	2018	2017
	(in millions, except employee data)		
Number of employees at year end.....	405	365	346
% increase (decrease) in employee count.....	11 %	5 %	(3)%
Employee compensation and benefits expenses.....	\$ 178.9	\$ 195.2	\$ 160.2
% of revenues.....	59 %	55 %	67 %
Non-compensation operating expenses <sup>(1)</sup> .....	76.2	75.9	72.1
% of revenues.....	25 %	22 %	30 %
Total operating expenses.....	255.2	271.1	232.3
% of revenues.....	85 %	77 %	97 %
Total operating income.....	45.8	80.9	6.9
Operating profit margin.....	15 %	23 %	3 %

- (1) As a result of the adoption of the new revenue recognition guidance, beginning in 2018, reimbursed client expenses are reported as a component of revenues and are no longer netted against operating expenses. For the year ended December 31, 2017, client reimbursements of \$4.7 million were netted against operating expenses.

### Compensation and Benefits Expenses

The largest component of our operating expenses is employee compensation and benefits expenses, which we determine annually based on a percentage of revenues. The actual percentage of revenues, which we refer to as our compensation ratio, is determined by management in consultation with the Compensation Committee at each year end and is based on factors such as the relative level of revenues, anticipated compensation requirements to retain and reward our employees, the cost to recruit and exit employees, the charge for amortization of restricted stock and deferred cash compensation awards and related forfeitures, among others.

Our compensation and benefits expenses principally consist of (i) base salary and benefits, (ii) amortization of long-term incentive compensation awards of restricted stock units and deferred cash compensation and (iii) annual incentive compensation payable as cash bonus awards. Base salary and benefits are paid ratably throughout the year. Awards of restricted stock units and deferred cash compensation are discretionary and are amortized into compensation expense (based upon the fair value of the award at the time of grant) during the service period over which the award vests, which is generally three to five years for the majority of the awards. As we expense the restricted stock awards, the portion of the restricted stock units amortized is recorded within stockholders' equity in the consolidated statements of changes in stockholders' equity. Annual cash bonuses, which are accrued each quarter, are discretionary and dependent upon a number of factors, including our financial performance, and are generally paid in the first quarter in respect of the preceding year.

For the year ended December 31, 2019 our fixed compensation, which we refer to as base compensation and benefits and amortization of long-term incentive compensation awards, increased as compared to 2018 as a result of our increased employee

headcount. Based on our current headcount and salary levels, we expect that fixed compensation for 2020 will increase slightly from 2019. Our fixed compensation could vary based on hiring and retention decisions, among other factors. Discretionary bonus payments generally represent the excess amount of total compensation, determined as a percentage of revenues, over the amount of fixed compensation, and will vary year to year based on our revenue generation.

*2019 versus 2018.* For the year ended December 31, 2019, our employee compensation and benefits expenses were \$178.9 million, which reflected a 59% ratio of compensation to revenues. This amount compared to \$195.2 million for 2018, which reflected a 55% ratio of compensation to revenues. The decrease in expense of \$16.3 million, or 8%, was principally attributable to a lower year-end bonus accrual in line with lower annual revenues. The increase in the ratio of compensation to revenues for 2019 as compared to 2018 principally resulted from the effect of spreading lower compensation and benefits expenses over moderately lower revenues.

As our compensation expense can fluctuate materially in any particular year depending upon the changes in headcount, amount of revenues recognized, as well as other factors, the amount of compensation expense we recognize in any particular year may not be indicative of compensation expense in future years.

### ***Non-Compensation Operating Expenses***

Our non-compensation operating expenses are generally relatively fixed year to year with increases generally dependent on our geographic expansion to new locations, strategic business expansion, general inflation-related increases in rent and other costs we incur and, to a much lesser extent, on an increase in headcount within our existing locations. Over the past few years, we have incurred some volatility in our non-compensation operating expenses principally due to foreign exchange gains and losses related to the financing of our foreign investments and the accounting related to a contingent cash earnout related to our acquisition of Cogent. Additionally, our non-compensation expenses include reimbursable client expenses, which vary from year to year. It is management's objective to maintain consistent comparable non-compensation cost year over year for each jurisdiction in which we operate. We monitor costs based on actual costs incurred in prior periods and on headcount and seek to gain operating efficiencies when possible.

In connection with our purchase of Cogent, we agreed to pay additional consideration of \$18.9 million in cash and to issue 334,048 shares of our common stock if a revenue target of \$80.0 million was achieved in our secondary capital advisory business during either of the two-year periods ending March 31, 2017 or March 31, 2019, which we refer to as the Earnout. The Earnout was achieved during the period ended March 31, 2019. The fair value of the contingent cash consideration was valued on the date of our purchase at \$13.1 million and, until the Earnout was achieved in the third quarter of 2018, was remeasured quarterly based on a probability weighted present value discount that the revenue target may be achieved. Based on our remeasurement of the Earnout, we recorded charges of \$0.6 million and \$4.5 million for the years ended December 31, 2019 and 2018, respectively.

*2019 versus 2018.* For the year ended December 31, 2019, our non-compensation operating expenses of \$76.2 million compared to \$75.9 million in 2018, representing an increase of \$0.3 million. During 2019, increased charges primarily for foreign currency losses, allowances for uncollectible accounts and client reimbursed professional fees in aggregate offset the benefit of the absence of the charge related to the change in the contingent value of the Earnout of \$4.5 million in 2018. Non-compensation operating expenses as a percentage of revenues for 2019 increased to 25% compared to 22% for 2018 as a result of spreading of a relatively similar amount of non-compensation operating costs over moderately lower revenues.

Our non-compensation operating expenses are generally based on revenues and can vary as a result of a variety of factors such as changes in headcount, the amount of recruiting and business development activity, the amount of office expansion, the impact of currency movements and other factors. Accordingly, the non-compensation operating expenses in any particular year may not be indicative of the non-compensation operating expenses in future years.

### ***Interest Expense***

As part of our recapitalization plan, on October 12, 2017 we substantially increased our leverage and interest expense through the borrowing of \$350.0 million under a secured term loan facility, which bore interest at LIBOR plus 3.75%. On April 12, 2019, we refinanced the term loan facility and increased the borrowing amount to \$375.0 million and lowered our borrowing rate by 50 basis points to LIBOR plus 3.25%.

*2019 versus 2018.* For the year ended December 31, 2019, we incurred interest expense of \$27.4 million as compared to \$22.4 million for the same period in 2018. The increase in interest expense of \$5.0 million during 2019 was principally due to a non-recurring charge of \$4.8 million for the write-off of debt costs related to the refinancing of the term loan facility. Excluding this charge, the increase in interest expense of \$0.2 million in 2019 resulted from the increase in our average outstanding borrowings, partially offset by the benefit we gained from the reduction in our interest rate spread.

The rate of interest on our borrowing is based on LIBOR and is variable. Accordingly, the amount of interest expense in any particular year may not be indicative of the amount of interest expense in future years.

### **Provision for Income Taxes**

We are subject to federal, state and local corporate income taxes in the United States. In addition, our non-U.S. subsidiaries are subject to income taxes in their local jurisdictions.

Effective January 1, 2018, as a result of the Tax Cuts and Jobs Act the U.S. federal income tax rate decreased to 21% from 35%. Since we typically generate a majority of our pre-tax earnings from our domestic operations, this rate reduction significantly reduced our effective income tax rate. In addition to federal taxes, our effective tax rate is comprised of foreign, state and local taxes. While state and local taxes generally increase our effective tax rate nominally, foreign taxes can more substantially increase or decrease our effective tax rate depending on the amount of earnings we generate in each jurisdiction. We have historically generated substantial earnings in low tax jurisdictions such as the United Kingdom, and we have historically generated a smaller portion of our annual earnings in high tax jurisdictions such as Australia, Japan and Brazil.

Our effective rate is also impacted positively or negatively upon the vesting of restricted stock awards by a charge or benefit for the tax effect of the difference between the grant price value and market price value at vesting of the awards. Based on the market price on the date of the vesting of our annual awards, which represent a substantial portion of our awards vesting during the year, the average grant price of the awards vesting in 2019 and 2018 exceeded the market price of our shares and we incurred income tax charges of \$1.2 million and \$4.7 million for the years ended December 31, 2019 and 2018, respectively. Further, during the first quarter of 2020, we incurred an income tax charge of approximately \$1.8 million related to the vesting of restricted stock units at a market price less than the average grant price. We are not able to predict our future share price, as a consequence, we are not able to estimate the impact that this benefit or charge will have on our provision for income taxes in future periods.

Although we cannot predict our estimated effective tax rate for future periods primarily due to the jurisdiction and amount of earnings, which varies year over year, we expect that our effective tax rate will be in the mid twenty percent range over the next few years, assuming our historical mix of foreign earnings and no changes in the existing tax law, and if we exclude the impact of the tax charge/benefit resulting from the vesting of restricted stock awards.

*2019 versus 2018.* For the year ended December 31, 2019, the provision for income taxes was \$7.4 million, reflecting an effective rate of 40%, as compared to a provision for income taxes for the year ended December 31, 2018 of \$19.2 million, reflecting an effective rate of 33%. Our effective tax rate for 2019 was higher than we expect in future periods and was negatively impacted by our relatively low amount of pre-tax income, charges related to the vesting of restricted stock unit awards vesting at a value less than the grant price, and the generation of a larger proportion of our earnings than usual from foreign jurisdictions subject to higher taxes rates. Our effective tax rate for 2018 was also adversely impacted by a charge of \$4.7 million related to the tax effect of restricted stock unit awards vesting at a value less than the grant price.

The effective tax rate can fluctuate as a result of variations in the relative amounts of income earned and the tax rate imposed in the tax jurisdictions in which we operate, among other factors. Accordingly, the effective tax rate in any particular year may not be indicative of the effective tax rate in future years.

### **Geographic Data**

For a summary of the total revenues, income before taxes and total assets by geographic region, see “Note 18 — Business Information” to the consolidated financial statements.

### **Liquidity and Capital Resources**

Our liquidity position, which consists of cash and cash equivalents, other significant working capital assets and liabilities, debt and other matters relating to liquidity requirements and current market conditions, is monitored by management on a regular basis. We retain our cash in financial institutions with high credit ratings and/or invest in short-term investments that are expected to provide liquidity and as permitted under the credit agreement. It is our objective to retain a global cash balance adequate to service our forecast operating and financing needs. At December 31, 2019, we had cash and cash equivalents of \$114.0 million.

We generate substantially all of our cash from advisory fees. We use our cash primarily for recurring operating expenses, the service of our debt, the repurchase of our common shares and the funding of leasehold improvements for the build out of office space. Our recurring monthly operating disbursements principally consist of base compensation expense, occupancy, travel and

entertainment, and other operating expenses. In addition, we generally make interest payments on our debt on a monthly basis. Our recurring quarterly and annual disbursements consist of cash bonus payments, tax payments, debt service payments, dividend payments, and repurchases of our common stock from our employees in conjunction with the payment of tax liabilities incurred on vesting of restricted stock units. These amounts vary depending upon our profitability and other factors.

Because a portion of the compensation we pay to our employees is distributed in annual cash bonus awards (usually in the first quarter of each year), our net cash balance is typically at its lowest level during the first quarter of each year and generally accumulates from our operating activities throughout the remainder of the year. Our current liabilities primarily consist of accounts payable, which are generally paid monthly, accrued compensation, which includes accrued cash bonuses that are generally paid in the first quarter of the following year to the large majority of our employees, and current taxes payable. Our current assets include accounts receivable, which we generally collect within 60 days, except for certain restructuring transactions, where collections may take longer due to court-ordered holdbacks. At December 31, 2019, we had fees receivable of \$77.8 million, including long-term receivables related to primary capital advisory engagements of \$10.5 million, the majority of which we expect to collect over the remainder of the year.

As part of our recapitalization, in October 2017, we entered into a credit agreement with a syndicate of lenders, who loaned us \$350.0 million under a five-year secured term loan B facility (“2017 TLB”) and provided us with a three-year secured revolving credit facility of \$20.0 million, which was undrawn at closing and has remained undrawn.

On April 12, 2019, we refinanced the 2017 TLB and entered into a new \$375.0 million five-year term loan B facility (“TLB”). We used a portion of the proceeds to repay in full the outstanding principal balance of the 2017 TLB of \$319.4 million and pay fees and expenses, with remaining net proceeds of \$48.3 million. We did not incur a prepayment premium in conjunction with the refinancing.

As a result of the refinancing, we lowered our borrowing rate by 50 basis points, extended the maturity date of the new TLB by eighteen months to April 12, 2024, and lowered our annual amortization payments to 5% per annum. In addition, the amounts permitted for dividend payments and repurchases of our common stock under the amended credit agreement were increased. Effective with the refinancing in April 2019, borrowings under the TLB bear interest at either the U.S. Prime Rate plus 2.25% or LIBOR plus 3.25%. Our borrowing rates in 2019 ranged from 5.0% to 6.6%. The FCA, which regulates LIBOR, has announced that it will not compel panel banks to contribute to LIBOR after 2021. It is not possible to predict whether LIBOR will continue to be viewed as an acceptable market benchmark or what rate or rates may become accepted alternatives to LIBOR. Although our credit agreement includes alternative rate fallback provisions, there can be no assurance the LIBOR phase out will not increase the cost of capital.

The new TLB requires quarterly principal amortization payments of \$4.7 million (or \$18.8 million annually), which began on September 30, 2019 and continue through March 31, 2024, with the remaining balance (\$285.9 million assuming the payment of only quarterly principal amortization payments during the term) due at maturity on April 12, 2024. During the year ended December 31, 2019, we made principal payments of \$9.4 million. As of December 31, 2019, the new TLB had an outstanding principal balance of \$365.6 million. In addition to the required quarterly principal amortization we may be required to make annual repayments of principal on the TLB within ninety days of year-end of up to 50% of our excess cash flow as defined in the credit agreement. For the year ended December 31, 2019, an excess cash flow payment was not required. Such payment, if any, will be applied to the next quarterly principal installment payment. We are also required to repay certain amounts of the term loan facility in connection with the non-ordinary course sale of assets, receipt of insurance proceeds, and the issuance of debt obligations, subject to certain exceptions.

Under our credit agreement, we are restricted in the amount of cash we may use to repurchase our common stock and common stock equivalents and/or to make dividend distributions. As we generate cash from operations and subject to our expected operating needs, we intend to balance the return of cash to our shareholders against deleveraging our outstanding debt position. In February 2020, we made a principal payment on the new TLM of \$15.6 million, which was applied as advance payments against the quarterly installments due in March, June and September 2020, and as of February 20, 2020, the outstanding principal balance of the term loan was \$350.0 million.

All mandatory repayments of the TLB will be applied without penalty or premium. Voluntary prepayments of borrowings under the TLB are also permitted without penalty, however, in the event that all or any portion of the TLB is prepaid or refinanced or repriced prior to April 13, 2020, such prepayment, refinancing, or repricing would be at 101.0% of the principal amount so prepaid, refinanced or repriced. On or after April 13, 2020, subject to market conditions, we may seek to reprice, modify and/or amend the loan facility to further reduce our borrowing rate, modify restricted payment covenants and take other actions to increase our flexibility with respect to our uses of free cash flow.

The TLB and revolving loan facilities are guaranteed by our existing and subsequently acquired or organized wholly-owned U.S. restricted subsidiaries (excluding any registered broker-dealers) and secured with a first priority perfected security interest

in certain domestic assets, 100% of the capital stock of each U.S. subsidiary and 65% of the capital stock of each non-U.S. subsidiary, subject to certain exclusions which, for the avoidance of doubt, such security interest shall not include any assets of regulated subsidiaries that are not permitted to be pledged by law, statute or regulation, including cash held by regulated subsidiaries and any other capital required to meet and maintain regulatory capital requirements. The credit facilities contain certain covenants that limit our ability above certain permitted amounts to incur additional indebtedness, make certain acquisitions, pay dividends and repurchase shares. The TLB does not have financial covenants, and the revolving loan facility is subject to a springing total net leverage ratio financial covenant, subject to certain step downs, if our borrowings under the revolving loan facility exceed \$12.5 million. We are also subject to certain other non-financial covenants. Our failure to comply with the terms of these covenants may adversely affect our operations and could permit lenders to accelerate the maturity of the debt and to foreclose upon any collateral securing the debt. At December 31, 2019, we were compliant with all loan covenants under the credit agreement and we expect to continue to be compliant with all loan covenants in future periods.

The \$20.0 million revolving loan facility, which has a maturity date in October 2020, remained available to use for working capital needs and other general corporate purposes following the refinancing. The amount, interest rate (LIBOR plus 3.75%) and maturity of the revolving loan facility were unchanged as a result of the refinancing. No scheduled principal payments are required on amounts drawn on the revolving loan facility until the maturity date. Any borrowings under the new revolving loan facility may be repaid and reborrowed. We do not currently intend to extend the revolving loan facility beyond its maturity date.

As additional contingent consideration for the purchase of Cogent in April 2015, we agreed to pay to the selling unitholders \$18.9 million in cash and issue 334,048 shares of our common stock if the Earnout was achieved. The Earnout was achieved and in April 2019 the contingent consideration was paid and the shares were issued.

Effective beginning in 2018, as a result of the U.S. tax law change, we calculate and pay the amount of incremental tax owed, if any, on our foreign earnings on a current basis and consequently, we can repatriate foreign cash with minimal or no incremental tax burden. Subject to any limitations imposed by the Treasury Department, we intend to repatriate our foreign cash subject to our estimated operating needs in our foreign jurisdictions, our needs for additional cash in the U.S. and other global cash management purposes.

In October 2017, as part of our recapitalization, we commenced a program to repurchase our common shares. As part of that program during the period from October 2017 to December 31, 2019, we have repurchased 14,550,824 common shares through open market purchases (including pursuant to 10b5-1 plans) and tender offers at an average price of \$21.16 per share, for a total cost of \$307.9 million. In conjunction with the refinancing of the TLB in April 2019, the amount permitted and authorized for future share repurchases was \$339.1 million through December 31, 2019. With the completion of a significant portion of our repurchase plan, and recognizing that the amount of repurchases of common stock and common stock equivalents from employees at the time of vesting of RSUs to settle withholding tax liabilities that may be permitted by our credit agreement will evolve year to year, we are now shifting to an annual target for repurchases of common stock and common stock equivalents.

In January 2020, our Board of Directors took into account the amount permitted for repurchases of our common stock and common stock equivalents under our credit agreement and authorized the repurchase of our common stock and common stock equivalents of up to \$60.0 million for the year ended December 31, 2020. This compares to the repurchase of our common stock and common stock equivalents of \$69.4 million during 2019, consisting of the repurchase of 3,275,641 shares of our common stock for \$55.5 million and of 573,472 common stock equivalents shares for \$14.0 million in conjunction with the payment of tax liabilities in respect of stock delivered to our employees in settlement of restricted stock units that vested. During 2020 (as of February 20, 2020), we have repurchased 489,704 shares of our common stock for \$8.4 million and we are deemed to have repurchased 640,642 shares of common stock equivalents in conjunction with the payment of tax liabilities in respect of stock delivered to our employees in settlement of restricted stock units that vested for \$13.6 million and had \$38.0 million remaining and authorized for repurchase during the remainder of 2020. We may make repurchases of our common stock through various means, which could include open market purchases (including pursuant to 10b5-1 plans) and privately negotiated transactions. The price and timing of share repurchases, as well as the total funds ultimately expended, will be subject to market conditions and other factors, such as our results of operations, financial position and capital requirements, use of cash for debt repayments, general business conditions, legal, tax and regulatory constraints or restrictions, any contractual restrictions and other factors deemed relevant. There can be no assurances of the price at which we may be able to repurchase our shares or that we will repurchase the full amount authorized for 2020 or the amount authorized in any future year.

As part of our long term incentive award program, we may award restricted stock units to managing directors and other employees at the time of hire and/or as part of annual compensation. Awards of restricted stock units generally vest over a three to five-year service period, subject to continued employment on the vesting date. Each restricted stock unit represents the holder's right to receive one share of our common stock (or at our election, a cash payment equal to the fair value thereof) on the vesting date. Under the terms of our equity incentive plan, we generally repurchase from our employees that portion of restricted stock unit awards used to fund income tax withholding due at the time the restricted stock unit awards vest and pay



the remainder of the award in shares of our common stock. Based upon the number of restricted stock unit grants outstanding at February 20, 2020, which takes into account the vesting of annual awards in early February 2020, we estimate repurchases of our common stock from our employees in conjunction with the cash settlement of tax liabilities incurred on vesting of restricted stock units of approximately \$35.7 million (as calculated based upon the closing share price as of February 20, 2020 of \$16.92 per share and assuming a withholding tax rate of 41% consistent with our recent experience) over the next five years, of which an additional \$2.1 million will be payable in 2020, \$10.6 million will be payable in 2021, \$14.7 million will be payable in 2022, \$6.3 million will be payable in 2023, \$1.8 million will be payable in 2024, and \$0.2 million will be payable in 2025 and beyond. In addition, we expect to make the annual restricted stock unit award related to 2019 in early March 2020 and the estimated repurchase amount for 2021 and beyond will increase. We will realize a corporate income tax deduction concurrently with the vesting of the restricted stock units. While we expect to fund future repurchases of our common stock equivalents (if any) with operating cash flow, we are unable to predict the price of our common stock and as a result the magnitude of our share repurchases, which may be limited under the credit agreement. To the extent future repurchases are expected to exceed the amount permitted under the credit agreement we may seek to modify the credit agreement to increase the amount or seek other means to settle the withholding tax liability incurred on the vesting of the restricted stock units.

Also, as part of its long-term incentive award program, we may award deferred cash compensation to managing directors and other employees at the time of hire and/or as part of annual compensation. Awards of deferred cash compensation generally vest over a three to five year service period, subject to continued employment. Each award provides the employee with the right to receive future cash compensation payments, which are non-interest bearing, on the vesting date. Based upon the value of the deferred cash awards outstanding at February 20, 2020, we estimate payments of \$21.6 million over the next five years, of which \$7.8 million remains payable in 2020, \$7.4 million will be payable in 2021, \$4.0 million will be payable in 2022, \$2.2 million will be payable in 2023, and less than \$0.1 million will be payable in each of 2024 and 2025. We will realize a corporate income tax deduction at the time of payment.

Since the recapitalization in October 2017, we have made quarterly dividend payments of \$0.05 per share. Under the credit agreement, as amended in April 2019, we are permitted to make aggregate annual dividend distributions of up to \$10.0 million, with any amounts not distributed in any particular year available for carryover to future years. We had a carryover amount of \$9.1 million at December 31, 2019. During 2019, we declared dividends of \$0.05 per common share payable in March, June, September and December 2019, respectively. For the year ended December 31, 2019, we made dividend distributions of \$4.4 million, or \$0.20 per common share and restricted stock unit. We intend to continue to pay quarterly dividends, subject to capital availability and periodic determinations that cash dividends are in the best interest of our stockholders. Future declaration and payment of dividends on our common stock is at the discretion of our Board of Directors and depends upon, among other things, our future operations and earnings, capital requirements and surplus, general financial condition, restrictions under the credit agreement and other factors as our Board of Directors may deem relevant.

Our capital expenditures relate primarily to technology systems and periodic refurbishment of our leased premises, which generally range from \$2.0 million to \$3.0 million annually. During 2020, we will be relocating our headquarters office to new office space in New York City. During 2020, we expect to fund from our operating cash flow leasehold improvement costs, net of tenant improvement allowance, of approximately \$12.0 million, and over the longer term expect to reduce our annual rent cost by approximately \$3.5 million from the amount we currently incur.

While we believe that the cash generated from operations will be sufficient to meet our expected operating needs, tax obligations, interest and principal payments on our loan facilities, dividend payments, share repurchases related to the tax settlement payments upon the vesting of the restricted stock units, deferred cash compensation payments and build-out costs of new office space, we may adjust our variable expenses and other disbursements, if necessary, to meet our liquidity needs. There is no assurance that our cash flow will be sufficient to allow us to make timely principal and interest payments under the credit agreement. If we are unable to fund our debt obligations, we may need to consider taking other actions, including issuing additional securities, seeking strategic investments, reducing operating costs or consider taking a combination of these actions, in each case on terms which may not be favorable to us. Further, failure to make timely principal and interest payments under the debt agreement could result in a default. A default would permit lenders to accelerate the maturity for the debt and to foreclose upon any collateral securing the debt. In addition, the limitations imposed by the financing agreements on our ability to incur additional debt and to take other actions might significantly impair our ability to obtain other financing.

## Cash Flows

2019. Cash and cash equivalents decreased by \$42.4 million from December 31, 2018, including an increase of \$1.6 million resulting from the effect of the translation of foreign currency amounts into U.S. dollars at the year-end foreign currency conversion rates. We generated \$14.3 million from operating activities, which consisted of \$64.4 million from net income after giving effect to the non-cash items and a net increase in working capital of \$50.1 million, principally due to a decrease in compensation payable. We used \$1.4 million for investing activities, principally to fund equipment purchases and leasehold improvements. We used \$56.9 million for financing activities, including \$55.5 million for market purchases of our common stock, \$14.0 million for the repurchase of our common stock from employees in conjunction with the payment of tax liabilities in settlement of restricted stock units, \$13.1 million for the payment of the contingent obligation due selling unitholders of Cogent (an additional \$5.7 million is classified as an operating outflow for a total payment of \$18.9 million), \$18.1 million for the quarterly principal term loan payments and \$4.4 million for the payment of dividends, offset, in part, by net proceeds of \$48.3 million from the refinancing of the new TLB.

2018. Cash and cash equivalents decreased by \$111.3 million from December 31, 2017, including a decrease of \$4.6 million resulting from the effect of the translation of foreign currency amounts into U.S. dollars at the year-end foreign currency conversion rates. We generated \$116.3 million from operating activities, which consisted of \$91.7 million from net income after giving effect to the non-cash items and a net decrease in working capital of \$24.6 million (principally due to an increase in bonuses payable). We used \$0.6 million for investing activities principally to fund equipment purchases and leasehold improvements. We used \$222.3 million for financing activities, including \$186.6 million for market purchases of our common stock, \$8.7 million for the repurchase of our common stock from employees in conjunction with the payment of tax liabilities in settlement of restricted stock units, \$21.9 million for the quarterly principal payments on the secured term loan and \$5.2 million for the payment of dividends.

## Contractual Obligations

The following table sets forth information relating to our contractual obligations as of December 31, 2019:

<b>Contractual Obligations</b>		<b>Payment Due by Period</b>				
		<b>Total</b>	<b>Less than 1 year</b>	<b>Years 2-3</b>	<b>Years 4-5</b>	<b>More than 5 years</b>
(in millions)						
Operating lease obligations	(a)	149.9	15.8	25.2	20.1	88.8
Secured term loan		365.7	18.8	37.5	309.4	—
Total	(b)	\$ 515.6	\$ 34.6	\$ 62.7	\$ 329.5	\$ 88.8

- (a) On May 16, 2019 the Company entered into a new office lease for its new principal executive offices in New York, N.Y. Rental payments are scheduled to commence on November 1, 2020 and shall continue for a term of 15 years and 3 months. We will have the right to build-out that space commencing April 1, 2020 and consequently, as of December 31, 2019, the lease is not included in operating lease right-of-use assets and operating lease obligations on the consolidated statement of financial condition.
- (b) Total contractual obligations set forth above do not include the three-year secured revolving loan facility under which we can borrow \$20.0 million and was undrawn at December 31, 2019.

## Off-Balance Sheet Arrangements

We do not invest in any off-balance sheet vehicles that provide financing, liquidity, market risk or credit risk support, or engage in any leasing or hedging activities that expose us to any liability that is not reflected in our consolidated financial statements, except for those as described under “Contractual Obligations” above.

## Market Risk

Our business is not capital-intensive and as such, is not subject to significant market or credit risks.

### *Risks Related to Cash and Short-Term Investments*

Our cash and cash equivalents is principally held in depository accounts and money market funds and other short-term highly liquid investments with original maturities of three months or less. We maintain our depository accounts with financial institutions with high credit ratings. Although these deposits are generally not insured, management believes we are not exposed to significant credit risk due to the financial position of the depository institutions in which those deposits are held. Further, we do not believe our cash equivalent investments are exposed to significant credit risk or interest rate risk due to the short-term nature and high quality of the underlying investments in which the funds are invested.

### *Credit Risk*

We regularly review our accounts receivable and allowance for doubtful accounts by considering factors such as historical experience, credit quality, age of the accounts receivable, and the current economic conditions that may affect a customer's ability to pay such amounts owed to the Company. We maintain an allowance for doubtful accounts that, in our opinion, provides for an adequate reserve to cover losses that may be incurred.

### *Exchange Rate Risk*

We are exposed to the risk that the exchange rate of the U.S. dollar relative to other currencies may have an adverse effect on the reported value of our non-U.S. dollar denominated assets and liabilities. Non functional currency related transaction gains and losses are recorded in the consolidated statements of operations.

In addition, the reported amounts of our revenues may be affected by movements in the rate of exchange between the currency in which an invoice is issued and paid and the U.S. dollar, in which our financial statements are denominated. We do not currently hedge against movements in these exchange rates through the use of derivative instruments or other methods. We analyzed our potential exposure to a decline in exchange rates by performing a sensitivity analysis on our net income in those jurisdictions in which we have generated a significant portion of our foreign earnings, which included the United Kingdom, Europe, and Australia. During the year ended December 31, 2019, as compared to 2018, the average value of the U.S. dollar strengthened relative to the pound sterling, euro and Australian dollar. In aggregate, there was a slight negative impact on our revenues in 2019 as compared to 2018 as a result of the timing of recognition of foreign revenues. We did not deem the impact significant. Further, because our operating costs in foreign jurisdictions are denominated in local currency, we are effectively internally hedged to some extent against the impact in the movements of foreign currency relative to the U.S. dollar. While our earnings are subject to volatility from changes in foreign currency rates, we do not believe we face any material risk in this respect.

### *Interest Rate Risk*

Our TLB bears interest at the U.S. Prime Rate plus 2.25% or LIBOR plus 3.25% (prior to the April 2019 refinancing the borrowing rate was the U.S. Prime Rate plus 2.75% or LIBOR plus 3.75%). Because we have indebtedness which bears interest at variable rates, our financial results will be sensitive to changes in prevailing market rates of interest. As of December 31, 2019, we had \$365.6 million of indebtedness outstanding, all of which bears interest at floating rates. The rate of interest varies from period to period and our interest rate exposure is not currently hedged to mitigate the effect of interest rate fluctuations. Depending upon future market conditions and our level of outstanding variable rate debt, we may enter into interest rate swap or other hedge arrangements (with counterparties that, in our judgment, have sufficient creditworthiness) to hedge our exposure against interest rate volatility. As of December 31, 2019, a 100 basis point increase in LIBOR would have increased our annual borrowing expense by approximately \$3.7 million.

## Critical Accounting Policies and Estimates

Management's discussion and analysis of its results of operation and financial condition is based on our consolidated financial statements that have been prepared in accordance with GAAP in the United States, which requires management to make estimates and assumptions regarding future events that affect the amounts reported in the consolidated financial statements. Management employs judgment in making these estimates in consideration of historical experience, currently available information and various other assumptions that we believe to be reasonable under the circumstances. Actual results could differ from our estimates and assumptions, and any such differences could be material to the consolidated financial statements. Descriptions of our critical accounting policies and estimates, which we believe are those that are most important to the presentation of our financial condition and results of operations and require management's most difficult, subjective and complex judgments, are set forth below in "Part IV — Item 15 — Notes to consolidated financial statements, Note 2 — Summary of Significant Accounting Policies" and are incorporated by reference herein.

**Item 7A. Quantitative and Qualitative Disclosures About Market Risk**

Quantitative and qualitative disclosures about market risk are set forth above in “Item 7 — Management’s Discussion and Analysis of Financial Condition and Results of Operation — Market Risk”.

**Item 8. Financial Statements and Supplementary Data**

The financial statements required by this item are listed in “Item 15 — Exhibits and Financial Statement Schedules”.

**Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

None.

**Item 9A. Controls and Procedures**

Based upon their evaluation of the Firm’s disclosure controls and procedures pursuant to Exchange Act Rule 13a-15 as of the end of the year covered by this Annual Report on Form 10-K, the Firm’s Chief Executive Officer and Chief Financial Officer have concluded that such controls and procedures are effective. There were no changes in our internal controls over financial reporting that occurred during the most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management’s report on the Firm’s internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act), and the related report of our independent public accounting firm, are included on pages F-2 through F-4 of this report.

**Item 9B. Other Information**

None.

## **PART III**

### **Item 10. Directors, Executive Officers and Corporate Governance**

Information required by this Item will be presented in Greenhill's definitive proxy statement for its 2020 annual meeting of stockholders, which will be held on April 23, 2020, and is incorporated herein by reference. Information regarding our executive officers is included on pages 22 and 23 of this Annual Report on Form 10-K under the caption "Executive Officers and Directors."

Our Board of Directors has adopted a Code of Business Conduct and Ethics applicable to all officers, directors, and employees, which is available on our website ([www.greenhill.com/investor](http://www.greenhill.com/investor)) under "Corporate Governance." We intend to satisfy the disclosure requirement under Item 5.05 of Form 8-K regarding amendment to, or waiver from, a provision of our Code of Business Conduct and Ethics by posting such information on the website address and location specified above.

### **Item 11. Executive Compensation**

Information required by this Item will be presented in Greenhill's definitive proxy statement for its 2020 annual meeting of stockholders, which will be held on April 23, 2020, and is incorporated herein by reference.

### **Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

Information required by this Item will be presented in Greenhill's definitive proxy statement for its 2020 annual meeting of stockholders, which will be held on April 23, 2020, and is incorporated herein by reference.

### **Item 13. Certain Relationships and Related Transactions, and Director Independence**

Information required by this Item will be presented in Greenhill's definitive proxy statement for its 2020 annual meeting of stockholders, which will be held on April 23, 2020, and is incorporated herein by reference.

### **Item 14. Principal Accounting Fees and Services**

Information required by this Item will be presented in Greenhill's definitive proxy statement for its 2020 annual meeting of stockholders, which will be held on April 23, 2020, and is incorporated herein by reference.

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**PART IV**

**Item 15. Exhibits and Financial Statement Schedules**

**(a) Financial Statements**

**INDEX TO FINANCIAL STATEMENTS**

**Consolidated Financial Statements of Greenhill & Co., Inc. and Subsidiaries**

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## Management's Report on Internal Control Over Financial Reporting

Management of Greenhill & Co., Inc. and Subsidiaries (the "Company") is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control over financial reporting is a process designed under the supervision of the Company's principal executive and principal financial officers to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements for external reporting purposes in accordance with generally accepted accounting principles in the United States of America.

As of December 31, 2019, management conducted an assessment of the effectiveness of the Company's internal control over financial reporting based on the framework established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (COSO). Based upon this assessment, management has determined that the Company's internal control over financial reporting as of December 31, 2019 was effective.

The Company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

The Company's independent registered public accounting firm has issued their auditors' report appearing on page F-4 which expresses an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.



## Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Greenhill & Co., Inc. and Subsidiaries

### Opinion on the Financial Statements

We have audited the accompanying consolidated statements of financial condition of Greenhill & Co., Inc. and Subsidiaries (the “Company”) as of December 31, 2019 and 2018, the related consolidated statements of operations, comprehensive income, cash flows and changes in stockholders’ equity for each of the three years in the period ended December 31, 2019, and the related notes (collectively referred to as the “financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company’s internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated February 28, 2020 expressed an unqualified opinion thereon.

### Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young LLP

We have served as the Company’s auditor since 1997.  
New York, New York  
February 28, 2020

## Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Greenhill & Co., Inc. and Subsidiaries

### Opinion on Internal Control Over Financial Reporting

We have audited Greenhill & Co., Inc. and Subsidiaries internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Greenhill & Co., Inc. and Subsidiaries (the “Company”) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated statements of financial condition of the Company as of December 31, 2019 and 2018, the related consolidated statements of operations, comprehensive income, cash flows and changes in stockholders’ equity for each of the three years in the period ended December 31, 2019, and the related notes of the Company and our report dated February 28, 2020 expressed an unqualified opinion thereon.

### Basis for Opinion

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Managements’ Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### Definition and Limitations of Internal Control Over Financial Reporting

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

New York, New York  
February 28, 2020

**Greenhill & Co., Inc. and Subsidiaries**  
**Consolidated Statements of Financial Condition**  
**As of December 31,**  
*(in thousands except share and per share data)*

	<b>2019</b>	<b>2018</b>
<b>Assets</b>		
Cash and cash equivalents (\$9.8 million and \$3.8 million restricted from use at December 31, 2019 and 2018, respectively).....	\$ 113,975	\$ 156,374
Fees receivable, net of allowance for doubtful accounts of \$1.1 million and \$0.0 million at December 31, 2019 and 2018, respectively.....	77,766	61,793
Other receivables.....	2,519	2,595
Property and equipment, net of accumulated depreciation of \$47.7 million and \$45.0 million at December 31, 2019 and 2018, respectively.....	6,281	7,185
Operating lease right-of-use asset.....	28,346	—
Goodwill.....	205,992	205,922
Deferred tax asset, net.....	51,278	43,706
Other assets.....	8,218	8,125
Total assets.....	<u>\$ 494,375</u>	<u>\$ 485,700</u>
<b>Liabilities and Equity</b>		
Compensation payable.....	\$ 26,878	\$ 56,922
Accounts payable and accrued expenses.....	12,412	17,167
Current income taxes payable.....	9,653	7,486
Operating lease obligations.....	30,750	—
Secured term loan payable.....	358,003	319,479
Contingent obligation due selling unitholders of Cogent.....	—	18,293
Deferred tax liability.....	12,004	3,990
Total liabilities.....	<u>449,700</u>	<u>423,337</u>
Common stock, par value \$0.01 per share; 100,000,000 shares authorized, 46,801,812 and 45,001,788 shares issued as of December 31, 2019 and 2018, respectively; 18,355,907 and 20,404,996 shares outstanding as of December 31, 2019 and 2018, respectively.....	468	450
Restricted stock units.....	77,657	71,596
Additional paid-in capital.....	887,095	846,721
Exchangeable shares of subsidiary; 257,156 shares issued as of December 31, 2019 and 2018; 0 and 32,804 shares outstanding as of December 31, 2019 and 2018, respectively.....	—	1,958
Retained earnings.....	69,093	63,427
Accumulated other comprehensive income (loss).....	(34,115)	(35,705)
Treasury stock, at cost, par value \$0.01 per share; 28,445,905 and 24,596,792 shares as of December 31, 2019 and 2018, respectively.....	(955,523)	(886,084)
Stockholders' equity.....	<u>44,675</u>	<u>62,363</u>
Total liabilities and equity.....	<u>\$ 494,375</u>	<u>\$ 485,700</u>

*See accompanying notes to consolidated financial statements.*

**Greenhill & Co., Inc. and Subsidiaries**  
**Consolidated Statements of Operations**  
**Years Ended December 31,**  
*(in thousands except share and per share data)*

	2019	2018	2017
<b>Revenues</b> .....	\$ 301,012	\$ 351,985	\$ 239,182
<b>Operating Expenses</b>			
Employee compensation and benefits.....	178,946	195,195	160,201
Occupancy and equipment rental.....	22,289	21,933	20,713
Depreciation and amortization.....	2,565	2,870	3,114
Information services.....	9,940	9,898	9,529
Professional fees.....	10,017	10,465	8,212
Travel related expenses.....	13,523	13,483	13,142
Other operating expenses.....	17,889	17,273	17,371
Total operating expenses.....	255,169	271,117	232,282
Total operating income.....	45,843	80,868	6,900
Interest expense.....	27,420	22,438	7,198
Income (loss) before taxes.....	18,423	58,430	(298)
Provision for taxes.....	7,445	19,208	26,353
Net income (loss).....	<u>\$ 10,978</u>	<u>\$ 39,222</u>	<u>\$ (26,651)</u>
<b>Average shares outstanding:</b>			
Basic.....	24,024,674	26,813,285	32,074,894
Diluted.....	24,272,479	27,637,720	32,074,894
<b>Earnings (loss) per share:</b>			
Basic.....	\$ 0.46	\$ 1.46	\$ (0.83)
Diluted.....	\$ 0.45	\$ 1.42	\$ (0.83)

*See accompanying notes to consolidated financial statements.*

**Greenhill & Co., Inc. and Subsidiaries**  
**Consolidated Statements of Comprehensive Income**  
**Years Ended December 31,**  
*(in thousands)*

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Consolidated net income (loss).....	\$ 10,978	\$ 39,222	\$ (26,651)
Currency translation adjustment, net of tax.....	1,590	(13,483)	10,176
Comprehensive income (loss) .....	<u>\$ 12,568</u>	<u>\$ 25,739</u>	<u>\$ (16,475)</u>

*See accompanying notes to consolidated financial statements.*

**Greenhill & Co., Inc. and Subsidiaries**  
**Consolidated Statements of Changes in Stockholders' Equity**  
**Years Ended December 31,**  
*(in thousands)*

	2019	2018	2017
<b>Common stock, par value \$0.01 per share</b>			
Common stock, beginning of the year	\$ 450	\$ 438	\$ 414
Common stock issued	18	12	24
Common stock, end of the year	468	450	438
<b>Restricted stock units</b>			
Restricted stock units, beginning of the year	71,596	80,512	85,907
Restricted stock units recognized, net of forfeitures	46,382	37,941	40,597
Restricted stock units delivered	(40,321)	(46,857)	(45,992)
Restricted stock units, end of the year	77,657	71,596	80,512
<b>Additional paid-in capital</b>			
Additional paid-in capital, beginning of the year	846,721	800,806	734,728
Common stock issued	41,582	45,915	65,231
Tax effect of issuance of contingent equity earnout	(1,208)	—	—
Tax benefit from the delivery of restricted stock units	—	—	847
Additional paid-in capital, end of the year	887,095	846,721	800,806
<b>Exchangeable shares of subsidiary</b>			
Exchangeable shares of subsidiary, beginning of the year	1,958	1,958	1,958
Exchangeable shares of subsidiary delivered	(1,958)	—	—
Exchangeable shares of subsidiary, end of the year	—	1,958	1,958
<b>Retained earnings</b>			
Retained earnings, beginning of the year	63,427	37,595	111,798
Cumulative effect of the change in accounting principle related to revenue recognition	—	(7,645)	—
Retained earnings, beginning of the period, as adjusted	63,427	29,950	111,798
Dividends	(5,312)	(5,745)	(47,552)
Net income (loss)	10,978	39,222	(26,651)
Retained earnings, end of the year	69,093	63,427	37,595
<b>Accumulated other comprehensive income (loss)</b>			
Accumulated other comprehensive income (loss), beginning of the year	(35,705)	(22,222)	(32,398)
Currency translation adjustment, net of tax	1,590	(13,483)	10,176
Accumulated other comprehensive income (loss), end of the year	(34,115)	(35,705)	(22,222)
<b>Treasury stock, at cost, par value \$0.01 per share</b>			
Treasury stock, beginning of the year	(886,084)	(690,785)	(611,224)
Repurchased	(69,439)	(195,299)	(79,561)
Treasury stock, end of the year	(955,523)	(886,084)	(690,785)
<b>Total stockholders' equity</b>	<b>\$ 44,675</b>	<b>\$ 62,363</b>	<b>\$ 208,302</b>

*See accompanying notes to consolidated financial statements.*

**Greenhill & Co., Inc. and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
**Years Ended December 31,**  
*(in thousands)*

	2019	2018	2017
<b>Operating activities:</b>			
Net income (loss).....	\$ 10,978	\$ 39,222	\$ (26,651)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Non-cash items included in net income (loss):			
Depreciation and amortization.....	4,487	5,175	3,114
Net investment (gains) losses.....	(113)	210	258
Restricted stock units recognized, net.....	46,382	37,941	40,597
Allowance for doubtful accounts.....	1,197	—	—
Deferred taxes, net.....	(815)	5,435	14,594
Loss (gain) on fair value of contingent obligation.....	575	4,531	(1,332)
Non-cash portion of loss on refinancing.....	1,759	—	—
Loss (gain) on sales of property and equipment.....	—	(777)	—
Changes in operating assets and liabilities:			
Fees receivable.....	(17,170)	2,451	3,896
Other receivables and assets.....	(143)	(836)	449
Payment of contingent obligation due selling unitholders of Cogent.....	(5,724)	—	—
Compensation payable.....	(30,939)	30,313	(11,505)
Accounts payable and accrued expenses.....	1,690	(9,546)	5,409
Current income taxes payable.....	2,168	2,175	(13,657)
Net cash provided by operating activities.....	14,332	116,294	15,172
<b>Investing activities:</b>			
Distributions from investments, net.....	239	149	221
Purchases of property and equipment.....	(1,648)	(2,124)	(2,555)
Sales of property and equipment.....	—	1,357	—
Net cash used in investing activities.....	(1,409)	(618)	(2,334)
<b>Financing activities:</b>			
Payment of contingent obligation due selling unitholders of Cogent.....	(13,144)	—	—
Proceeds from revolving bank loan.....	—	—	69,355
Repayment of revolving bank loan.....	—	—	(133,425)
Repayment of bank term loans.....	—	—	(16,875)
Proceeds from secured term loan, net.....	48,248	—	339,048
Repayment of secured term loan.....	(18,125)	(21,875)	—
Proceeds from the issuance of common stock.....	—	—	20,000
Dividends paid.....	(4,417)	(5,158)	(47,552)
Purchase of treasury stock.....	(69,439)	(195,299)	(79,561)
Net cash provided by (used in) financing activities.....	(56,877)	(222,332)	150,990
Effect of exchange rate changes.....	1,555	(4,616)	5,505
Net increase (decrease) in cash and cash equivalents.....	(42,399)	(111,272)	169,333
Cash and cash equivalents, beginning of year.....	156,374	267,646	98,313
Cash and cash equivalents, end of year.....	\$ 113,975	\$ 156,374	\$ 267,646
<b>Supplemental disclosure of cash flow information:</b>			
Cash paid for interest.....	\$ 21,511	\$ 20,945	\$ 6,567
Cash paid for taxes, net of refunds.....	\$ 6,201	\$ 10,299	\$ 26,026

*See accompanying notes to Consolidated Financial Statements.*

**Greenhill & Co., Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**

**Note 1 — Organization**

Greenhill & Co., Inc. and subsidiaries (the “Company” or “Greenhill”) is a leading independent investment bank that provides financial and strategic advice on significant domestic and cross-border mergers and acquisitions, restructurings, financings, capital raisings and other strategic transactions to a diverse client base, including corporations, partnerships, institutions and governments globally. The Company acts for clients located throughout the world from our global offices in the United States, Australia, Brazil, Canada, Germany, Hong Kong, Japan, Singapore, Spain, Sweden, and the United Kingdom.

The Company’s wholly-owned subsidiaries provide advisory services in various jurisdictions. Our most significant operating entities include: Greenhill & Co., LLC (“G&Co”), Greenhill & Co. International LLP (“GCI”), Greenhill & Co. Europe LLP (“GCE”) and Greenhill & Co. Australia Pty Limited (“Greenhill Australia”).

G&Co is engaged in investment banking activities principally in the United States. G&Co is registered as a broker-dealer with the Securities and Exchange Commission (“SEC”) and the Financial Industry Regulatory Authority (“FINRA”), and is licensed in all 50 states and the District of Columbia. GCI and GCE are engaged in investment banking activities in the United Kingdom and Europe, respectively, and are subject to regulation by the U.K. Financial Conduct Authority (“FCA”). Greenhill Australia engages in investment banking activities in Australia and New Zealand and is licensed and subject to regulation by the Australian Securities and Investment Commission (“ASIC”).

The Company also operates in other locations throughout the world, which are subject to regulation by other governmental and regulatory bodies and self-regulatory authorities.

**Note 2 — Summary of Significant Accounting Policies**

***Basis of Financial Information***

These consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States (U.S. GAAP), which require management to make estimates and assumptions regarding future events that affect the amounts reported in our financial statements and these footnotes, including compensation accruals and other matters. Management believes that the estimates used in preparing its consolidated financial statements are reasonable and prudent. Actual results could differ materially from those estimates. Certain reclassifications have been made to prior year information to conform to current year presentation.

The consolidated financial statements of the Company include all consolidated accounts of Greenhill & Co., Inc. and all other entities in which the Company has a controlling interest after eliminations of all significant inter-company accounts and transactions.

***Revenue Recognition***

***Subsequent to the adoption of ASC 606***

The Company adopted ASU 2014-09, Revenue from Contracts with Customers, (codified in ASC 606) on January 1, 2018.

The Company recognizes revenue when (or as) services are transferred to clients. Revenue is recognized based on the amount of consideration that management expects to receive in exchange for these services in accordance with the terms of the contract with the client. To determine the amount and timing of revenue recognition, the Company must (1) identify the contract with the client, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when (or as) the Company satisfies a performance obligation.

The Company generally recognizes revenues for mergers and acquisitions engagements at the earlier of the announcement date or transaction date, as the performance obligation is typically satisfied at such time. Upfront fees and certain retainer fees are generally deferred until the announcement or transaction date, as they are considered constrained (subject to significant reversal) prior to the announcement or transaction date. Fairness opinion fees are recognized when the opinion is delivered.



The Company recognizes revenues for financing advisory and restructuring engagements as the services are provided to the client, based on the terms of the engagement letter. In such arrangements, the Company's performance obligations are to provide financial and strategic advice throughout an engagement.

The Company recognizes revenues for capital advisory fees when (1) the commitment of capital is secured (primary capital raising transactions) or the sale or transfer of the capital interest occurs (secondary market transactions) and (2) the fees are earned from the client in accordance with terms of the engagement letter. Upfront fees and certain retainer fees are deferred until the commitment is secured or the sale or transfer of the capital interest occurs, as the fees are considered constrained (subject to significant reversal) prior to such time.

As a result of the deferral of certain fees, deferred revenue (also known as contract liabilities) was \$3.9 million, \$5.6 million and \$12.3 million as of December 31, 2019, December 31, 2018 and January 1, 2018, respectively. Deferred revenue is included in accounts payable and accrued expenses in the consolidated statements of financial condition. During the years ended December 31, 2019 and 2018, the Company recognized \$4.7 million and \$9.3 million of revenues, respectively, that were included in the deferred revenue (contract liabilities) balance at the beginning of each respective period.

The Company's clients reimburse certain expenses incurred by the Company in the conduct of advisory engagements. Client reimbursements totaled \$6.4 million, \$7.0 million and \$4.7 million for the years ended December 31, 2019, 2018, and 2017, respectively. Such reimbursements were reported as revenues and operating expenses for the years ended December 31, 2019 and 2018, and as a reduction to operating expenses for the year ended December 31, 2017, as discussed below, with no impact to operating income in the periods presented.

#### *Prior to the adoption of ASC 606*

Prior to January 1, 2018, it was the Company's accounting policy to recognize revenue when (i) there was persuasive evidence of an arrangement with a client, (ii) the agreed-upon services had been completed and delivered to the client or the transaction or events noted in the engagement letter were determined to be substantially complete, (iii) fees were fixed and determinable, and (iv) collection was reasonably assured.

The Company recognized revenues for mergers and acquisitions or financing advisory and restructuring engagements when the services related to the underlying transactions were completed in accordance with the terms of the engagement letter and all other requirements for revenue recognition were satisfied.

The Company recognized capital advisory fees from primary capital raising transactions at the time of the client's acceptance of capital or capital commitments to a fund in accordance with the terms of the engagement letter. Generally, fee revenue was determined based upon a fixed percentage of capital committed to the fund. For multiple closings, revenue was recognized at each interim closing based on the amount of capital committed at each closing at the fixed fee percentage. At the final closing, revenue was recognized at the fixed percentage for the amount of capital committed since the last interim closing.

The Company recognized capital advisory fees from secondary market transactions at the time the sale or transfer of the capital interest was completed in accordance with the terms of the engagement letter. Generally, fee revenue was determined based upon a fixed percentage of the transaction value.

While the majority of the Company's fee revenue was earned at the conclusion of a transaction or closing of a fund, on-going retainer fees, substantially all of which relate to non-success based strategic advisory and financing advisory and restructuring assignments, were also earned and recognized as revenue over the period in which the related service was rendered.

#### ***Cash and Cash Equivalents***

The Company's cash and cash equivalents consist of (i) cash held on deposit with financial institutions, (ii) cash equivalents and (iii) restricted cash. The Company maintains its cash and cash equivalents with financial institutions with high credit ratings. The Company considers all highly liquid investments with an original maturity date of three months or less, when purchased, to be cash equivalents. Cash equivalents primarily consist of money market funds and other short-term highly liquid investments with original maturities of three months or less and are carried at cost, plus accrued interest, which approximates the fair value due to the short-term nature of these investments.

Management believes that the Company is not exposed to significant credit risk due to the financial position of the depository institutions in which those deposits are held. See "Note 3 — Cash and Cash Equivalents".

### ***Fees Receivable***

Receivables are stated net of an allowance for doubtful accounts. The estimate for the allowance for doubtful accounts is derived by the Company by utilizing past client transaction history and an assessment of the client's creditworthiness. The Company recorded bad debt expense of \$1.2 million, \$0.3 million and \$1.1 million for the years ended December 31, 2019, 2018 and 2017, respectively.

Included in the fees receivable balances at December 31, 2019 and 2018 were \$10.5 million and \$20.0 million, respectively, of long term receivables related to primary capital advisory engagements, which are generally paid in installments over a period of three years.

Credit risk related to fees receivable is disbursed across a large number of clients located in various geographic areas. The Company controls credit risk through credit approvals and monitoring procedures but does not require collateral to support accounts receivable.

### ***Goodwill***

Goodwill is the cost in excess of the fair value of identifiable net assets at the acquisition date. The Company tests its goodwill for impairment at least annually. An impairment loss is triggered if the estimated fair value of an operating unit is less than the estimated net book value. Such loss is calculated as the difference between the estimated fair value of goodwill and its carrying value. See "Note 5 — Goodwill".

Goodwill is translated at the rate of exchange prevailing at the end of the periods presented in accordance with the accounting guidance for foreign currency translation. Any translation gain or loss is included in the foreign currency translation adjustment, which is included as a component of other comprehensive income (loss) in the consolidated statements of changes in stockholders' equity.

### ***Compensation Payable***

Included in compensation payable are discretionary compensation awards comprised of annual cash bonuses and long-term incentive compensation, consisting of deferred cash retention awards, which are non-interest bearing, and generally amortized ratably over a three to five year service period after the date of grant. See "Note 13 — Deferred Compensation".

### ***Restricted Stock Units***

The Company accounts for its share-based compensation payments by recording the fair value of restricted stock units (RSUs) granted to employees as compensation expense. The restricted stock units are generally amortized ratably over a three to five-year service period following the date of grant. Compensation expense is determined based upon the fair value of the Company's common stock at the date of grant. In certain circumstances the Company issues share-based compensation, which is contingent on achievement of certain performance targets. Compensation expense for performance-based awards begins at the time it is deemed probable that the performance target will be achieved and is amortized into expense over the remaining service period. The Company includes a forfeiture estimate in the aggregate compensation cost to be amortized.

As the Company expenses the awards, the restricted stock units recognized are recorded within stockholders' equity. The restricted stock units are reclassified into common stock and additional paid-in capital upon vesting. The Company records as treasury stock the repurchase of stock delivered to its employees in settlement of tax liabilities incurred upon the vesting of restricted stock units. The Company records dividend equivalent payments on outstanding restricted stock units eligible for such payment as a dividend payment and a charge to stockholders' equity.

### ***Earnings per Share***

The Company calculates basic earnings per share ("EPS") by dividing net income by the sum of (i) the weighted average number of shares outstanding for the period and (ii) the weighted average number of shares deemed issuable due to the vesting of restricted stock units for accounting purposes. See "Note 10 — Equity".

The Company calculates diluted EPS by dividing net income by the sum of (i) basic shares per above and (ii) the dilutive effect of the common stock deliverable pursuant to restricted stock units for which future service is required. Under the treasury stock method, the number of shares issuable upon the vesting of restricted stock units included in the calculation of diluted EPS is the excess, if any, of the number of shares expected to be issued, less the number of shares that could be repurchased by the Company with the proceeds to be received upon settlement at the average market closing price during the reporting period. See "Note 11 — Earnings per Share".

### ***Provision for Taxes***

The Company accounts for taxes in accordance with the accounting guidance for income taxes which requires the recognition of tax benefits or expenses on the temporary differences between the financial reporting and tax bases of its assets and liabilities.

The Company follows the guidance for income taxes in recognizing, measuring, presenting and disclosing in its financial statements uncertain tax positions taken or expected to be taken on its income tax returns. Income tax expense is based on pre-tax accounting income, including adjustments made for the recognition or derecognition related to uncertain tax positions. The recognition or derecognition of income tax expense related to uncertain tax positions is determined under the guidance, and the Company's policy is to treat interest and penalties related to uncertain tax positions as part of pre-tax income.

Deferred tax assets and liabilities are recognized for the future tax attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in earnings in the period of change. Management applies the "more-likely-than-not criteria" when determining tax benefits.

### ***Foreign Currency Translation***

Assets and liabilities denominated in foreign currencies have been translated at rates of exchange prevailing at the end of the periods presented in accordance with the accounting guidance for foreign currency translation. Income and expenses transacted in foreign currency have been translated at average monthly exchange rates during the period. Translation gains and losses are included in the foreign currency translation adjustment, which is included as a component of other comprehensive income (loss) in the consolidated statements of changes in stockholders' equity. Foreign currency transaction gains and losses are included in the consolidated statements of operations in other operating expenses.

### ***Financial Instruments and Fair Value***

The Company accounts for financial instruments measured at fair value in accordance with accounting guidance for fair value measurements and disclosures which establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under the pronouncement are described below:

#### ***Basis of Fair Value Measurement***

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 – Quoted prices in markets that are not active or financial instruments for which all significant inputs are observable, either directly or indirectly; and

Level 3 – Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. In determining the appropriate levels, the Company performs an analysis of the assets and liabilities that are subject to these disclosures. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs or instruments which trade infrequently and therefore have little or no price transparency are classified as Level 3. Transfers between levels are recognized as of the end of the period in which they occur. See "Note 7 — Fair Value of Financial Instruments".

### ***Leases***

The Company leases office space for its operations around the globe. Certain leases include options to renew, which can be exercised at the Company's sole discretion. The Company determines if a contract contains a lease at contract inception. Operating lease assets represent the Company's right to use the underlying asset and operating lease liabilities represent the Company's obligation to make lease payments. Operating lease assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. When determining the lease term, the Company generally does not include options to renew as it is not reasonably certain at contract inception that the Company will exercise the option(s). The Company uses the implicit rate when readily determinable and its incremental borrowing rate when the implicit

rate is not readily determinable. The Company's incremental borrowing rate is determined using its secured borrowing rate and giving consideration to the currency and term of the associated lease as appropriate.

The lease payments used to determine the Company's operating lease assets may include lease incentives, stated rent increases and escalation clauses linked to rates of inflation when determinable and are recognized in operating lease assets in the condensed consolidated balance sheets. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term. The straight-lining of rent expense results in differences in the operating lease right-of-use asset and operating lease obligations on the consolidated statement of financial position.

### ***Property and Equipment***

Property and equipment is stated at cost less accumulated depreciation and amortization. Depreciation is computed using the straight-line method over the life of the assets. Amortization of leasehold improvements is computed using the straight-line method over the lesser of the life of the asset or the remaining term of the lease. Estimated useful lives of the Company's fixed assets are generally as follows:

Equipment – 5 years

Furniture and fixtures – 7 years

Leasehold improvements – the lesser of 10 years or the remaining lease term

### ***Business Information***

The Company's activities as an investment banking firm constitute a single business segment, with substantially all revenues generated from advisory services, which includes engagements relating to mergers and acquisitions, financing advisory and restructuring, and capital advisory services.

### ***Recently Adopted Accounting Pronouncements***

In February 2016, the FASB issued ASU No. 2016-02, Leases ("ASU 2016-02"), which requires the recognition of lease assets and lease liabilities for operating leases, among other changes. The Company adopted this standard on January 1, 2019 utilizing a modified retrospective approach. The Company elected to apply practical expedients provided in the standard that allowed the Company to not reassess whether expired or existing contracts are or contain leases, not reassess lease classification for expired or existing leases (e.g., pre-existing operating leases are classified as operating leases under the new standard), and not reassess initial direct costs for existing leases. The impact of adopting ASU 2016-02 was an increase of \$38.1 million to the Company's assets and liabilities for the operating lease right-of-use assets and operating lease obligations on the condensed consolidated statement of financial condition as of January 1, 2019. Upon adoption, the Company also reclassified \$3.2 million of deferred rent from accounts payable and accrued expenses to operating lease obligations on the condensed consolidated statement of financial condition. Differences in the operating lease right-of-use asset and operating lease obligations are due to straight-lining rent expense and the resulting deferred rent. There was no net impact to the condensed consolidated statement of operations.

In May 2014, the FASB issued ASU 2014-09 "Revenue from Contracts with Customers" codifying ASC 606, Revenue Recognition — Revenue from Contracts with Customers, which supersedes the guidance in former ASC 605, Revenue Recognition. The Company adopted this standard on January 1, 2018 utilizing the modified retrospective approach and applied the standard to contracts that were not completed at this time. Upon adoption, certain revenues that were previously recognized as services were provided changed to either point in time recognition or over the term of an engagement. This change in the Company's revenue recognition policy created deferred revenues (also known as contract liabilities) that will be recognized at a point in time as performance obligations are met. The cumulative effect of adopting this ASU on January 1, 2018 was a net decrease to retained earnings of \$7.6 million. The Company also changed the presentation of certain reimbursed costs from a net presentation prior to adoption to a gross presentation following adoption.

### ***Accounting Developments***

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments - Credit Losses (Topic 326) - Measurement of Credit Losses on Financial Instruments ("ASU 2016-13"). This ASU changes how companies measure credit losses on most financial instruments, including accounts receivable. Companies will be required to estimate lifetime expected credit losses, which is generally expected to result in earlier recognition of credit losses. The Company adopted this standard effective on January 1, 2020 under a modified retrospective approach. The Company estimates that as of January 1, 2020, the impact of adoption will decrease the Company's assets and retained earnings by approximately \$0.2 million.

In December 2019, the FASB issued ASU No. 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes. Under the new guidance, companies will reflect the effect of an enacted change in tax law or rates in the period that includes the enactment date of the new legislation, among other changes. This will align the timing of recognizing the effects of new tax law or rates on the effective tax rate with the effect on the deferred tax assets and liabilities. The Company is currently evaluating the impact of the future adoption of ASU 2019-12 on the Company's consolidated financial statements. Adoption could be material to the Company in periods of enactment of new tax laws or rates. The standard is effective for the Company on January 1, 2021 under a prospective approach and can be early adopted prior to that date.

### Note 3 — Cash and Cash Equivalents

The carrying values of the Company's cash and cash equivalents are as follows:

	As of December 31,	
	2019	2018
	(in thousands)	
Cash	\$ 59,455	\$ 80,400
Cash equivalents	44,751	72,193
Restricted cash - letters of credit	9,769	3,781
Total cash and cash equivalents	<u>\$ 113,975</u>	<u>\$ 156,374</u>

In June 2019, the Company delivered a security deposit in the form of a \$5.9 million standby letter of credit to the landlord of a new office lease. Under certain circumstances, the Company will be entitled to periodically reduce the amount of the letter of credit amount down ultimately to approximately \$3.5 million from and after the fifth anniversary of the rent commencement. See "Note 16 — Leases".

The carrying value of the Company's cash equivalents approximates fair value. See "Note 7 — Fair Value of Financial Instruments".

Letters of credit were secured by cash held on deposit. See "Note 14 — Commitments and Contingencies".

### Note 4 — Property and Equipment

Property and equipment consist of the following:

	As of December 31,	
	2019	2018
	(in thousands)	
Equipment	\$ 22,452	\$ 21,451
Furniture and fixtures	7,758	7,684
Leasehold improvements	23,806	23,082
	54,016	52,217
Less accumulated depreciation and amortization	(47,735)	(45,032)
Total property and equipment, net	<u>\$ 6,281</u>	<u>\$ 7,185</u>

### Note 5 — Goodwill

Goodwill consists of the following:

	As of December 31,	
	2019	2018
	(in thousands)	
Balance, January 1	\$ 205,922	\$ 217,737
Foreign currency translation adjustments	70	(11,815)
Balance, December 31	<u>\$ 205,992</u>	<u>\$ 205,922</u>

The Company performs a goodwill impairment test annually or more frequently if circumstances indicate that impairment may have occurred. The Company has reviewed its goodwill for potential impairment and determined that the fair value of goodwill exceeded the carrying value. Accordingly, no goodwill impairment loss has been recognized for the years ended December 31, 2019, 2018 or 2017.

**Note 6 — Other Assets**

Other assets consist of the following:

	As of December 31,	
	2019	2018
(in thousands)		
Prepaid expenses and other assets .....	\$ 6,098	\$ 5,993
Rent deposits .....	1,856	1,764
Other tangible assets .....	264	368
Total other assets .....	<u>\$ 8,218</u>	<u>\$ 8,125</u>

**Note 7 — Fair Value of Financial Instruments**

*Assets Measured at Fair Value on a Recurring Basis*

Assets and liabilities are classified in their entirety based on their lowest level of input that is significant to the fair value measurement. As of December 31, 2019, the Company had Level 1 assets measured at fair value. As of December 31, 2018, the Company had Level 1 assets and Level 2 liabilities measured at fair value.

The following tables set forth the measurement at fair value on a recurring basis of the investments in money market funds, short-term cash instruments and U.S. government securities. The securities are categorized as a Level 1 asset, as their valuation is based on quoted prices for identical assets in active markets. See “Note 3 — Cash and Cash Equivalents”.

**Assets Measured at Fair Value on a Recurring Basis as of December 31, 2019**

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of December 31, 2019
(in thousands)				
<b>Assets</b>				
Cash equivalents .....	\$ 44,751	\$ —	\$ —	\$ 44,751
Total .....	<u>\$ 44,751</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 44,751</u>

**Assets Measured at Fair Value on a Recurring Basis as of December 31, 2018**

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of December 31, 2018
(in thousands)				
<b>Assets</b>				
Cash equivalents .....	\$ 72,193	\$ —	\$ —	\$ 72,193
Total .....	<u>\$ 72,193</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 72,193</u>

*Liabilities Measured at Fair Value on a Recurring Basis*

In connection with the acquisition in April 2015 of Cogent Partners, LP and its affiliates (“Cogent,” now known as the secondary capital advisory business), the Company agreed to pay to the sellers in the future \$18.9 million in cash and 334,048 shares of Greenhill common stock if certain agreed revenue targets are achieved (the “Earnout”). The cash payment and the issuance of common shares related to the Earnout were to be made if secondary capital advisory revenues of \$80.0 million or more were earned during either the two year period ending on the second anniversary of the closing or the two year period ending on the fourth anniversary of the closing. The revenue generated by the secondary capital advisory business for the first

two year period ended March 31, 2017 was slightly less than required to achieve the Earnout. The Earnout for the second two year period ended March 31, 2019 was achieved, and in accordance with terms of the purchase agreement, the contingent consideration was paid in April 2019. The fair value of the contingent cash consideration was valued on the date of the acquisition at \$13.1 million and was remeasured quarterly based on a probability weighted present value discount that the revenue target may be achieved. In April 2019, the liability was paid in full. Due to the remeasurement of the Earnout, the Company recognized an increase in other operating expenses of \$0.6 million for the year ended December 31, 2019, an increase in other operating expenses of \$4.5 million for the year ended December 31, 2018 and a decrease in other operating expenses of \$1.3 million for the year ended December 31, 2017. See "Note 10 — Equity" and "Note 11 — Earnings per Share".

The following tables set forth the measurement at fair value on a recurring basis of the contingent cash consideration due to the selling unitholders of Cogent related to the Earnout prior to its settlement in April 2019. The liability arose as a result of the acquisition of Cogent and was categorized as a Level 3 liability. Through March 31, 2019, the liability was remeasured each quarter based on the probability of achieving the target revenue threshold and weighted average discount rate as discussed below. In the third quarter of 2018, the liability was transferred to Level 2 as the only remaining fair value input was the present value discount.

#### Liabilities Measured at Fair Value on a Recurring Basis as of December 31, 2018

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of December 31, 2018
	(in thousands)			
<b>Liabilities</b>				
Contingent obligation due selling unitholders of Cogent...	\$ —	\$ 18,293	\$ —	\$ 18,293
Total.....	\$ —	\$ 18,293	\$ —	\$ 18,293

#### Changes in Level 3 liabilities measured at fair value on a recurring basis for the year ended December 31, 2018

	Opening Balance as of January 1, 2018	Total realized and unrealized gains (losses) included in Net Income	Unrealized gains (losses) included in Other Comprehen sive Income	Purchases	Issues	Sales	Transfers Out	Closing Balance as of December 31, 2018	Unrealized gains (losses) for Level 3 liabilities outstanding at December 31, 2018
	(in thousands)								
<b>Liabilities</b>									
Contingent obligation due selling unitholders of Cogent.....	\$ 13,763	\$ (4,021)	\$ —	\$ —	\$ —	\$ —	\$ (17,784)	\$ —	\$ —
Total.....	\$ 13,763	\$ (4,021)	\$ —	\$ —	\$ —	\$ —	\$ (17,784)	\$ —	\$ —

**Changes in Level 3 liabilities measured at fair value on a recurring basis for the year ended December 31, 2017**

	Opening Balance as of January 1, 2017	Total realized and unrealized gains (losses) included in Net Income	Unrealized gains (losses) included in Other Comprehen sive Income	Purchases	Issues	Sales	Transfers Out	Closing Balance as of December 31, 2017	Unrealized gains (losses) for Level 3 liabilities outstanding at December 31, 2017
	(in thousands)								
<b>Liabilities</b>									
Contingent obligation due selling unitholders of Cogent.....	\$ 15,095	\$ 1,332	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 13,763	\$ 1,332
<b>Total.....</b>	<b>\$ 15,095</b>	<b>\$ 1,332</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 13,763</b>	<b>\$ 1,332</b>

Realized and unrealized gains (losses) are reported as a component of other operating expenses in the consolidated statements of operations.

There were no Level 3 liabilities at December 31, 2019 or 2018.

**Valuation Processes - Level 3 Measurements** - The Company utilizes a valuation technique based on a present value method applied to the probability of achieving a range of potential revenue outcomes. The valuation was conducted by the Company. The Company updates unobservable inputs each reporting period and has a formal process in place to review changes in fair value.

**Sensitivity Analysis - Level 3 Measurements** - The significant unobservable inputs used in determining fair value are the discount rate and forecast revenue information. Significant increases (decreases) in the discount rate would have resulted in a lower (higher) fair value measurement, respectively. Significant increases (decreases) in the forecast revenue information would result in a higher (lower) fair value measurement, respectively. For all significant unobservable inputs used in the fair value measurement of the Level 3 liabilities, a change in one of the inputs would not necessarily result in a directionally similar change in the other inputs.

**Note 8 — Related Parties**

At December 31, 2019 and 2018, the Company had no amounts receivable from or payable to related parties.

Prior to June 2018, the Company subleased airplane and office space to a firm owned by the then Chairman of the Company. The Company recognized rent reimbursements of less than \$0.1 million for each of the years ended December 31, 2018 and 2017. During 2018 and 2017, the Company paid less than \$0.1 million each year for the use of an aircraft owned by the Chairman of the Company.

**Note 9 — Loan Facilities**

In October 2017, as part of a recapitalization plan, the Company entered into a credit agreement with a syndicate of lenders, who lent a face amount of \$350.0 million under a five-year secured term loan facility (“2017 Term Loan Facility”) and provided a three-year secured revolving credit facility (“Revolving Loan Facility”) for \$20.0 million, which was undrawn at closing.

On April 12, 2019, the Company refinanced its 2017 Term Loan Facility with borrowings of \$375.0 million from a new five-year secured term loan facility (“Term Loan Facility”). These borrowings were used to repay in full the \$319.4 million outstanding principal balance of the 2017 Term Loan Facility, pay fees and expenses and resulted in net cash proceeds of \$48.2 million, which increased the Company’s cash balance. Under the terms of the 2017 Term Loan Facility, the Company was eligible to repay, refinance or reprice the outstanding principal amount of the loan facility as of April 12, 2019 without any incremental premium or other charge.



	As of December 31,	
	2019	2018
	(in thousands)	
Term Loan Facility carrying value .....	\$ 358,003	\$ 319,479
Unamortized discount .....	2,365	1,313
Unamortized debt issuance costs .....	5,257	7,333
Total Term Loan Facility .....	365,625	328,125
Current maturities of Term Loan Facility .....	(18,750)	(35,000)
Total long-term debt .....	<u>\$ 346,875</u>	<u>\$ 293,125</u>

Effective with the refinancing in April 2019, borrowings under the Term Loan Facility bear interest at either the U.S. Prime Rate plus 2.25% or LIBOR plus 3.25%, which represents a 50 basis point reduction from the applicable borrowing rates of the 2017 Term Loan Facility. Borrowings under the Term Loan Facility and 2017 Term Loan Facility had a weighted average interest rate for the years ended December 31, 2019 and 2018 of 5.7% and 5.8%, respectively (with the borrowing rate ranging from 5.0% to 6.6% and from 5.1% to 6.6%, respectively).

The Term Loan Facility requires quarterly principal amortization payments of \$4.7 million (or \$18.8 million annually), from September 30, 2019 through March 31, 2024, with the remaining outstanding balance due at maturity on April 12, 2024. In addition, beginning for the year ended December 31, 2019, the Company may be required to make annual repayments of principal on the Term Loan Facility within ninety days of year-end of up to 50% of its annual excess cash flow as defined in the credit agreement based on a calculation of net leverage. For each of the years ended December 31, 2019 and 2018, based upon the Company's financial results, an excess cash flow payment was not required. The Company is also required to repay certain amounts of the Term Loan Facility in connection with the non-ordinary course sale of assets, receipt of insurance proceeds, and the issuance of debt obligations, subject to certain exceptions. The Revolving Loan Facility was not refinanced and the amount, interest rate and maturity remained unchanged from the original terms. There have been no borrowings under the Revolving Loan Facility.

The Term Loan Facility and Revolving Loan Facility are both guaranteed by the Company's existing and subsequently acquired or organized wholly-owned U.S. restricted subsidiaries (excluding any registered broker-dealers) and secured with a first priority perfected security interest in certain domestic assets, 100% of the capital stock of each U.S. subsidiary and 65% of the capital stock of each non-U.S. subsidiary, subject to certain exclusions which, for the avoidance of doubt, such security interest shall not include any assets of regulated subsidiaries that are not permitted to be pledged by law, statute or regulation, including cash held by regulated subsidiaries and any other capital required to meet and maintain regulatory capital requirements. The credit facilities contain certain covenants that limit the Company's ability above certain permitted amounts to incur additional indebtedness, make certain acquisitions, pay dividends and repurchase shares. The Term Loan Facility does not have financial covenants and the Revolving Loan Facility is subject to a springing total net leverage ratio financial covenant, subject to certain step downs, if the Company's borrowings under the Revolving Loan Facility exceed \$12.5 million. The Company is also subject to certain other non-financial covenants. At December 31, 2019 and 2018, the Company was compliant with all loan covenants.

In conjunction with the refinancing of the 2017 Term Loan Facility in April 2019, the Company incurred fees of \$5.7 million, of which \$2.7 million was recorded as deferred financing costs and \$3.0 million was expensed. In addition, as a result of the refinancing, \$1.8 million of previously deferred fees, or fees in aggregate of \$4.8 million, were charged to expense and recorded as interest expense in the consolidated statements of operations. The deferred financing costs incurred in connection with the refinancing, along with the remaining unamortized costs from the 2017 Term Loan Facility which, as of April 2019, were \$9.0 million, are being amortized into interest expense over the remaining life of the obligation and recorded as a reduction in the carrying value of the Term Loan Facility in the consolidated statement of financial condition. For the years ended December 31, 2019 and 2018, in addition to the charge related to the refinancing in 2019, the Company incurred incremental interest expense of \$1.9 million and \$2.3 million, respectively, related to the amortization of these costs.

As of December 31, 2019, the carrying value of the Term Loan Facility, excluding the unamortized debt issuance costs and discount that are presented as a reduction to the debt principal balance, approximated the fair value. As the borrowing is not accounted for at fair value, the fair value is not included in the Company's fair value hierarchy in "Note 7 — Fair Value of Financial Instruments," however, had the borrowing been included, it would have been classified in Level 2.

During the year ended December 31, 2019, the Company made mandatory principal payments on the 2017 Term Loan Facility of \$8.8 million and on the Term Loan Facility of \$9.4 million, or \$18.1 million in total. All mandatory repayments of

the Term Loan Facility are applied without penalty or premium. Voluntary prepayments of borrowings under the Term Loan Facility are also permitted without penalty, however, in the event that all or any portion of the Term Loan Facility is prepaid or refinanced or repriced through any amendment prior to April 13, 2020, such prepayment, refinancing, or repricing would be at 101.0% of the principal amount so prepaid, refinanced or repriced.

In conjunction with the borrowing of the Term Loan Facility in October 2017, the Company used a portion of the proceeds to repay in full outstanding borrowings of \$83.8 million under the previously existing revolving bank loan facility plus accrued interest. Interest on the previous revolving bank loan facility was based on the higher of 3.50% or the U.S. Prime Rate (4.25% at the time of repayment) and was payable monthly for the year ended December 31, 2017. The weighted average daily borrowings outstanding under the previous revolving bank loan facility for the portion of the year the obligation was outstanding were approximately \$65.3 million and they had a weighted average interest rate of 4.2%.

## **Note 10 — Equity**

In September 2017, the Company announced plans for a leveraged recapitalization, which included the authorization to repurchase up to \$285 million of the Company's common stock. As part of the refinancing in April 2019, the amount permitted and authorized for future share repurchases was increased to \$339.1 million, or by \$75.0 million from the amount repurchased in advance of the refinancing.

During the year ended December 31, 2019, the Company repurchased 3,275,641 shares of common stock through open market transactions at an average price of \$16.93 per share, for a total cost of \$55.5 million. During the year ended December 31, 2018, the Company repurchased 7,497,635 shares of common stock through a modified Dutch auction tender and open market transactions at an average price of \$24.89 per share, for a total cost of \$186.6 million. During the year ended December 31, 2017, the Company repurchased 3,777,548 shares of common stock through a tender offer and other open market transactions at an average price of \$17.41 per share, for a total cost of \$65.8 million. In addition, the Company incurred fees and expenses relating to tender offers of \$0.2 million and \$0.7 million during the years ended December 31, 2018 and 2017, respectively. As of December 31, 2019, the Company has repurchased under the recapitalization plan 14,550,824 shares of common stock at an average price of \$21.16 per share for a total cost of \$307.9 million and had \$31.2 million remaining and authorized under its repurchase plan.

In November 2017, the Company's then Chairman, through an entity controlled by him, and the Company's now Chairman and Chief Executive Officer, in his personal capacity and through an entity controlled by him, each purchased \$10.0 million of the Company's common stock, for an aggregate total of \$20.0 million, and a total of 1,159,420 common shares were issued.

In connection with the acquisition of Cogent, the Company issued 779,454 shares of common stock on the acquisition date, April 1, 2015. In addition, the Company issued 334,048 shares of common stock shortly after the revenue target for the second two year period ended March 31, 2019 was achieved. The fair value of the contingent issuance of common shares was valued on the date of the acquisition at \$11.9 million and was recorded as additional paid in capital in the consolidated statements of financial condition. Upon delivery of the shares in April 2019, the par value of the shares was transferred to common stock in the consolidated statement of financial condition. In addition, \$1.2 million was reflected as an adjustment to additional paid-in capital in the consolidated statement of financial condition for the tax effect of the difference in the acquisition date value of the contingently issuable shares and the fair value of the shares when issued in April 2019. See "Note 7 — Fair Value of Financial Instruments" and "Note 11 — Earnings per Share".

During 2019, 1,407,095 restricted stock units vested and were settled in shares of common stock, of which the Company is deemed to have repurchased 573,472 shares at an average price of \$24.37 per share for a total cost of \$14.0 million in conjunction with the payment of tax liabilities in respect of stock delivered to its employees in settlement of restricted stock units.

During 2018, 1,238,733 restricted stock units vested and were settled in shares of common stock, of which the Company is deemed to have repurchased 433,507 shares at an average price of \$20.00 per share for a total cost of \$8.7 million in conjunction with the payment of tax liabilities in respect of stock delivered to its employees in settlement of restricted stock units.

Dividends declared and paid on outstanding common share were \$0.20, \$0.20 and \$1.40 for each of the years ended December 31, 2019, 2018 and 2017, respectively. In addition, dividend equivalent amounts are accrued and paid on outstanding restricted stock units and amounted to \$1.3 million, \$1.1 million and \$6.3 million for the years ended December 31, 2019, 2018 and 2017, respectively, and paid amounts are included in dividends paid on the consolidated statements of cash flows. In the event a restricted stock unit holder's employment is terminated, to the extent dividends have been paid to the holder, a portion of the dividend equivalent amount is required to be paid back (a "clawback") to the Company and is netted against the dividend equivalent amounts herein. See "Note 13 — Deferred Compensation — Restricted Stock Units".

## Note 11 — Earnings per Share

The computations of basic and diluted EPS are set forth below:

	For the Years Ended December 31,		
	2019	2018	2017
	(in thousands, except per share amounts)		
Numerator for basic and diluted EPS — net income (loss).....	\$ 10,978	\$ 39,222	\$ (26,651)
Denominator for basic EPS — weighted average number of shares.....	24,025	26,813	32,075
Add — dilutive effect of:			
Restricted stock units and Cogent Earnout shares.....	247 (1)	825 (1)	— (1)
Denominator for diluted EPS — weighted average number of shares and dilutive securities.....	24,272	27,638	32,075
Earnings (loss) per share:			
Basic EPS.....	\$ 0.46	\$ 1.46	\$ (0.83)
Diluted EPS.....	\$ 0.45	\$ 1.42	\$ (0.83)

For the year ended December 31, 2018, the weighted average number of shares and dilutive potential shares included 334,048 shares of common stock that were to be issued to certain selling unitholders of Cogent in April 2019 as the revenue target related to the Earnout was achieved during the quarter ended September 30, 2018. See “Note 7 — Fair Value of Financial Instruments”.

(1) Excludes 1,480,056, 672,518 and 2,617,043 outstanding restricted stock units that were antidilutive under the treasury stock method for the years ended December 31, 2019, 2018 and 2017, respectively, and thus were not included in the above calculation. As a result of the loss in the year ended December 31, 2017, this represented all unamortized restricted stock units. The incremental shares that could be included in the diluted EPS calculation in future periods will vary based on a variety of factors, including the future share price and the amount of unrecognized compensation cost. The incremental shares included, if any, would be less than the number of outstanding restricted stock units.

## Note 12 — Retirement Plan

The Company sponsors qualified defined contribution plans in certain jurisdictions. Qualified plans comply with applicable local laws and regulations. The Company incurred costs of \$1.0 million, \$1.3 million and \$1.6 million for contributions to the retirement plans for the years ended December 31, 2019, 2018 and 2017, respectively. There was \$0.1 million related to contributions due to the Retirement Plans included in compensation payable on the consolidated statements of financial condition at both December 31, 2019 and 2018.

## Note 13 — Deferred Compensation

### *Restricted Stock Units*

The Company has an equity incentive plan to motivate its employees and allow them to participate in the ownership of its stock. Under the Company’s plan, restricted stock units, which represent a right to a future payment equal to one share of common stock, may be awarded to employees, directors and certain other non-employees as selected by the Compensation Committee. Awards granted under the plan are generally amortized ratably over a three to five-year service period following the date of the grant. Holders of restricted stock units are entitled to receive dividends declared on the underlying common stock to the extent the restricted stock units ultimately vest.

The activity related to the restricted stock units is set forth below:

	Restricted Stock Units Outstanding			
	2019		2018	
	Units	Grant Date Weighted Average Fair Value	Units	Grant Date Weighted Average Fair Value
Outstanding, January 1,.....	6,210,282	\$ 22.73	5,396,728	\$ 28.02
Granted.....	2,294,967	22.55	2,741,343	18.94
Delivered.....	(1,468,700)	27.58	(1,265,500)	36.63
Forfeited.....	(255,074)	22.84	(662,289)	23.49
Outstanding, December 31,.....	<u>6,781,475</u>	<u>\$ 21.60</u>	<u>6,210,282</u>	<u>\$ 22.73</u>

For the years ended December 31, 2019, 2018 and 2017, the Company recognized compensation expense from the amortization of restricted stock units, net of forfeitures, of \$45.8 million, \$38.4 million and \$40.2 million, respectively.

The weighted-average grant date fair value for restricted stock units granted during the years ended December 31, 2019, 2018 and 2017 was \$22.55, \$18.94 and \$20.87, respectively. As of December 31, 2019, unrecognized restricted stock units compensation expense was \$58.4 million, with such unrecognized compensation expense expected to be recognized over a weighted average period of approximately 1.7 years.

The Company awards restricted stock units to employees under the equity incentive plan, primarily in connection with its annual bonus awards and compensation agreements for new hires. In certain jurisdictions, the Company may settle share-based payment awards in cash in lieu of shares of common stock to obtain tax deductibility. In these circumstances, the awards are settled in the cash equivalent value of the Company's shares of common stock based upon their value at settlement date. These cash-settled share-based awards are remeasured at fair value at each reporting period.

The Company also awards performance-based restricted stock units ("PRSU"), as part of long-term incentive compensation to a limited number of key employees. The actual performance relative to target performance is measured quarterly and the probability-weighted likelihood of achievement is recorded.

#### ***Deferred Cash Compensation***

As part of its long-term incentive award program, the Company grants deferred cash retention awards to certain eligible employees. The deferred awards, which generally vest ratably over a three to five year service period, provide the employee with the right to receive future cash compensation payments, which are non-interest bearing. Deferred cash compensation of \$14.5 million and \$12.1 million as of December 31, 2019 and 2018, respectively, is included in compensation payable in the consolidated statements of financial condition. As of December 31, 2019, total unrecognized deferred cash compensation (prior to the consideration of forfeitures) was approximately \$6.0 million and is expected to be recognized over a weighted-average period of 0.7 years.

For the years ended December 31, 2019, 2018 and 2017, the Company recognized compensation expense from the amortization of deferred cash compensation, net of estimated forfeitures, of \$8.9 million, \$7.7 million and \$13.1 million, respectively.

#### **Note 14 — Commitments and Contingencies**

Diversified financial institutions in certain jurisdictions in which we operate issued six and five letters of credit on behalf of the Company to secure office space leases, which totaled \$9.8 million and \$3.8 million at December 31, 2019 and 2018, respectively. These letters of credit were secured by cash held on deposit. At December 31, 2019 and 2018, no amounts had been drawn under any of the letters of credit. See "Note 3 — Cash and Cash Equivalents".

The Company leases office space for its operations around the globe. See "Note 16 — Leases".

The Company is from time to time involved in legal proceedings incidental to the ordinary course of its business. The Company does not believe any such proceedings will have a material adverse effect on its results of operations.

## Note 15 — Income Taxes

The Company is subject to U.S. federal, state and local, as well as foreign, corporate income taxes.

The components of the provision for income taxes reflected on the consolidated statements of operations are set forth below:

	For the Years Ended December 31,		
	2019	2018	2017
	(in thousands)		
Current taxes:			
U.S. federal.....	\$ 2,868	\$ 1,868	\$ 8,792
State and local.....	410	1,937	1,181
Foreign.....	4,982	9,968	1,786
Total current tax expense.....	8,260	13,773	11,759
Deferred taxes:			
U.S. federal.....	293	202	14,626
State and local.....	(534)	50	795
Foreign.....	(574)	5,183	(827)
Total deferred tax (benefit) expense.....	(815)	5,435	14,594
Total tax expense.....	\$ 7,445	\$ 19,208	\$ 26,353

The Company accounts for income taxes in accordance with ASC 740, which requires an asset and liability approach for financial accounting and reporting for income taxes. Deferred taxes are provided for the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts for income tax purposes. These deferred taxes are measured using the enacted tax rates and laws that will be in effect when such differences are expected to reverse. Changes in tax laws and accounting pronouncements enacted in the year ended December 31, 2017 significantly affected the Company's income tax provision in subsequent years.

Effective in 2017, the Company was subject to a new accounting pronouncement which required it to record a charge or benefit in its income tax provision for the tax effect of the difference between the grant price fair value of RSUs and the fair value of such awards at the time of vesting in addition to the income tax benefit for the tax effect of dividend payments on restricted stock units.

On December 22, 2017, the Tax Cuts and Jobs Act (the "TCJA") was enacted making significant changes to U.S. corporate income tax laws by, among other things, lowering the corporate income tax rate from 35% to 21% beginning in 2018, imposing a one-time repatriation tax in the current year for the deemed repatriation of earnings of foreign subsidiaries previously tax deferred before the effective date of the legislation, and implementing a territorial-type tax system with a minimum tax for certain foreign earnings starting in 2018. Although the reduction in the corporate income tax rate was not effective until after the year ended December 31, 2017, the legislation required the Company to revalue its deferred tax assets and liabilities and charge to deferred tax expense the future impact of the lower corporate tax rate as of the effective date of the legislation. In accordance with ASC 740, this revaluation adjustment included the tax effect related to the change in corporate tax rates for foreign currency translation adjustments that had previously been accounted for as a tax adjustment in other comprehensive income in the consolidated statements of changes in stockholders' equity. The effect of the revaluation of the Company's deferred tax assets and liabilities resulted in a net charge of \$15.4 million for the year ended December 31, 2017. Despite having significant tax deferred foreign earnings at the effective date of the legislation, the one-time repatriation tax charge for previously deferred earnings of foreign subsidiaries did not result in a charge in the tax provision for the year ended December 31, 2017, because the calculation of the deemed repatriation allows the offset of cumulative foreign earning by jurisdiction against cumulative foreign losses of other jurisdictions. The impact of the implementation of this territorial-type tax system did not have a significant impact in the income tax provisions for the tax years ended December 31, 2019 and is not expected to have a material impact in future years. As such, in order to better align its structure and operations with these new tax laws, the Company no longer intends to indefinitely reinvest its non-U.S. subsidiary earnings outside of the United States. In addition, the TCJA eliminated the performance award exception related to executive compensation, making certain compensation paid to covered employees non-deductible in current and future periods.

Effective in 2019, the Company adopted ASU No. 2016-02, Leases, requiring the recognition of lease assets and liabilities for operating leases. As part of the adoption of this new accounting standard, temporary differences are recognized for tax purposes and reflected separately in the balance sheet as deferred lease assets and lease liabilities.

Significant components of the Company's net deferred tax assets and liabilities are set forth below:

	As of December 31,	
	2019	2018
	(in thousands)	
Deferred tax assets:		
Compensation and benefits.....	\$ 21,706	\$ 19,353
Depreciation and amortization.....	1,816	1,539
Cumulative translation adjustment.....	12,235	12,624
Operating loss carryforwards.....	4,644	5,256
Capital loss carryforwards.....	1,874	1,909
Lease asset.....	7,652	—
Other financial accruals.....	3,760	5,488
Valuation allowances.....	(2,409)	(2,463)
Total deferred tax assets.....	<u>51,278</u>	<u>43,706</u>
Deferred tax liabilities:		
Lease liability.....	6,959	—
Other financial accruals.....	5,045	3,990
Total deferred tax liabilities.....	<u>12,004</u>	<u>3,990</u>
Net deferred tax asset.....	<u>\$ 39,274</u>	<u>\$ 39,716</u>

Based on the Company's historical taxable income and its expectation for taxable income in the future, management expects that its largest deferred tax asset, which relates principally to compensation expense deducted for book purposes but not yet deducted for tax purposes, will be realized as offsets to future taxable income.

The Company's deferred taxes for operating loss carryforwards relate to losses incurred in foreign jurisdictions. These jurisdictions had been profitable in prior years and the Company believes it is more likely than not they will be profitable in future years. However, management has carefully considered the need for a valuation allowance by evaluating each foreign jurisdiction separately and considering items such as historical and estimated future taxable income, cost bases, and other various factors. Based on all available information, the Company has determined that it is more likely than not that it will realize the full benefit of these operating loss carryforwards and other deferred tax assets in the majority of its foreign jurisdictions notwithstanding a nominal reserve of \$0.5 million due to local tax rules. At December 31, 2019, the Company had foreign operating loss carryforwards, which in aggregate totaled \$14.7 million, including the reserved amount. These operating loss carryforwards may be carried forward for six years and longer.

In addition to the valuation allowances against certain foreign operating loss carryforwards, the Company has previously recorded a valuation allowance against a deferred tax asset related to a capital loss carryforward in the United Kingdom. This capital loss was realized from the sale of an investment in the United Kingdom and can be carried forward indefinitely but can only be utilized against capital gain in the same jurisdiction. Since the Company has nominal remaining investments in the United Kingdom and considers it more likely than not that the Company will not generate a capital gain in the United Kingdom, the Company had previously established a full valuation allowance against this related deferred tax asset. As of December 31, 2019, the amount of the deferred tax asset and corresponding valuation allowance for the capital loss carryforward in the United Kingdom remained unchanged from the prior year and is \$1.9 million.

The Company is subject to the income tax laws of the United States, its states and municipalities, and those of the foreign jurisdictions in which the Company operates. These laws are complex, and the manner in which they apply to the taxpayer's facts is sometimes open to interpretation. Management must make judgments in assessing the likelihood that a tax position will be sustained upon examination by the taxing authorities based on the technical merits of the tax position. In the normal course of business, the Company may be under audit in one or more of its jurisdictions in an open tax year for that particular jurisdiction. As of December 31, 2019, the Company does not expect any material changes in its tax provision related to any current or future audits.

The Company recognizes tax positions in the financial statements only when management believes it is more likely than not that the position will be sustained on examination by the relevant taxing authority based on the technical merits of the position. A position that meets this standard is measured at the largest amount of benefit that will more likely than not be realized on settlement. A liability is established for differences between positions taken in a tax return and amounts recognized in the financial statements. The Company performed an analysis of its tax positions as of December 31, 2019, and determined that there was no requirement to accrue any material additional liabilities. Also, when present as part of the tax provision calculation, interest and penalties have been reported as other operating expenses in the consolidated statements of operations.

A reconciliation of the statutory U.S. federal income tax rate of 21% in 2019 and 2018 and of 35% in 2017 to the Company's effective income tax rates is set forth below:

	For the Years Ended December 31,		
	2019	2018	2017
U.S. statutory tax rate.....	21.0 %	21.0 %	35.0 %
Increase related to state and local taxes, net of U.S. income tax benefit.....	(0.5)	2.6	(499.9)
Benefits and taxes related to foreign operations.....	8.8	(1.5)	(2,796.3)
Charge related to Global Intangible Low-Taxed Income.....	2.0	1.3	—
RSU vesting and dividend discrete accounting charge or benefit.....	6.3	8.0	(486.2)
Charge related to non-deductible compensation.....	3.3	1.8	(38.7)
Rate change to deferred items related to Tax Cuts and Jobs Act.....	—	—	(5,193.7)
Other.....	(0.5)	(0.3)	127.9
Effective income tax rate.....	<u>40.4 %</u>	<u>32.9 %</u>	<u>(8,851.9)%</u>

For the year ended December 31, 2017, the rate reconciliation is not meaningful principally as result of the application of various material adjustments related to the TCJA on nominal pre-tax loss for the period.

#### Note 16 — Leases

The Company leases office space for its operations around the globe.

On May 16, 2019, the Company entered into a new Office Lease (the "Lease") for its new principal executive offices in New York, N.Y. Rental payments are scheduled to commence on November 1, 2020 and shall continue for a term of 15 years and 3 months. As of December 31, 2019, the Lease is not included in operating lease right-of-use assets and operating lease obligations on the consolidated statement of financial condition as the Company does not yet have the right to use the premises.

All of the Company's leases are operating leases and have remaining lease terms ranging from less than 1 year to 15.3 years. The Company incurred operating lease cost, excluding property taxes, utilities and other ancillary costs, of \$15.3 million, \$15.0 million and \$15.0 million for the years ended December 31, 2019, 2018 and 2017, respectively, which is included in occupancy and equipment rental in the condensed consolidated statements of operations.

As of December 31, 2019, the undiscounted aggregate minimum future rental payments are as follows:

	(in thousands)
2020.....	\$ 15,789
2021.....	13,374
2022.....	11,795
2023.....	10,523
2024.....	9,602
Thereafter.....	88,757
Total lease payments.....	<u>149,840</u>
Less: minimum future rental payments for which the lease has not commenced.....	(115,870)
Total lease payments for which the Company has a right-of use-asset and corresponding liability.....	<u>33,970</u>
Less: Interest.....	(3,220)
Present value of operating lease liabilities for which the Company has a right-of-use asset and corresponding liability.....	<u>\$ 30,750</u>

The weighted average remaining lease term and weighted average discount rate of our operating leases are as follows:

	As of December 31, 2019
Weighted average remaining lease term in years, including the lease for which the right to use has not commenced	12.1
Weighted average discount rate	5.8 %

As of December 31, 2018, the approximate aggregate minimum future rental payments required as presented under the historical leasing standard in ASC 840 were as follows:

	(in thousands)
2019	\$ 15,872
2020	13,535
2021	5,153
2022	3,768
2023	3,000
Thereafter	4,629
Total lease payments	\$ 45,957

#### Note 17 — Regulatory

Certain subsidiaries of the Company are subject to various regulatory requirements in the United States, the United Kingdom, Australia and certain other jurisdictions, which specify, among other requirements, minimum net capital requirements for registered broker-dealers.

G&Co is subject to the SEC’s Uniform Net Capital requirements under Rule 15c3-1 (the “Rule”), which specifies, among other requirements, minimum net capital requirements for registered broker-dealers. The Rule requires G&Co to maintain a minimum net capital of the greater of \$5,000 or 1/15 of aggregate indebtedness, as defined in the Rule. As of December 31, 2019 and 2018, G&Co’s net capital was \$24.5 million and \$25.9 million, respectively, which exceeded its requirement by \$23.2 million and \$24.3 million, respectively. G&Co’s aggregate indebtedness to net capital ratio was 0.8 to 1 and 0.9 to 1 at December 31, 2019 and 2018, respectively. Certain distributions and other capital withdrawals of G&Co are subject to certain notifications and restrictive provisions of the Rule. As approved by FINRA in 2018, effective as of January 1, 2019, Greenhill Cogent, LP (GC LP) merged with G&Co, with G&Co being the sole surviving entity. The capital requirements did not change as a result of the merger.

GCI and GCE are subject to capital requirements of the FCA. Greenhill Australia is subject to capital requirements of the ASIC. We are also subject to certain capital regulatory requirements in other jurisdictions. As of December 31, 2019 and 2018, GCI, GCE, Greenhill Australia and our other regulated operations were in compliance with local capital adequacy requirements.

#### Note 18 — Business Information

The Company’s activities as an investment banking firm constitute a single business segment, with substantially all revenues generated from advisory services, which includes engagements relating to mergers and acquisitions, financing advisory and restructuring, and capital advisory services.

The Company principally earns its revenues from advisory fees upon the successful completion of the client’s transaction or restructuring. In 2019, there was one client that accounted for approximately 11% of total revenues (advice to Total System Services, Inc. (TSYS) on its merger with Global Payments Inc.). For the years ended December 31, 2018 and 2017, there were no clients that accounted for more than 10% of total revenues.

Since the financial markets are global in nature, the Company generally manages its business based on the operating results of the enterprise taken as whole, not by geographic region. For reporting purposes, the geographic regions are the North America, Europe, and the rest of the world, which are the locations where the Company retains substantially all of its employees.



The following table presents information about the Company by geographic region, after elimination of all significant inter-company accounts and transactions:

	As of or for the Years Ended December 31,		
	2019	2018	2017
	(in thousands)		
<b>Revenues</b>			
North America	\$ 212,916	\$ 193,707	\$ 169,502
Europe	46,827	125,149	47,441
Rest of World	41,269	33,129	22,239
<b>Total</b>	<b>\$ 301,012</b>	<b>\$ 351,985</b>	<b>\$ 239,182</b>
<b>Operating income (loss)</b>			
North America	\$ 38,116	\$ 16,472	\$ 19,887
Europe	(9,964)	57,736	(10,541)
Rest of World	17,691	6,660	(2,446)
<b>Total</b>	<b>\$ 45,843</b>	<b>\$ 80,868</b>	<b>\$ 6,900</b>
<b>Total assets</b>			
North America	\$ 196,603	\$ 198,313	\$ 426,799
Europe	129,725	152,478	48,195
Rest of World	168,047	134,909	135,823
<b>Total</b>	<b>\$ 494,375</b>	<b>\$ 485,700</b>	<b>\$ 610,817</b>

The Company's revenues are based on the country where the services were derived. For the years ended December 31, 2019, 2018 and 2017, the Company generated 67%, 52%, and 70%, respectively, of its total revenues from the United States and 12%, 29% and 15% respectively, of its total revenues from the United Kingdom. No other country had revenues which individually represented more than 10% of the Company's total revenues during the years ended December 31, 2019, 2018 and 2017, respectively.

Included in the Company's total assets are long-lived assets, excluding deferred tax assets and intangible assets, located in the United States of \$22.8 million and \$26.7 million at December 31, 2019 and 2018, respectively. No other country had long-lived assets, which individually represented more than 10% of the Company's total long-lived assets at December 31, 2019 and 2018.

#### Note 19 — Subsequent Events

The Company evaluates subsequent events through the date on which the financial statements are issued.

On January 30, 2020, the Board of Directors of the Company declared, by unanimous written consent, a quarterly dividend of \$0.05 per share. The dividend will be payable on March 18, 2020 to the common stockholders of record on March 4, 2020.

## Supplemental Financial Information Quarterly Results (unaudited)

The following represents the Company's unaudited quarterly results for the years ended December 31, 2019 and 2018. These quarterly results were prepared in accordance with U.S. generally accepted accounting principles and reflect all adjustments that are, in the opinion of management, necessary for a fair presentation of the results.

	For the Three Months Ended			
	March 31, 2019	June 30, 2019	Sept. 30, 2019	Dec. 31, 2019
	(in millions, except per share data)			
Revenues.....	\$ 51.2	\$ 56.1	\$ 87.0	\$ 106.7
Total operating expenses.....	65.5	62.5	61.8	65.4
Total operating income (loss).....	(14.3)	(6.4)	25.2	41.3
Interest expense.....	5.8	10.6	5.7	5.2
Income (loss) before taxes.....	(20.1)	(17.0)	19.5	36.1
Provision (benefit) for taxes.....	(4.7)	(4.3)	4.5	11.9
Net income (loss).....	\$ (15.4)	\$ (12.7)	\$ 15.0	\$ 24.2
Earnings (loss) per share:				
Basic.....	\$ (0.64)	\$ (0.53)	\$ 0.63	\$ 1.05
Diluted.....	\$ (0.64)	\$ (0.53)	\$ 0.63	\$ 1.05

	For the Three Months Ended			
	March 31, 2018	June 30, 2018	Sept. 30, 2018	Dec. 31, 2018
	(in millions, except per share data)			
Revenues.....	\$ 87.5	\$ 88.5	\$ 86.8	\$ 89.1
Total operating expenses.....	68.5	69.0	66.1	67.5
Total operating income.....	19.0	19.5	20.7	21.6
Interest expense.....	5.3	5.6	5.7	5.9
Income before taxes.....	13.7	13.9	15.0	15.7
Provision for taxes.....	7.4	3.3	3.8	4.7
Net income.....	\$ 6.3	\$ 10.6	\$ 11.2	\$ 11.0
Earnings per share:				
Basic.....	\$ 0.21	\$ 0.39	\$ 0.45	\$ 0.46
Diluted.....	\$ 0.21	\$ 0.38	\$ 0.43	\$ 0.45

**(b) Exhibits****EXHIBIT INDEX**

<b>Exhibit Number</b>	<b>Description</b>
2.1	Unit Purchase Agreement dated as of February 9, 2015 by and among Cogent Partners, LP, CP Cogent Securities LP, Cogent Partners Europe LLP, Greenhill & Co., Inc., and the Sellers and Seller Representative Named therein (incorporated by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed on April 7, 2015).
2.2	Amendment No. 1 to Unit Purchase Agreement dated as of March 31, 2015 by and among Cogent Partners, LP, CP Cogent Securities LP, Cogent Partners Europe LLP, Greenhill & Co., Inc. and the Seller Representative as defined in the Unit Purchase Agreement (incorporated by reference to Exhibit 2.2 to the Registrant's Current Report on Form 8-K filed on April 7, 2015).
3.1	Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Registrant's registration statement on Form S 1/A (No. 333-113526) filed on May 5, 2004).
3.2	Amended and Restated By-Laws (incorporated by reference to Exhibit 3.1 to the Registrant's Quarterly Report on Form 10-Q for the period ended June 30, 2019).
4.1	Form of Common Stock Certificate (incorporated by reference to Exhibit 4.1 to the Registrant's registration statement on Form S-1/A (No. 333-113526) filed on April 30, 2004).
4.2**	Description of Greenhill & Co., Inc.'s Common Stock
10.1	Form of Indemnification Agreement (incorporated by reference to Exhibit 10.6 to the Registrant's registration statement on Form S-1/A (No. 333-113526) filed on April 30, 2004).
10.2	Sublease Agreement dated January 1, 2004 between Greenhill Aviation Co., LLC and Riversville Aircraft Corporation (incorporated by reference to Exhibit 10.14 to the Registrant's registration statement on Form S-1/A (No. 333-113526) filed on April 30, 2004).
10.3	*Amended and Restated Equity Incentive Plan (incorporated by reference to Exhibit A to the Registrant's Definitive Proxy Statement on Schedule 14A, filed on March 13, 2015).
10.4	*Form of Greenhill & Co. Equity Incentive Plan Restricted Stock Award Notification (MDs) — Five Year Ratable Vesting (incorporated by reference to Exhibit 10.45 to the Registrant's Quarterly Report on Form 10-Q for the period ended March 31, 2009).
10.5	*Form of Greenhill & Co. Equity Incentive Plan Restricted Stock Award Notification (MDs) — Five Year Cliff Vesting (incorporated by reference to Exhibit 10.46 to the Registrant's Quarterly Report on Form 10-Q for the period ended March 31, 2009).
10.6	Lease between 300 Park Avenue, Inc. and Greenhill & Co., Inc. dated June 17, 2009 (incorporated by reference to Exhibit 10.1 of the Registrant's report on Form 8-K filed on June 22, 2009).
10.7	*Employment, Non-Competition and Pledge Agreement dated as of May 11, 2004 among Robert F. Greenhill, Greenhill Family Partnership and Greenhill & Co., Inc. (incorporated by reference to Exhibit 10.59 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2012)
10.8	*Employment, Non-Competition and Pledge Agreement dated as of May 11, 2004 between Scott L. Bok and Greenhill & Co., Inc. (incorporated by reference to Exhibit 10.60 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2012)
10.9	*Employment, Non-Competition and Pledge Agreement dated as of May 11, 2004 between Harold J. Rodriguez, Jr. and Greenhill & Co., Inc. (incorporated by reference to Exhibit 10.61 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2012)
10.10	*Form of Greenhill & Co. Equity Incentive Plan Performance-Based Restricted Stock Unit Award Notification – Three Year Performance Period (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on January 29, 2016).
10.11	*Form of Greenhill & Co. Equity Incentive Plan Restricted Stock Unit Award Notification – Three Year Cliff Vesting (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed on January 29, 2016).
10.12	*Form of Greenhill & Co. Equity Incentive Plan Restricted Stock Unit Award Notification (MDs) – Four Year 20%, 20%, 30% and 30% Vesting (incorporated by reference to Exhibit 10.25 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2016).
10.13	*Subscription Agreement, dated as of September 25, 2017, by and between Scott L. Bok, in an individual capacity, and Bok Family Partners, L.P., as purchasers, and Greenhill & Co., Inc., as issuer (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on September 26, 2017).
10.14	Subscription Agreement, dated as of September 25, 2017, by and between Socatean Partners, as purchaser, and Greenhill & Co., Inc., as issuer (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on September 26, 2017).

- 10.15 \*Form of Greenhill & Co., Inc. Equity Incentive Plan Restricted Stock Unit Award Notification (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed on September 26, 2017).
- 10.16 Credit Agreement, dated October 12, 2017, by and among Greenhill & Co., Inc., the lenders party thereto and Goldman Sachs Bank USA, as administrative agent (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on October 13, 2017).
- 10.17 Amendment No. 1 to Credit Agreement, dated April 12, 2019, by and among Greenhill & Co., Inc., the lenders party thereto and Goldman Sachs Bank USA, as administrative agent (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on April 17, 2019).
- 10.18 \*Greenhill & Co., Inc. 2019 Equity Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2019).
- 10.19 Lease between Rockefeller Center North, Inc. and Greenhill & Co., Inc. dated May 16, 2019 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on May 21, 2019).
- 21.1\*\* List of Subsidiaries of the Registrant.
- 23.1\*\* Consent of Ernst & Young LLP.
- 31.1\*\*\* Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2\*\*\* Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1\*\*\* Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2\*\*\* Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 101\*\*\* The following financial information from Greenhill & Co., Inc's Annual Report on Form 10-K for the year ended December 31, 2019 formatted in Inline XBRL (Extensible Business Reporting Language) includes: (i) the Consolidated Statements of Financial Condition, (ii) the Consolidated Statements of Operations, (iii) the Consolidated Statements of Comprehensive Income, (iv) the Consolidated Statements of Changes in Stockholders' Equity, (v) the Consolidated Statements of Cash Flows and (vi) Notes to the Consolidated Financial Statements.

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\* Management contract or compensatory plan or arrangement required to be filed as an Exhibit to Form 10-K pursuant to Item 15(b) of this report.

\*\* Filed herewith.

\*\*\* This information is furnished and not filed herewith for purposes of Sections 11 and 12 of the Securities Act of 1933, as amended, and Section 18 of the Exchange Act.

**Item 16. Form 10-K Summary**

None.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: February 28, 2020

GREENHILL & CO., INC.

By: /s/ SCOTT L. BOK

\_\_\_\_\_  
Scott L. Bok

Chairman and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Report has been signed below by the following persons on behalf of the Registrant in the capacities and on the dates indicated.

<u>Signature</u>	<u>Capacity</u>	<u>Date</u>
<u>/s/ SCOTT L. BOK</u> Scott L. Bok	Chairman, Chief Executive Officer and Director <i>(Principal Executive Officer)</i>	February 28, 2020
<u>/s/ ROBERT F. GREENHILL</u> Robert F. Greenhill	Senior Chairman and Director	February 28, 2020
<u>/s/ HAROLD J. RODRIGUEZ, JR.</u> Harold J. Rodriguez, Jr.	Chief Financial Officer and Chief Operating Officer <i>(Principal Financial Officer and Principal Accounting Officer)</i>	February 28, 2020
<u>/s/ STEVEN F. GOLDSTONE</u> Steven F. Goldstone	Director	February 28, 2020
<u>/s/ MERYL D. HARTZBAND</u> Meryl D. Hartzband	Director	February 28, 2020
<u>/s/ STEPHEN L. KEY</u> Stephen L. Key	Director	February 28, 2020
<u>/s/ JOHN D. LIU</u> John D. Liu	Director	February 28, 2020
<u>/s/ KAREN P. ROBARDS</u> Karen P. Robards	Director	February 28, 2020

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# Greenhill

## **Board of Directors**

Robert F. Greenhill  
*Chairman of the Board*

Scott L. Bok  
*Chief Executive Officer*

Steven F. Goldstone  
*Lead Independent Director*

Meryl D. Hartzband  
*Independent Director*

Stephen L. Key  
*Independent Director*

John D. Liu  
*Independent Director*

Karen P. Robards  
*Independent Director*

## **Corporate Headquarters**

300 Park Avenue  
New York, New York 10022  
(212) 389-1500

## **Independent Auditors**

Ernst & Young LLP  
5 Times Square  
New York, New York 10036  
(212) 773-3000

## **Executive Officers**

Scott L. Bok  
*Chief Executive Officer*

Kevin M. Costantino  
*President*

David A. Wyles  
*President*

Harold J. Rodriguez  
*Chief Operating Officer*  
*Chief Financial Officer*

## **Investor Relations**

Patrick J. Suehnholz  
*Director of Investor Relations*  
(212) 389-1700

## **Registrar and Transfer Agent**

American Stock Transfer & Trust Co.  
59 Maiden Lane  
New York, New York 10038

## **Annual Meeting**

Thursday, April 23, 2020, at  
10:30 a.m. Eastern Time  
300 Park Avenue  
New York, New York 10022

Our business involves no research, trading, investing, or capital markets activities to conflict with our advisory focus. We seek in all cases to align our interests fully with those of our clients. Our principal advisory subsidiaries are Greenhill & Co., LLC and Greenhill Cogent, LP, each registered in the U.S. as broker-dealers with the Securities and Exchange Commission (SEC) and the Financial Industry Regulatory Authority (FINRA) and members of the Securities Investor Protection Corporation (SIPC); Greenhill & Co. International LLP and Greenhill & Co. Europe LLP, which are regulated by the United Kingdom Financial Conduct Authority; and Greenhill & Co. Australia Pty Limited, which is regulated by the Australian Securities and Investments Commission.

This document does not constitute or represent an offer to buy or sell any security or to participate in any trading strategy.

**Greenhill & Co., Inc.**

(NYSE: GHL)

300 Park Avenue

New York, New York 10022

(212) 389-1500

[www.greenhill.com](http://www.greenhill.com)