
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

(Mark one)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2017

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)

300 Park Avenue
New York, New York
(Address of Principal Executive Offices)

51-0500737
(I.R.S. Employer
Identification No.)

10022
(ZIP Code)

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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 ☐
(Do not check if a 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 ☒

As of May 1, 2017, there were 29,577,944 shares of the registrant's common stock outstanding.

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AVAILABLE 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 United States Securities and Exchange Commission (the “SEC”). You may read and copy any document the company files at the SEC's public reference room located at 100 F Street, N.E., Washington, D.C. 20549, U.S.A. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The company's SEC filings are also available to the public from the SEC's internet site at <http://www.sec.gov>. Copies of these reports, proxy statements and other information can also be inspected at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005, U.S.A.

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 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.

Part I. Financial Information
Item 1. Financial Statements

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

	As of	
	March 31, 2017 <i>(unaudited)</i>	December 31, 2016
Assets		
Cash and cash equivalents (\$4.3 million restricted from use at March 31, 2017 and December 31, 2016).....	\$ 51,993	\$ 98,313
Advisory fees receivable, net of allowance for doubtful accounts of \$0.0 million at March 31, 2017 and December 31, 2016.....	67,557	68,140
Other receivables.....	6,066	2,830
Property and equipment, net of accumulated depreciation of \$59.5 million at March 31, 2017 and \$59.0 million at December 31, 2016.....	8,605	8,764
Goodwill.....	214,335	208,186
Deferred tax asset, net.....	53,477	62,108
Other assets.....	8,122	8,341
Total assets.....	<u>\$ 410,155</u>	<u>\$ 456,682</u>
Liabilities and Equity		
Compensation payable.....	\$ 15,228	\$ 37,527
Accounts payable and accrued expenses.....	9,189	9,297
Current income taxes payable.....	2,774	18,968
Bank revolving loan payable.....	74,000	64,070
Bank term loans payable.....	16,875	16,875
Contingent obligation due selling unitholders of Cogent.....	9,090	15,095
Deferred tax liability.....	4,022	3,667
Total liabilities.....	<u>131,178</u>	<u>165,499</u>
Common stock, par value \$0.01 per share; 100,000,000 shares authorized, 42,394,661 and 41,377,614 shares issued as of March 31, 2017 and December 31, 2016, respectively; 29,574,680 and 28,981,189 shares outstanding as of March 31, 2017 and December 31, 2016, respectively.....	424	414
Restricted stock units.....	58,519	85,907
Additional paid-in capital.....	773,999	734,728
Exchangeable shares of subsidiary; 257,156 shares issued as of March 31, 2017 and December 31, 2016; 32,804 shares outstanding as of March 31, 2017 and December 31, 2016.....	1,958	1,958
Retained earnings.....	95,599	111,798
Accumulated other comprehensive income (loss).....	(27,782)	(32,398)
Treasury stock, at cost, par value \$0.01 per share; 12,819,981 and 12,396,425 shares as of March 31, 2017 and December 31, 2016, respectively.....	(623,740)	(611,224)
Stockholders' equity.....	<u>278,977</u>	<u>291,183</u>
Total liabilities and equity.....	<u>\$ 410,155</u>	<u>\$ 456,682</u>

See accompanying notes to condensed consolidated financial statements (unaudited).

Greenhill & Co., Inc. and Subsidiaries
Condensed Consolidated Statements of Income (unaudited)
(in thousands except share and per share data)

	For the Three Months Ended, March 31,	
	2017	2016
Revenues		
Advisory revenues	\$ 56,700	\$ 66,553
Investment revenues	229	312
Total revenues.....	56,929	66,865
Expenses		
Employee compensation and benefits	44,050	44,506
Occupancy and equipment rental.....	4,708	4,671
Depreciation and amortization.....	786	848
Information services	2,412	2,370
Professional fees	1,610	1,509
Travel related expenses.....	2,720	2,816
Interest expense	819	746
Other operating expenses.....	(2,350)	2,941
Total expenses	54,755	60,407
Income before taxes.....	2,174	6,458
Provision for taxes	2,920	2,101
Net income (loss) allocated to common stockholders	\$ (746)	\$ 4,357
Average shares outstanding:		
Basic	31,904,270	31,645,894
Diluted	31,904,270	31,716,563
Earnings (loss) per share:		
Basic	\$ (0.02)	\$ 0.14
Diluted	\$ (0.02)	\$ 0.14
Dividends declared and paid per share.....	\$ 0.45	\$ 0.45

See accompanying notes to condensed consolidated financial statements (unaudited).

Greenhill & Co., Inc. and Subsidiaries
Condensed Consolidated Statements of Comprehensive Income (unaudited)
(in thousands)

	For the Three Months Ended March 31,	
	2017	2016
Net income (loss) allocated to common stockholders	\$ (746)	\$ 4,357
Currency translation adjustment, net of tax	4,616	4,029
Comprehensive income allocated to common stockholders	<u>\$ 3,870</u>	<u>\$ 8,386</u>

See accompanying notes to condensed consolidated financial statements (unaudited).

Greenhill & Co., Inc. and Subsidiaries
Condensed Consolidated Statements of Changes in Stockholders' Equity
(in thousands, except for per share data)

	Three Months Ended March 31, 2017 <i>(unaudited)</i>	Year Ended December 31, 2016
Common stock, par value \$0.01 per share		
Common stock, beginning of the period	\$ 414	\$ 405
Common stock issued	10	9
Common stock, end of the period	424	414
Restricted stock units		
Restricted stock units, beginning of the period	85,907	84,969
Restricted stock units recognized, net of forfeitures	11,251	45,880
Restricted stock units delivered	(38,639)	(44,942)
Restricted stock units, end of the period	58,519	85,907
Additional paid-in capital		
Additional paid-in capital, beginning of the period	734,728	697,607
Common stock issued and contingently issued common stock	38,424	44,789
Tax (expense) from the delivery of restricted stock units	847	(7,668)
Additional paid-in capital, end of the period	773,999	734,728
Exchangeable shares of subsidiary		
Exchangeable shares of subsidiary, beginning of the period	1,958	1,958
Exchangeable shares of subsidiary delivered	—	—
Exchangeable shares of subsidiary, end of the period	1,958	1,958
Retained earnings		
Retained earnings, beginning of the period	111,798	109,860
Dividends	(15,453)	(61,609)
Tax benefit from payment of restricted stock unit dividends	—	2,785
Net income (loss) allocated to common stockholders	(746)	60,762
Retained earnings, end of the period	95,599	111,798
Accumulated other comprehensive income (loss)		
Accumulated other comprehensive income (loss), beginning of the period	(32,398)	(28,405)
Currency translation adjustment, net of tax	4,616	(3,993)
Accumulated other comprehensive income (loss), end of the period	(27,782)	(32,398)
Treasury stock, at cost, par value \$0.01 per share		
Treasury stock, beginning of the period	(611,224)	(583,038)
Repurchased	(12,516)	(28,186)
Treasury stock, end of the period	(623,740)	(611,224)
Total stockholders' equity	\$ 278,977	\$ 291,183

See accompanying notes to condensed consolidated financial statements (unaudited).

Greenhill & Co., Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows (unaudited)
(in thousands)

	For the Three Months Ended March 31,	
	2017	2016
Operating activities:		
Net income (loss) allocated to common stockholders	\$ (746)	\$ 4,357
Adjustments to reconcile net income allocated to common stockholders to net cash provided by (used in) operating activities:		
Non-cash items included in net income (loss) allocated to common stockholders:		
Depreciation and amortization	786	848
Net investment (gains) losses	23	(2)
Restricted stock units recognized	11,251	8,189
Deferred taxes	7,441	3,522
Loss (gain) on fair value of contingent obligation	(6,005)	385
Changes in operating assets and liabilities:		
Advisory fees receivable	583	2,314
Other receivables and assets	(3,064)	(3,415)
Deferred tax asset, net	—	7,252
Compensation payable	(22,299)	(7,214)
Accounts payable and accrued expenses	(314)	(788)
Current income taxes payable	(16,194)	(14,046)
Net cash provided (used) by operating activities	(28,538)	1,402
Investing activities:		
Distributions from investments	25	—
Purchases of property and equipment	(448)	(296)
Net cash used in investing activities	(423)	(296)
Financing activities:		
Proceeds from revolving bank loan	21,680	26,500
Repayment of revolving bank loan	(11,750)	(11,200)
Repayment of bank term loans	—	—
Dividends paid	(15,453)	(15,434)
Purchase of treasury stock	(12,516)	(7,688)
Net tax (cost) from the delivery of restricted stock units and payment of dividend equivalents	—	(6,676)
Net cash used in financing activities	(18,039)	(14,498)
Effect of exchange rate changes on cash and cash equivalents	680	(970)
Net decrease in cash and cash equivalents	(46,320)	(14,362)
Cash and cash equivalents, beginning of period	98,313	69,962
Cash and cash equivalents, end of period	<u>\$ 51,993</u>	<u>\$ 55,600</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 1,072	\$ 744
Cash paid for taxes, net of refunds	\$ 14,655	\$ 14,145

See accompanying notes to condensed consolidated financial statements (unaudited).

Greenhill & Co., Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements (unaudited)

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. We act for clients located throughout the world from our global offices in the United States, Australia, Brazil, Canada, Germany, Hong Kong, Japan, 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"), Greenhill & Co. Australia Pty Limited ("Greenhill Australia") and Greenhill Cogent, LP ("GC LP").

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"). GC LP is engaged in capital advisory services to institutional investors principally in the United States and is registered as a broker-dealer with the SEC and FINRA.

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 condensed 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 investment valuations, compensation accruals and other matters. Management believes that the estimates used in preparing its condensed 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 condensed 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.

These condensed consolidated financial statements are unaudited and should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended December 31, 2016 included in the Company's Annual Report on Form 10-K filed with the SEC. The condensed consolidated financial information as of December 31, 2016 has been derived from audited consolidated financial statements not included herein. The results of operations for interim periods are not necessarily indicative of results for the entire year.

Revenue Recognition

Advisory Revenues

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

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

The Company recognizes 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 is

determined based upon a fixed percentage of capital committed to the fund. For multiple closings, revenue is 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 is recognized at the fixed percentage for the amount of capital committed since the last interim closing.

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

While the majority of the Company's fee revenue is 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, are also earned and recognized as advisory fee revenue over the period in which the related service is rendered.

The Company's clients reimburse certain expenses incurred by the Company in the conduct of advisory engagements. Expenses are reported net of such client reimbursements. Client reimbursements totaled \$1.0 million and \$1.9 million for the three months ended March 31, 2017 and 2016, respectively.

Investment Revenues

Investment revenues consist of gains (or losses) on the Company's investments in certain merchant banking funds and interest income. The Company recognizes revenue on its investments in merchant banking funds based on its allocable share of realized and unrealized gains (or losses) reported by such funds.

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 a maturity date of three months or less, when purchased, to be cash equivalents. Cash equivalents primarily consist of money market funds and overnight deposits.

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".

Advisory Fees Receivables

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 did not record a bad debt expense for the three month periods ended March 31, 2017 and recorded \$0.2 million for the three month periods ended March 31, 2016.

Included in the advisory fees receivable balance at March 31, 2017 and December 31, 2016 were \$24.7 million and \$26.1 million, respectively, of long term receivables related to primary capital advisory engagements which are generally paid in installments over a period of three years.

Included as a component of investment revenues on the condensed consolidated statements of income is interest income related to primary capital advisory engagements of \$0.2 million for each of the three month periods ended March 31, 2017 and 2016.

Credit risk related to advisory 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 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 estimated net book value. Such loss is calculated as the difference between the estimated fair value of goodwill and its carrying value.

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 in the condensed consolidated statements of changes in stockholders' equity.

Other Assets

Included in other assets are the Company's investments in merchant banking funds, which are recorded under the equity method of accounting based upon the Company's proportionate share of the estimated fair value of the underlying merchant banking fund's net assets. The value of merchant banking fund investments is determined by management of the fund after giving consideration to the cost of the security, quoted market prices, the pricing of other sales of securities by the portfolio company, the price of securities of other companies comparable to the portfolio company, purchase multiples paid in other comparable third-party transactions, the original purchase price multiple, market conditions, liquidity, operating results and other qualitative and quantitative factors. The fund may apply discounts to reflect the lack of liquidity and other transfer restrictions.

Restricted Stock Units

The Company accounts for its share-based compensation payments by recording the fair value of restricted stock units granted to employees as compensation expense. The restricted stock units are generally amortized over a four to five-year service period following the date of grant. Compensation expense is determined based upon the fair market value of the Company's common stock at the date of grant. 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 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 allocated to common stockholders 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 8 — Equity".

The Company calculates diluted EPS by dividing net income allocated to common stockholders 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 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 purchased by the Company with the proceeds to be received upon settlement at the average market closing price during the reporting period. See "Note 9— 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. Additionally, the Company accounts for the net tax (cost) from the delivery of restricted stock units and payment of dividend equivalents as an income tax expense or benefit.

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 condensed consolidated statements of changes in stockholders' equity. Foreign currency transaction gains and losses are included in the condensed consolidated statements of income.

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 5 — Fair Value of Financial Instruments".

Fair Value of Other Financial Instruments

The Company believes that the carrying values of all other financial instruments presented in the condensed consolidated statements of financial condition approximate their fair value generally due to their short-term nature and generally negligible credit risk. These fair value measurements would be categorized as Level 2 within the fair value hierarchy.

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:

Aircraft – 7 years

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. The Company earns less than 1% of its revenues from interest income and investment gains (losses) on investments.

Recently Adopted Accounting Pronouncements

In March 2016, the FASB issued ASU No. 2016-09, Improvements to Employee Share-Based Payment Accounting ("ASU 2016-09"). ASU 2016-09 amends the guidance in former ASC Topic 718, Compensation – Stock Compensation. The standard is effective for public entities for annual reporting periods beginning after December 15, 2016 and the Company adopted these amendments effective on January 1, 2017. The impact of ASU No. 2016-09 resulted in a net increase to the provision for income taxes during the three month period ending March 31, 2017 related to excess tax benefits and tax deficiencies for its restricted stock unit compensation, which under the prior standard was recorded as an adjustment to retained earnings.

Accounting Developments

In February 2016, the FASB issued ASU No. 2016-02, Leases ("ASU 2016-02"). ASU 2016-02 amends the guidance in former ASC 840, Leases. Management is currently evaluating the impact of the future adoption of ASU 2016-02 on the Company's consolidated financial statements. The standard is effective for public entities for annual reporting periods beginning after December 15, 2018 and the Company will adopt these amendments effective on January 1, 2019.

In May 2014, the FASB issued ASU 2014-9 "Revenue from Contracts with Customers" codifying ASC 606, Revenue Recognition - Revenue from Contracts with Customers, which amends the guidance in former ASC 605, Revenue Recognition. The new guidance was effective for fiscal years beginning after December 15, 2016. In August 2015, the FASB issued ASU No. 2015-14, "Deferral of the Effective Date," which defers the effective date of its new recognition standard by one year. The standard would be effective for public entities for annual reporting periods beginning after December 15, 2017. The Company has been evaluating the impact of the future adoption of ASU 2014-09 on our consolidated financial Statements and expects to adopt the retrospective transition method which requires applying the new standard to prior comparative periods when reporting under the new standard becomes effective. As the AICPA industry task force on Broker-Dealers, the AICPA's Revenue Recognition Working Group and the AICPA's Financial Reporting Executive Committee (FinREC) provides further guidance on ASU 2014-09, the Company will continue to re-evaluate the financial impact on the Company's consolidated financial statements.

Note 3 — Cash and Cash Equivalents

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

	As of March 31, 2017	As of December 31, 2016
	(in thousands, unaudited)	
Cash.....	\$ 45,234	\$ 85,047
Cash equivalents	2,503	9,013
Restricted cash - letters of credit.....	4,256	4,253
Total cash and cash equivalents.....	<u>\$ 51,993</u>	<u>\$ 98,313</u>

The carrying value of the Company's cash equivalents approximates fair value.

Letters of credit are secured by cash held on deposit.

Note 4 — Other Assets

At March 31, 2017 and December 31, 2016, the Company had an investment in a previously sponsored merchant banking fund, Greenhill Capital Partners II ("GCP II"), and an interest in Barrow Street III, a real estate investment fund. At March 31, 2017 and December 31, 2016, the Company had no remaining unfunded commitments.

Other assets consist of the following:

	As of March 31, 2017	As of December 31, 2016
	(in thousands, unaudited)	
Prepaid expenses.....	\$ 3,784	\$ 4,295
Investments in merchant banking funds	1,641	1,689
Rent deposits.....	1,933	1,517
Other tangible assets	564	540
Intangible assets.....	200	300
Total other assets.....	<u>\$ 8,122</u>	<u>\$ 8,341</u>

Investment revenues

The Company's generates investment revenues from its investments in merchant banking funds and interest income as follows:

	For the Three Months Ended March 31,	
	2017	2016
	(in thousands, unaudited)	
Net realized and unrealized gains (losses) on investments in merchant banking funds	\$ (23)	\$ 49
Interest income.....	252	263
Total investment revenues	<u>\$ 229</u>	<u>\$ 312</u>

Note 5 — Fair Value of Financial Instruments

There were no Level 1 or Level 2 assets or liabilities measured in the fair value hierarchy during the three months ended March 31, 2017 and 2016. There were no Level 3 assets measured at fair value during the three months ended March 31, 2017 and 2016.

In connection with the acquisition of Cogent Partners, LP and its affiliates ("Cogent") (now known as our secondary 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 will be made if secondary capital advisory revenues of \$80.0 million or more are 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 target was not achieved during the first two year period ending on March 31, 2017. If the revenue target is achieved during the second two year period ending on March 31, 2019, the contingent consideration will be paid promptly after that date. If the revenue target is not achieved during the remaining two year earnout period, a payment will not be made. The fair value of the contingent cash consideration was valued on the date of the acquisition at \$13.1 million and is remeasured quarterly based on a probability weighted present value discount that the revenue target may be achieved. During the three months ended March 31, 2017, the Earnout for the first two year period was not achieved. Accordingly, the fair value of the contingent cash consideration at March 31, 2017 was remeasured, based on the probability weighted present value that the revenue target will be achieved on the second two year earnout period provided for in the acquisition agreement, at a value of \$9.1 million and the Company recognized a decrease in other operating expenses of \$6.0 million for the three month period ending March 31, 2017. See "Note 9 - Earnings Per Share".

The following table sets forth the measurement at fair value on a recurring basis of the contingent cash consideration due the selling unitholders of Cogent related to the Earnout. The liability arose as a result of the acquisition of Cogent and is categorized as a Level 3 liability, which is remeasured each quarterly period based on the probability of achieving the target revenue threshold and weighted average discount rate as discussed below.

Liabilities Measured at Fair Value on a Recurring Basis as of March 31, 2017

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of March 31, 2017
	(in thousands, unaudited)			
Liabilities				
Contingent obligation due selling unitholders of Cogent	\$ —	\$ —	\$ 9,090	\$ 9,090
Total.....	\$ —	\$ —	\$ 9,090	\$ 9,090

Liabilities Measured at Fair Value on a Recurring Basis as of December 31, 2016

	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, 2016
	(in thousands, unaudited)			
Liabilities				
Contingent obligation due selling unitholders of Cogent	\$ —	\$ —	\$ 15,095	\$ 15,095
Total.....	\$ —	\$ —	\$ 15,095	\$ 15,095

Changes in Level 3 liabilities measured at fair value on a recurring basis for the three month periods ended March 31, 2017 are as follows:

	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	Settlements	Closing Balance as of March 31, 2017	Unrealized gains (losses) for Level 3 liabilities outstanding at March 31, 2017
	(in thousands, unaudited)								
Liabilities									
Contingent obligation due selling unitholders of Cogent	\$ 15,095	\$ 6,005	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 9,090	\$ 6,005
Total.....	\$ 15,095	\$ 6,005	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 9,090	\$ 6,005

Changes in Level 3 liabilities measured at fair value on a recurring basis for the three month periods ended March 31, 2016 are as follows:

	Opening Balance as of January 1, 2016	Total realized and unrealized gains (losses) included in Net Income	Unrealized gains (losses) included in Other Comprehen sive Income	Purchases	Issues	Sales	Settlements	Closing Balance as of March 31, 2016	Unrealized gains (losses) for Level 3 liabilities outstanding at March 31, 2016
	(in thousands, unaudited)								
Liabilities									
Contingent obligation due selling unitholders of Cogent	\$ 13,647	\$ (385)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 14,032	\$ (385)
Total	\$ 13,647	\$ (385)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 14,032	\$ (385)

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

The following table presents quantitative information about the significant unobservable inputs utilized by the Company in the fair value measure of Level 3 liabilities measured at fair value on a recurring basis, as of March 31, 2017:

	<u>Fair Value as of March 31, 2017</u>	<u>Valuation Technique(s)</u>	<u>Unobservable Input(s)</u>	<u>Range (Weighted Average)</u>
(in thousands, unaudited)				
Liabilities				
Contingent obligation due selling unitholders of Cogent..	\$ 9,090	Present value of expected payments	Discount rate	12%
			Forecast revenue	(a)

(a) The Company's estimate of contingent consideration as of March 31, 2017 was principally based on the acquired business' (i) actual revenue generation from April 1, 2015 through March 31, 2017 and (ii) projected revenue generation from April 1, 2017 through March 31, 2019.

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. Significant increases (decreases) in the forecast revenue information would result in a higher (lower) fair value measurement. 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.

Note 6 — Related Parties

At March 31, 2017 and December 31, 2016, the Company had no amounts receivable or payable to related parties.

The Company subleases airplane and office space to a firm owned by the Chairman of the Company. The Company recognized rent reimbursements of \$0.02 million for each of the three month periods ended March 31, 2017 and 2016, which are included as a reduction of occupancy and equipment rental on the condensed consolidated statements of income.

Note 7 — Bank Loan Facilities

At March 31, 2017, the Company had a \$80.0 million revolving bank loan facility with a U.S. banking institution to provide for working capital needs and for other general corporate purposes. In March 2017, the borrowing capacity under the revolving loan facility was increased by \$10.0 million, from \$70 million to \$80 million, and the maturity date was extended to April 30, 2018. Interest on the borrowings is based on the higher of 3.50% or the U.S. Prime Rate and is payable monthly. The weighted average daily borrowings outstanding under the revolving bank loan facility were approximately \$63.7 million and \$40.3 million for the three months ended March 31, 2017 and 2016, respectively. The weighted average interest rate was 3.76% and 3.50% for the three months ended March 31, 2017 and 2016, respectively.

In connection with the acquisition of Cogent in April 2015, the Company borrowed \$45.0 million, which was comprised of two bank term loan facilities (the "Term Loan Facilities"), each in an original principal amount of \$22.5 million. One Term Loan Facility was paid in full in advance of its maturity date in April 2016. The other Term Loan Facility matures on April 30, 2018 (the "Three Year Facility"), is payable in four equal semi-annual installments beginning on October 31, 2016 and bears interest at the Prime Rate plus one and one-quarter percent (1.25%) per annum, which interest rate will be reduced to the Prime Rate plus three-quarters of one percent (0.75%) per annum when the amount outstanding on the Three Year Facility is \$7.5 million or less. At March 31, 2017, the outstanding principal balance of the Three Year Facility was \$16.9 million. The second installment of \$5.6 million of the Three Year Facility was repaid in April 2017. Future installments of \$5.6 million each are due on October 31, 2017 and April 30, 2018. There are no prepayment penalties for the early repayment of the Term Loan Facilities and principal amounts repaid cannot be reborrowed. The interest rate applicable to the Term Loan Facilities can never be less than four percent (4.00%)

per annum. The weighted average interest rate related to the Term Loan Facilities was 4.99% and 4.57% for the three months ended March 31, 2017 and 2016, respectively.

The bank loan facilities are provided by a U.S. banking institution and are secured by any cash distributed in respect of the Company's investment in the U.S. based merchant banking funds and cash distributions from G&Co, CP LP and GCI. In addition, the bank loan facilities have a prohibition on the incurrence of additional indebtedness without the prior approval of the lenders and the Company is required to comply with certain financial and liquidity covenants. At March 31, 2017, the Company was compliant with all bank loan covenants.

Note 8 — Equity

On March 22, 2017, a dividend of \$0.45 per share was paid to stockholders of record on March 8, 2017. Dividends include dividend equivalents of \$2.1 million and \$2.0 million, which were paid on outstanding restricted stock units for the three months ended March 31, 2017 and 2016, respectively.

During the three months ended March 31, 2017, 1,014,271 restricted stock units vested and were issued as common stock of which the Company is deemed to have repurchased 423,556 shares at an average price of \$29.55 per share in conjunction with the payment of tax liabilities in respect of stock delivered to its employees in settlement of restricted stock units.

During the three months ended March 31, 2016, 784,060 restricted stock units vested and were issued as common stock of which the Company is deemed to have repurchased 303,035 shares at an average price of \$25.37 per share in conjunction with the payment of tax liabilities in respect of stock delivered to its employees in settlement of restricted stock units.

Note 9 — Earnings per Share

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

	For the Three Months Ended March 31,	
	2017	2016
	(in thousands, except per share amounts, unaudited)	
Numerator for basic and diluted EPS — net income (loss) allocated to common stockholders ..	\$ (746)	\$ 4,357
Denominator for basic EPS — weighted average number of shares	31,904	31,646
Add — dilutive effect of:		
Weighted average number of incremental shares issuable from restricted stock units.....	— (1)	71
Denominator for diluted EPS — weighted average number of shares and dilutive potential shares.....	31,904	31,717
Earnings (loss) per share:		
Basic.....	\$ (0.02)	\$ 0.14
Diluted.....	\$ (0.02)	\$ 0.14

The weighted number of shares and dilutive potential shares do not include 334,048 shares of common stock, which will be issued to certain selling unitholders of Cogent, following the fourth anniversary of the acquisition if the revenue target related to the Earnout is achieved. In the event that the revenue target is achieved, such shares will be included in the Company's share count at March 31, 2019. If the revenue target is not achieved such shares of common stock will not be issued. See "Note 5 - Fair Value of Financial Instruments".

(1) Excludes 183,813 shares for the three month period ended March 31, 2017, which were considered antidilutive and thus were not included in the above calculation.

Note 10 — Income Taxes

The Company's effective tax rate varies depending on the jurisdiction in which the income is earned. Certain foreign sourced income is taxed at a lower effective rate than U.S. income.

Under the requirements of ASC 740, the Company intends to indefinitely reinvest its non-U.S. subsidiaries earnings outside the United States and does not provide for residual U.S. tax on these earnings.

The provision for income taxes ending March 31, 2017 reflects a net charge of \$2.1 million related to excess tax benefits and tax deficiencies for its restricted stock unit compensation as required by new accounting guidance for share-based compensation effective in the first quarter of 2017. In prior periods, these excess tax benefits and tax deficiencies were recorded as a charge or benefit to stockholders' equity.

The Company believes it is more likely than not that the 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: (i) the realization of its deferred tax liabilities and (ii) future taxable income.

Any gain or loss resulting from the translation of deferred taxes for foreign affiliates is included in the foreign currency translation adjustment incorporated as a component of other comprehensive income, net of tax, in the condensed consolidated statements of changes in stockholders' equity and the condensed consolidated statements of comprehensive income.

The Company's income tax returns are routinely examined by the U.S. federal, U.S. state, and international tax authorities. The Company regularly assesses its tax positions with respect to applicable income tax issues for open tax years in each respective jurisdiction in which the Company operates. As of March 31, 2017, the Company does not believe the resolution of any current ongoing income tax examinations will have a material adverse impact on the financial position of the Company.

Note 11 — Regulatory Requirements

Certain subsidiaries of the Company are subject to various regulatory requirements in the United States, 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 March 31, 2017, G&Co's net capital was \$4.9 million, which exceeded its requirement by \$4.4 million. G&Co's aggregate indebtedness to net capital ratio was 1.5 to 1 at March 31, 2017. Certain distributions and other capital withdrawals of G&Co are subject to certain notifications and restrictive provisions of the Rule.

GCI is subject to capital requirements of the FCA. Greenhill Australia is subject to capital requirements of the ASIC. GC LP is subject to capital requirements of the SEC and the FCA. We are also subject to certain regulatory capital requirements in other jurisdictions. As of March 31, 2017, GCI, Greenhill Australia, GC LP and our other regulated operations were in compliance with local capital adequacy requirements.

Note 12 — Subsequent Events

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

On April 10, 2017, the Company repaid the second installment of the Three Year Term Loan of \$5.6 million, which was due on April 30, 2017.

On April 26, 2017, the Board of Directors of the Company declared a quarterly dividend of \$0.45 per share. The dividend will be payable on June 21, 2017 to the common stockholders of record on June 7, 2017.

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

In this Management's Discussion and Analysis of Financial Condition and Results of Operations, "Greenhill", "we", "our", "Firm" and "us" refer to Greenhill & Co., Inc.

This Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with our Annual Report on Form 10-K for the fiscal year ended December 31, 2016.

Cautionary Statement Concerning Forward-Looking Statements

The following discussion should be read in conjunction with our condensed consolidated financial statements and the related notes that appear elsewhere in this report. We have made statements in this discussion that are forward-looking statements. In some cases, you can identify these statements by forward-looking words such as "may", "might", "will", "should", "expect", "plan", "outlook", "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 projections of our future financial performance, based on our 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. In particular, you should consider the numerous risks outlined under "Risk Factors" in our 2016 Annual Report on Form 10-K.

Although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot 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 and we do not undertake any obligation 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.

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 raisings and other strategic 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 from our offices in the United States, Australia, Brazil, Canada, Germany, Hong Kong, Japan, Sweden, and the United Kingdom.

Our revenues are principally derived from advisory services on mergers and acquisitions (or M&A), financings and restructurings and are primarily driven by total deal volume and the size of individual transactions. Additionally, our global capital advisory group provides capital raising advisory services in the primary market for real estate funds, where revenues are driven primarily by the amount of capital raised, and in the secondary market for alternative assets, where revenue is determined based upon a fixed percentage of the transaction value.

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. Since our founding, Greenhill has grown by recruiting talented managing directors and other senior professionals, by acquiring complementary advisory businesses and by 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 14 offices across five continents.

Over our 21 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 2006 acquisition of Beaufort Partners Limited (now Greenhill Canada) in Canada and our 2010 acquisition of Caliburn Partnership Pty Limited (now Greenhill Australia) in Australia. Additionally, we expanded the breadth of our advisory services through the recruitment of a team of managing directors focused on real estate capital advisory services, through the hiring of managing directors to focus on financing and restructuring advisory services, and through our acquisition in 2015 of Cogent Partners, LP, which provides advisory services related to the secondary fund placement market. 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, Hong Kong, Sweden and Brazil. 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 2017, we have announced the recruitment of six M&A focused managing directors, who have or will be joining our teams in the United States, Australia, Canada and Europe, including two who extend our reach into the Spanish market.

Business Environment

Global economic and financial market conditions can materially affect our financial performance. See “Risk Factors” in our 2016 Annual Report on Form 10-K filed with Securities and Exchange Commission. Global deal activity in the first three months of 2017 has had a weak start in terms of both transaction completions and deal announcement activity. For the three months ended March 31, 2017, the number of completed transactions globally decreased by 10% versus the same period in the prior year, which was also a weak quarter relative to prior years, while the volume of completed transactions (reflecting the sum of all transaction sizes) decreased by 16%. The number of announced transactions globally decreased by 7% during the three months ended March 31, 2017 versus the same period in the prior year, while the volume of announced transactions increased by 4%.¹ Notwithstanding the relatively soft start to the year in terms of deal completions or announcements, we have seen a strong level of corporate interest in strategic transactions since the U.S. presidential election. We expect that as uncertainty with respect to government policy initiatives relating to taxes and regulation diminishes the pace of transaction announcements will increase, both in the U.S. and around the world.

Our revenues were \$56.9 million in the first quarter of 2017 compared to \$66.9 million in the first quarter of 2016, a decrease of \$10.0 million, or 15%. This decrease principally resulted from lower transaction fee revenue relating to relatively small transactions and lower fund placement revenues, offset in part by small increases in deal announcement fees and retainer fee revenue. Our first quarter revenues were also impacted by the timing of transaction closings as we had few large transactions closings occur in the beginning of April 2017, which brought our year to date revenue back into line with what we had been expecting for the early part of the year. In terms of geographic diversity, during the first three months of 2017, our most significant transaction activity was in the U.S. and the U.K.

We view pre-tax margin as a key measure of operating performance. As a result of our decreased revenues in the first quarter of 2017 as compared to the same period in 2016, our pre-tax earnings for the three months ended March 31, 2017 were \$2.2 million, representing a pre-tax profit margin of 4% for the first quarter of 2017 as compared to pre-tax profit margins of 10% for the first quarter of 2016. While we cannot predict our profit margin for any future period, our annual pre-tax margin was 26% for 2016 and has ranged from 25% to 26% over four of the past five calendar years, except for 2015 when it was 17%.

We believe our business performance is best measured over longer periods of time, as we generally experience significant variations in revenues and profits from quarter to quarter. These variations can generally be attributed to the fact that our revenues are typically earned in large amounts throughout the year upon the successful completion of a transaction or restructuring or closing of a fund, the timing of which is uncertain and is not subject to our control. Accordingly, revenues and net income in any period may not be indicative of full year results or the results of any other period and may vary significantly from year to year and quarter to quarter.

(1) Excludes transactions less than \$100,000 and withdrawn/canceled deals. Source: Thomson Financial as of April 25, 2017.

Results of Operations

Revenues

Our revenues are principally derived from advisory services on mergers and acquisitions (or M&A), financings and restructurings and are primarily driven by total deal volume and the size of individual transactions. A majority of our advisory revenue is contingent upon the closing of a merger, acquisition, financing, restructuring, capital fund transaction or other advisory transaction. While fees payable upon the successful conclusion of a transaction generally represent the largest portion of our fees, we also earn other corporate advisory 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, our global capital advisory group provides capital raising advisory services in the primary market for real estate funds, where revenues are driven primarily by the amount of capital raised by the fund at each interim closing and at the final closing for the amount of capital committed since the last interim closing, and in the secondary market for alternative assets, where revenue is determined based upon a fixed percentage of the transaction value at the closing of each transaction.

We also generate a small portion of our revenues from interest income and gains (or losses) in merchant banking fund investments, which we substantially liquidated in prior years. Revenue recognized on investments in merchant banking funds is based on our allocable share of realized and unrealized gains (or losses) reported by such funds on a quarterly basis.

We earned \$56.9 million in revenues in the first quarter of 2017 compared to \$66.9 million in the first quarter of 2016, a decrease of \$10.0 million, or 15%. This decrease principally resulted from an absence of large merger and acquisition completions and lower fund placement revenues, offset in part by small increases in deal announcement fees and retainer fee revenues.

Completed assignments in the first quarter of 2017 included:

- The representation of Avanti Communications Group plc on the successful completion of a consent solicitation and exchange offer of its senior secured notes;
- The representation of the official unsecured creditors' committee of CHC Group, Ltd. on CHC's Chapter 11 proceedings;
- The sale of Derma Sciences, Inc. to Integra LifeSciences Holdings Corporation;
- The acquisition by International Flavors & Fragrances Inc. of Fragrance Resources;
- The sale by Lion Pty Ltd of its Australian premium wine business, Fine Wine Partners, to Accolade Wines;
- Advising Natural Resource Partners L.P. on a series of recapitalization transactions, including the extension of NRP's near-term debt maturities and the issuance of \$250 million of new preferred equity capital;
- Advising New Enterprise Stone & Lime Co., Inc. in connection with its recent financing transactions;
- The merger of Shanks Group plc with van Gansewinkel Groep B.V.;
- The sale by Teva Pharmaceutical Industries Ltd. of the assets and operations of Actavis Generics in the U.K. and Ireland to Accord Healthcare Limited, a subsidiary of Intas Pharmaceuticals Ltd; and
- Advising Palatin Technologies, Inc. on the exclusive licensing of North American rights to develop and commercialize bremelanotide to AMAG Pharmaceuticals, Inc.

During the first quarter of 2017, our global capital advisory group advised real estate fund general partners on three interim closings of primary capital commitments from institutional investors. In addition, the secondary capital advisory group advised institutional investors on 31 closings of sales of limited partnership interests in secondary market transactions.

We generally experience significant variations in revenues during each quarterly period. These variations can generally be attributed to the fact that a majority of our revenues is usually earned in large amounts throughout the year upon the successful completion of transactions, the timing of which are uncertain and are not subject to our control. Accordingly, the revenues earned in any particular period may not be indicative of revenues earned in future periods.

Operating Expenses

We classify operating expenses as employee compensation and benefits expenses and non-compensation expenses. Operating expenses include non-compensation costs for occupancy and equipment rental, information services, professional fees, recruiting, travel and entertainment, insurance, communications, depreciation and amortization, interest expense and other operating expenses. A portion of certain costs are reimbursed by clients under the terms of client engagements and are netted against non-compensation expenses.

Our total operating expenses for the first quarter of 2017 were \$54.8 million, which compared to \$60.4 million of total operating expenses for the first quarter of 2016. This represents a decrease of \$5.6 million, or 9%, which resulted principally from a decrease in our non-compensation expenses as described in more detail below. The pre-tax profit margin for the three months ended March 31, 2017 was 4% as compared to 10% for the same period in 2016, which for both periods was lower than our typical profit margin due to relatively low revenues in both first quarter periods.

The following table sets forth information relating to our operating expenses, which are reported net of reimbursements of certain expenses by our clients:

	For the Three Months Ended March 31,	
	2017	2016
	(in millions, unaudited)	
Employee compensation and benefits expenses	\$44.1	\$44.5
% of revenues	77%	67%
Non-compensation expenses	10.7	15.9
% of revenues	19%	24%
Total operating expenses.....	54.8	60.4
% of revenues	96%	90%
Total income before tax	2.2	6.5
Pre-tax profit margin	4%	10%

Compensation and Benefits Expenses

Our employee compensation and benefits expenses in the first quarter of 2017 were \$44.1 million, which reflected a 77% ratio of compensation to revenues. This amount compared to \$44.5 million for the first quarter of 2016, which reflected a 67% ratio of compensation to revenues. While the amount of compensation expense remained relatively constant for both first quarter periods, the increase in the ratio of compensation to revenues during the first quarter of 2017 resulted from the spreading of our employee compensation and benefits expense over lower revenues.

Our compensation expense is generally based upon revenues and can fluctuate materially in any particular period depending upon changes in headcount, amount of revenues recognized, as well as other factors. Accordingly, the amount of compensation expense recognized in any particular period may not be indicative of compensation expense in future periods.

Non-Compensation Expenses

Our non-compensation expenses were \$10.7 million in the first quarter of 2017 compared to \$15.9 million in the first quarter of 2016, reflecting a decrease of \$5.2 million, or 33%. The decrease in non-compensation expenses principally resulted from an adjustment in the estimated fair value of the contingent cash consideration for the earnout agreed as part of our 2015 acquisition of Cogent, offset by the absence of foreign currency gains. Interest expense, included within non-compensation expenses, for the three months ended March 31, 2017 and 2016 was \$0.8 million and \$0.7 million, respectively.

For the two year period ending March 31, 2017, which represented the first earnout period, the revenue generated by our secondary placement business was slightly less than the revenue target required to achieve the Cogent earnout and for the selling unitholders to receive additional consideration of \$18.9 million in cash and the issuance of 334,048 shares of our common stock. Under the terms of the earnout arrangement there is a second opportunity for the business to achieve the earnout during the two year period ended March 31, 2019. As has been the case since we purchased Cogent, we remeasure the fair value of the contingent cash consideration quarterly based on a probability weighted present value that the revenue target may be achieved. Based on our remeasurement of the likelihood of achieving the remaining revenue target for the period ended March 31, 2019 we recorded a benefit of \$6.0 million during the first quarter of 2017. We continue to estimate that it is likely that the earnout will be achieved

and we have therefore retained the same probability factor for the second earnout as in prior periods. Without the benefit of the remeasurement of the Cogent earnout, our non-compensation expenses would have been \$16.7 million, or \$0.8 million higher than the first quarter of 2016 primarily as a result of the lack of foreign currency gains.

Non-compensation expenses as a percentage of revenues for the three months ended March 31, 2017 were 19% compared to 24% for the same period in 2016. The decrease in non-compensation expenses as a percentage of revenues in the first quarter of 2017 as compared to the same period in 2016 principally resulted from the benefit of the remeasurement of the Cogent earnout as discussed above.

Our non-compensation expenses as a percentage of revenues can vary as a result of a variety of factors including fluctuation in revenue amounts, changes in headcount, the amount of recruiting and business development activity, the amount of office expansion, the amount of reimbursement of engagement-related expenses by clients, costs associated with acquisitions, the amount of borrowings, interest rate and currency movements and other factors, such as the contingent earnout. Accordingly, the non-compensation expenses as a percentage of revenues in any particular period may not be indicative of the non-compensation expenses as a percentage of revenues in future periods.

Provision for Income Taxes

For the first quarter of 2017, the provision for income taxes was \$2.9 million, which reflected an effective tax rate of 134%. This compared to a provision for income taxes in the first quarter of 2016 of \$2.1 million, which reflected an effective tax rate of 33%.

Effective in the first quarter of 2017, we were subject to a new accounting pronouncement which required us to record a charge or benefit in our provision for income taxes for the tax impact of both the difference between the grant price value and market price value of the awards at the time of vesting of restricted stock awards and the payment of RSU dividend equivalents. In prior periods, the tax impact of this difference was recorded as a charge or benefit to stockholders equity. For the first quarter of 2017, we incurred a net charge of \$2.1 million related to the new accounting requirement. Excluding this charge, the provision for income taxes for the first quarter of 2017 would have been \$0.8 million, which would have reflected a tax rate of 37%.

The increase in the effective tax rate in the first quarter of 2017, excluding the net charge related to the new accounting requirement, resulted from the generation of a greater proportion of earnings in the U.S., which imposes a higher tax rate than the foreign jurisdictions in which we operate.

The effective tax rate can fluctuate as a result of variations in the amount of income earned and the tax rate imposed in the tax jurisdictions in which we operate. Accordingly, the effective tax rate in any particular period may not be indicative of the effective tax rate in future periods.

Liquidity and Capital Resources

Our liquidity position, which consists of cash, 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. At March 31, 2017, we had cash and cash equivalents of \$52.0 million, of which \$33.5 million was held outside the U.S. We retain our cash in financial institutions with high credit ratings and/or invest in short-term investments which are expected to provide liquidity.

We generate substantially all of our cash from advisory fees. We use our cash primarily for recurring operating expenses and the payment of dividends and non-recurring disbursements such as the repayment of debt obligations, the repurchase of shares of our common stock 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. Our recurring quarterly and annual disbursements consist of cash bonus payments, tax payments, dividend payments, debt repayments 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 February 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. In general, we collect our accounts receivable within 60 days, except for fees generated through our primary capital advisory engagements, which are generally paid in installments over a period of three years, and certain restructuring transactions, where collections may take longer due to court-ordered

holdbacks. At March 31, 2017, we had advisory fees receivable of \$67.6 million, including long-term receivables related to our primary capital advisory engagements of \$24.7 million.

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. In February 2017, we paid to our employees cash bonuses and accrued benefits of \$26.2 million relating to 2016 compensation. In addition, during the first quarter of 2017, we paid \$14.9 million related to income taxes owed principally in the U.S. and the U.K. for the year ended December 31, 2016.

To provide for working capital needs and other general corporate purposes in the U.S, we have a revolving bank loan facility. As part of the annual renewal of the revolving loan facility, in March 2017, we extended the maturity date of the facility to April 30, 2018 and increased the size of the facility by \$10.0 million to \$80.0 million. Historically, we have been able to extend the maturity date of the revolving bank loan facility for a new one-year period shortly before maturity of the exiting loan facility. We expect to renew the revolving bank loan facility in future periods although our ability to do so in the future is not certain. The revolving bank loan facility bears interest at the higher of the Prime Rate or 3.5%. At March 31, 2017, we had \$74.0 million outstanding under the revolving bank loan facility.

It is our objective to generally maintain global cash balances in excess of the amount outstanding under our revolving bank loan facility. Although our revolving bank debt exceeded our cash balance at March 31, 2017, since quarter end as a result of transaction activity and fee collections during April, at April 30, 2017 we had cash and cash equivalents of approximately \$71.2 million, which was in excess of the \$64.3 million outstanding under our revolving bank loan facility.

In connection with our acquisition of Cogent in April 2015, we borrowed \$45.0 million from our bank lender through two bank term loan facilities, each in an original principal amount of \$22.5 million. One term loan was paid in full prior to its maturity on April 30, 2016 and the other bank term loan facility had an outstanding principle balance of \$16.9 million at March 31, 2017. In early April 2017, we repaid \$5.6 million related to a principal installment due April 30, 2017. As a result of that payment, as of April 30, 2017, \$11.3 million remains outstanding on the bank term loan facility and is payable in two equal installments, which are due on or before October 31, 2017 and April 30, 2018, respectively. There are no prepayment penalties for the early repayment of the term loan facility and principal amounts repaid cannot be reborrowed. The interest rate applicable to the outstanding bank term loan facility is equal to the Prime rate plus one and one-quarter percent (1.25%) per annum and will be reduced to the Prime Rate plus three-quarters of one percent (0.75%) per annum when the amount outstanding on such bank term loan facility is \$7.5 million or less. The interest rate applicable to the bank term loan facility can never be less than four percent (4.00%) per annum.

Both the revolving bank loan facility and the bank term loan facility are secured by any cash distributed in respect of the Company's investment in the U.S. based merchant banking fund, cash distributions from G&Co, GCI and GC LP, and advisory fees receivable of G&Co. In addition, the incurrence of additional indebtedness requires the prior approval of our lender. Further, the Company is required to comply with certain financial and liquidity covenants on a quarterly basis. At March 31, 2017, we were compliant with all loan covenants and we expect to continue to be compliant with all loan covenants in future periods.

As additional contingent consideration for the purchase of Cogent, we agreed to pay to the selling unitholders \$18.9 million in cash and issue 334,048 shares of our common stock in the future if our secondary fund placement business achieves a revenue target of \$80.0 million during either the two-year period ending on the second anniversary of the closing (March 31, 2017) or the two year period ending on the fourth anniversary of the closing (March 31, 2019) (the "Earnout"). For the two year period ending March 31, 2017, the revenue generated by our secondary placement business was slightly less than revenue target required to achieve the Earnout during the first two year period. If the revenue target is achieved during the two year period ended March 31, 2019, the contingent consideration will be paid on the fourth anniversary date of the closing.

Historically, we have generated significant earnings outside of the U.S. and we have repatriated a substantial portion of foreign earnings in excess of local working capital requirements and other forecast needs to the U.S. To the extent we repatriate additional foreign earnings under current U.S. tax law we will be subject to incremental U.S. tax on amounts repatriated for the difference between the U.S. tax rate of 35% and the lower rate of tax paid in the foreign jurisdictions. Due to this potential incremental tax burden, it is our intention to retain our foreign earnings offshore indefinitely to reinvest in our non-U.S operations.

Over the past two years we increased our U.S. revolving loan facility to provide adequate financial flexibility in the U.S. without accessing our foreign cash holdings. Presently, a substantial portion of our foreign cash is held in the U.K, which is currently subject to tax at a rate of 19%, and scheduled to decline to 17% in 2020. If the U.S. tax law were to change and corporate federal rates were reduced to a level in the range of 15% to 25%, as have been proposed by U.S. lawmakers, we would not only likely benefit from higher earnings and cash flow as a result, but also we would also be eligible to repatriate cash from overseas to the U.S. with little or no tax increase in order to reduce debt and/or increase returns of capital to shareholders.

In January 2017, our Board of Directors authorized the repurchase of up to \$75.0 million of our common stock during 2017. For the three months ended March 31, 2017, we are deemed to have repurchased 423,556 shares of our common stock at an average price of \$29.55 per share for a total cost of \$12.5 million in connection with the cash settlement of tax liabilities incurred in respect of stock delivered to our employees in connection with the vesting of restricted stock units. While we expect to fund future repurchases of our common stock (if any) with operating cash flow, we are unable to predict the timing or magnitude of our share repurchases. Any future repurchases of our common stock will be dependent upon our cash flow generation and take into account the payment of dividends, repayment of the bank loan facilities, potential obligations under the Earnout and other relevant factors.

Under the terms of our stock equity 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. Based upon the number of restricted stock unit grants outstanding at May 1, 2017, 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 \$49.1 million (as calculated based upon the closing share price as of May 1, 2017 of \$25.25 per share and assuming a withholding tax rate of 42%) over the next five years, of which \$1.2 million remains payable in 2017, \$14.2 million will be payable in 2018, \$13.1 million will be payable in 2019, \$14.1 million will be payable in 2020, \$6.2 million will be payable in 2021 and \$0.3 million will be payable in 2022. We will realize a corporate income tax benefit concurrently with the cash settlement payments.

As part of our long-term incentive award program, we also grant deferred cash retention awards to certain eligible employees. The deferred awards, which generally vest 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. Based upon the value of the deferred cash awards outstanding at March 31, 2017, we estimate payments of \$33.9 million over the next five years, of which \$4.0 million remains payable in 2017, \$11.4 million will be payable in 2018, \$11.5 million will be payable in 2019, \$4.6 million will be payable in 2020, and \$2.4 million will be payable in 2021. We will realize a corporate income tax deduction at the time of payment.

Since 2004, we have paid quarterly dividends to our shareholders and dividend equivalent payments to our employees who hold restricted stock units. Our quarterly dividend has been \$0.45 per share since 2007. For the year ended December 31, 2016, we made dividend distributions of \$61.6 million, or \$1.80 per common share and outstanding restricted stock unit. During the three months ended March 31, 2017, we made dividend distributions of \$15.5 million, or \$0.45 per common share and outstanding restricted stock unit. We have declared a dividend of \$0.45 per common share payable in June 2017. 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, obligations under our bank loan facilities, potential obligations under the Earnout, contractual restrictions and other factors as our Board of Directors may deem relevant.

While we believe that the cash generated from operations and borrowings from the revolving bank loan facility will be sufficient to meet our expected operating needs, tax obligations, bank term loan repayments, common dividend payments, share repurchases, potential obligation under the Earnout 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 current lender will continue to renew our revolving bank loan facility annually on comparable terms, and at the current borrowing amount or at all, and if it is not renewed that we would be able to obtain a new credit facility from a different lender. In that case, we could be required to promptly repatriate foreign earnings, issue additional securities, reduce operating costs or take a combination of these actions, in each case on terms which may not be favorable to us. In the event that we are not able to meet our liquidity needs, we may consider a range of financing alternatives to meet any such needs.

Cash Flows

In the three months ending March 31, 2017, our cash and cash equivalents decreased by \$46.3 million from December 31, 2016, including an increase of \$0.7 million from the effect of the translation of foreign currency amounts into U.S. dollars at the quarter-end foreign currency conversion rates. We used \$28.5 million from operating activities, which consisted of \$12.8 million from net income after giving effect to non-cash items offset by a net increase in working capital of \$41.3 million, principally from payment of annual bonuses and accrued income taxes. We used \$0.4 million in investing activities to fund equipment purchases and leasehold improvements. We used \$18.0 million in financing activities, including \$15.5 million for the payment of dividends, \$12.5 million for the repurchase of our common stock from employees in conjunction with the payment of tax liabilities in settlement of restricted stock units, offset in part by the net borrowings of \$9.9 million on our revolving bank loan facility.

In the three months ending March 31, 2016, our cash and cash equivalents decreased by \$14.4 million from December 31, 2015, including a decrease of \$1.0 million from the effect of the translation of foreign currency amounts into U.S. dollars at the quarter-end foreign currency conversion rates. We generated \$1.4 million from operating activities, including \$17.3 million from net income after giving effect to non-cash items offset by a net increase in working capital of \$15.9 million principally from the

payment of accrued income taxes payable and annual bonuses. We used \$0.3 million in investing activities to fund leasehold improvements. We used \$14.5 million in financing activities, including \$15.4 million for the payment of dividends, \$7.7 million for the repurchase of our common stock from employees in conjunction with the payment of tax liabilities in settlement of restricted stock units, and \$6.7 million of tax costs related to delivery of restricted stock units at a vesting price lower than the grant price, offset in part by the net borrowings of \$15.3 million on our revolving bank loan facility.

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 condensed consolidated financial statements.

Market Risk

Our investments are principally limited to short-term cash investments, which we believe do not face any material interest rate risk, equity price risk or other market risk. We maintain our cash and cash equivalents 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.

We monitor the quality of our investments on a regular basis and may choose to diversify such investments to mitigate perceived market risk. Our cash and cash equivalents are denominated in U.S. dollars, Australian dollars, Canadian dollars, pound sterling, euros, yen, Swedish krona and Brazilian real, and we face foreign currency risk in our cash balances held in accounts outside the United States due to potential currency movements and the associated foreign currency translation accounting requirements. We currently do not hedge our foreign currency exposure, but we may do so if we expect we will need to fund U.S. dollar obligations with foreign currency.

In addition, the reported amounts of our advisory revenues may be affected by movements in the rate of exchange in the major markets in which we operate between the Australian dollar, Canadian dollar, pound sterling, euro, yen, krona and real (in which collectively 26% of our revenues for the three month period ended March 31, 2017 were denominated) and the dollar, in which our financial statements are denominated. We do not currently hedge against movements in these exchange rates. 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 generated a significant portion of our foreign earnings, included the United Kingdom, Europe and Australia. During the three month period ended March 31, 2017, as compared to the same period in 2016, the value of the U.S. dollar strengthened relative to the pound sterling and euro and weakened relative to the Australian dollar. In aggregate, although there was a negative impact on our revenues in the first three months of 2017 as compared to the same period in 2016 as a result of movements in the foreign currency exchange rates, we did not deem the impact significant due to the timing of receipts and the mix of currencies we received, including the negotiation for the payment of certain foreign transaction fees in U.S. dollars. Further, because our operating costs in foreign jurisdictions are denominated in local currency we are effectively internally hedged 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.

Critical Accounting Policies and Estimates

Descriptions of our critical accounting policies and estimates, which 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 above in "Item 1 — Notes to Condensed Consolidated Financial Statements (unaudited), Note 2 — Summary of Significant Accounting Policies" and are incorporated by reference herein.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Quantitative and qualitative disclosures about market risk are set forth above in "Item 2 — Management's Discussion and Analysis of Financial Condition and Results of Operations — Market Risk".

Item 4. Controls and Procedures

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of the Firm's disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")). Based upon this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report.

No change in our internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) of the Exchange Act) occurred during the period covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II -- Other Information

Item 1. Legal Proceedings

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

Item 1A. Risk Factors

There have been no material changes in our risk factors from those disclosed in our 2016 Annual Report on Form 10-K.

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

Issuer Purchases of Equity Securities in the First Quarter of 2017:

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)
Jan	—	—	—	\$ 75,000,000
Feb	—	—	—	75,000,000
Mar	—	—	—	75,000,000
Total	—	—	—	\$ 75,000,000

(1) Excludes 423,556 shares we are deemed to have repurchased in the first quarter of 2017 at an average price of \$29.55 per share, or \$12.5 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) Effective January 26, 2017, the Board of Directors authorized the repurchase of up to \$75,000,000 of our common stock during the period January 1, 2017 to December 31, 2017.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits**EXHIBIT INDEX**

Exhibit Number	Description
10.1	Renewal and Modification Agreement, dated as of March 16, 2017, by and between Greenhill & Co., Inc. and First Republic Bank
10.2	Security Agreement (Partnership Distributions), dated as of March 16, 2017, by and between Greenhill & Co., Inc. and First Republic Bank
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	Interactive data files pursuant to Rule 405 of Regulation S-T.
* 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 Securities Exchange Act of 1934.	

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: May 8, 2017

GREENHILL & CO., INC.

By: /s/ SCOTT L. BOK

Scott L. Bok

Chief Executive Officer

By: /s/ HAROLD J. RODRIGUEZ, JR.

Harold J. Rodriguez, Jr.

Chief Financial Officer



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RENEWAL AND MODIFICATION AGREEMENT

This Renewal And Modification Agreement (the "Agreement") dated as of **March 16, 2017**, for reference purposes only, is made by and between **Greenhill & Co., Inc.** (the "Borrower"), and **First Republic Bank** (the "Lender"), with reference to the following facts:

A. Borrower and First Republic Bank, a Nevada corporation, predecessor-in-interest to Lender entered into that certain Loan Agreement (Line of Credit) dated **January 31, 2006** which was modified from time to time (as modified, the "Loan Agreement") pursuant to which a loan in the current principal amount of **Seventy Million and 00/100 Dollars (\$70,000,000.00)**, (the "Loan") was made to Borrower. The Loan is evidenced by Borrower's amended and restated promissory note dated March 8, 2016 (the "Note").

B. Borrower has requested that Lender modify certain of the Loan Documents on the terms and conditions of this Agreement.

C. All terms with an initial capital letter that are used but not defined herein shall have the respective meanings given to such terms in the Loan Agreement or the Note.

THEREFORE, for valuable consideration, Lender and Borrower agree as follows:

1. Modification of Loan Documents.

1.1 Extension of Maturity Date. The Maturity Date of the Note is extended to **April 30, 2018**, at which time the entire unpaid principal balance of the Note and all accrued but unpaid interest and any other outstanding amounts due Lender under the Loan Documents shall be due and payable.

1.2 Restatement of Financial, Reporting and Additional Covenants for Loan. The financial and reporting covenants set forth in the Loan Agreement (including on Exhibit A thereto) and the additional covenants set forth in Exhibit A to the Loan Agreement are hereby amended and restated as set forth on Exhibit A to this Agreement.

1.3 Principal Amount of the Loan. Effective as of **March 16, 2017**, the principal amount of the Loan (and the face amount of the Note) is hereby increased from the principal amount of **Seventy Million and 00/100 Dollars (\$70,000,000.00)** to **Eighty Million and 00/100 Dollars (\$80,000,000.00)**.

1.4 Other Modifications. The defined term "Maximum Loan Amount" in Section 2.1(a) of the Loan Agreement is hereby replaces with "Eighty Million and 00/100 Dollars (\$80,000,000.00).

2. Authority. Borrower has the full power and authority to enter into and perform all of its obligations under this Agreement, and this Agreement, when executed by the Person(s) signing this Agreement on behalf of Borrower, shall constitute a legal, valid and binding obligation of Borrower enforceable in accordance with its terms. The Person(s) executing this Agreement on behalf of Borrower have been duly authorized to execute this Agreement by all requisite actions on the part of Borrower.

3. Renewal/Modification Fees. Borrower shall pay to Lender upon execution of this Agreement, a loan fee of **\$203,125.00**, which fee shall be debited from account number held with Lender.

4. Continuing Effect of Documents. The Note, Loan Agreement and other Loan Documents, remain in full force and effect in accordance with their terms, except as modified herein and are hereby affirmed by the Borrower.

5. Security Agreement. The effectiveness of the modifications set forth in Section 1 above shall be conditioned on the execution and delivery to Lender of this Agreement and that certain Security Agreement - Partnership Distributions dated as of the date herewith executed by Greenhill & Co., Inc. for the benefit of Lender.

6. Counterparts; Electronic Signatures. This Agreement may be executed in counterparts, each of which shall constitute an original, and all of which together shall constitute one and the same agreement. A signed copy of this Agreement transmitted by a party to another party via facsimile or an emailed "pdf" version shall be binding on the signatory thereto. Notwithstanding the delivery of the faxed or emailed copy, Borrower agrees to deliver to Lender original executed copies of this Agreement.

BORROWER:

**Greenhill & Co., Inc.
a Delaware corporation**

**By: /s/ Harold J. Rodriguez, Jr.
Harold J. Rodriguez, Jr.
Chief Financial Officer**

LENDER:

First Republic Bank

By: /s/ Jodi L. Gee

Name: Jodi L. Gee

Title: Manager, Commercial Lending Services

EXHIBIT A

COVENANTS FOR LOAN NO.

This Exhibit A is an integral part of the Agreement between the Lender and Borrower, and the following terms are incorporated in and made a part of the Agreement to which this Exhibit A is attached:

1. Financial Covenants.

1.1 Minimum Tangible Net Worth. Borrower shall maintain at all times a Tangible Net Worth of not less than **Fifty Million and 00/100 Dollars (\$50,000,000.00)** measured as of the last day of each of Borrower's quarter end.

For the purpose of this financial covenant, "Tangible Net Worth" is defined as the excess of total assets over total liabilities, determined in accordance with United States generally accepted accounting principles, with the following adjustments: (A) there shall be excluded from assets (i) notes, accounts receivable and other obligations owing to the Borrower from its officers, members, partners or Affiliates, and (ii) all assets which would be classified as intangible assets under generally accepted accounting principles, including goodwill, licenses, patents, trademarks, trade names, copyrights, capitalized software and organizational costs, licenses and franchises; and (B) there shall be excluded from liabilities all indebtedness which is subordinated to the Obligations under a subordination agreement in form specified by Lender or by language in this instrument evidencing the indebtedness which is acceptable to Lender in its discretion.

1.2 No Additional Indebtedness. Without the prior written consent of Lender, Borrower (a) shall not directly or indirectly incur indebtedness for borrowed money excluding (i) debts as of the date of this Agreement that were previously disclosed in writing to Lender (other than those that are being paid substantially concurrently with the funding of the Loan), (ii) other borrowing from Lender and (iii) unsecured debt incurred in the normal course of business, and (b) shall not directly or indirectly make, create, incur, assume or permit to exist any guaranty of any kind of any indebtedness or other obligation of any other person during the term of this Agreement, excluding any guaranties as of the date of this Agreement previously disclosed in writing to Lender.

1.3 Debt Service Coverage Ratio. Borrower shall maintain a Debt Service Coverage Ratio as stated below, which shall be measured quarterly as of the last day of the fiscal quarter on a 4-quarter rolling basis.

For purposes of this Section, the term "Debt Service Coverage Ratio" is defined as a ratio of EBITDA plus any non-cash expense related to restricted stock units granted to employees less any dividends paid, to the sum of the interest expense of the Term Loans and the Revolving Loan for the prior 12 months and total principal due under the Term Loan within the following 12 months of at least **1.50:1.00** measured quarterly on a 4-quarter rolling basis. EBITDA shall mean "Net income before Interest, Taxes, Depreciation and Amortization."

1.4 Deposit Accounts. At all times, the following entities shall maintain deposit accounts with Lender into which will be deposited all proceeds of Lender's Collateral subject to the provisions of the related Security Agreement: **Greenhill Capital Partners, LLC and Greenhill & Co., LLC.**

1.5 Minimum Liquidity. At the time of each advance under the Revolving Loan Agreement, Borrower shall maintain minimum Liquidity on a consolidated basis of **\$30,000,000.00**.

For purposes of this financial covenant, "Liquidity" shall include the following: "Liquid Assets: (i) unencumbered cash and certificates of deposit, (ii) treasury bills and other obligations of the U.S. Federal Government, and (iii) readily marketable securities (including commercial paper, but excluding restricted stock and stock subject to the provisions of Rule 144 of the Securities and Exchange Commission) (unless such stock can be sold without regard to the "volume limitations" under Rule 144)."

1.6 Liquidity. Borrower shall maintain unencumbered Liquid Assets of the Borrower on a consolidated basis equal to **one (1.00) times** the current principal outstanding balance of the Revolving Loan for a minimum of 30 consecutive days during each of Borrower's fiscal years, verified annually.

For purposes of this financial covenant, "Liquid Assets" shall mean the following assets (i) cash and certificates of deposit, (ii) treasury bills and other obligations of the U.S. Federal Government, and (iii) readily marketable securities (including commercial paper, but excluding restricted stock and stock subject to the provisions of Rule 144 of the Securities and Exchange Commission).

2. Reporting Covenants.

2.1 Financial Statements. Borrower shall deliver to Lender annual consolidating company-prepared financial statements, including balance sheet and income statements, within **one hundred and twenty (120)** days after the end of each of the Borrower's fiscal years, which financial statements shall be certified by the Borrower's chief financial officer or another officer or representative acceptable to Lender.

2.2 Accounts Receivable Aging Statement. Borrower shall deliver to Lender quarterly accounts receivable aging statements, in form and content reasonably acceptable to Lender, within **forty-five (45)** days after the end of each quarter certified by Borrower's chief financial officer or another officer or representative of Borrower acceptable to Lender.

2.3 SEC Filings (10-K). Within **ten (10)** days of filing, Borrower shall deliver copies of CPA audited SEC filings (10-K) annual financial statements.

2.4 SEC Filings (10-Q). Within **ten (10)** days of filing, Borrower shall deliver copies of company prepared SEC filings (10-Q) quarterly financial statements. Quarterly SEC filings (10-Q) to be delivered for the first three (3) fiscal quarters.

3. Additional Covenants.

3.1 Not Applicable.



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SECURITY AGREEMENT **Partnership Distributions**

This **SECURITY AGREEMENT** (Partnership Distributions) (the "Agreement"), dated as of **March 16, 2017**, is executed by and between **GREENHILL & CO., INC.**, a Delaware corporation ("Borrower"), and **FIRST REPUBLIC BANK** ("Lender").

RECITALS

A. In connection herewith Lender has entered, into a Loan Agreement (Term Loan) (as hereafter amended "Term Loan Agreement") dated as of April 1, 2015, with Borrower pursuant to which Lender shall provide two term loans to, or for the benefit of, Borrower each in the original principal sum of **Twenty-Two Million Five Hundred Thousand and 00/100ths Dollars (\$22,500,000.00)** for a total principal sum of **Forty-Five Million and 00/100ths Dollars (\$45,000,000.00)**. This Agreement is being provided in connection with the Term Loan Agreement to secure Borrower's Obligations thereunder.

B. Prior hereto, Borrower and First Republic Bank, a Nevada corporation, predecessor-in-interest to Lender entered into that certain Loan Agreement Revolving Line of Credit dated January 31, 2006, as modified (the "Revolving Loan Agreement") pursuant to which a loan in the principal amount of **Forty-Five Million and 00/100 Dollars (\$45,000,000.00)**, (as modified the "Revolving Loan") was made to Borrower. The Revolving Loan is evidenced by Borrower's Seventh Amended and Restated Promissory Note dated April 30, 2012, as modified (the "Revolving Note").

C. In connection herewith Lender has also entered, into a Renewal and Modification Agreement dated as of April 1, 2015 pursuant to which, among other things, Lender shall increase the principal amount of the Revolving Loan to the principal sum of **Fifty Million and 00/100ths Dollars (\$50,000,000.00)**. (The Revolving Loan Agreement, the Renewal and Modification Agreement and all documents executed in connection therewith are referred to collectively as the "Revolving Loan Documents".)

D. In connection herewith Lender has also entered, into a Renewal and Modification Agreement dated as of March 16, 2017 pursuant to which, among other things, Lender shall increase the principal amount of the Revolving Loan to the principal sum of **Eighty Million and 00/100ths Dollars (\$80,000,000.00)**. (The Revolving Loan Agreement, the Renewal and Modification Agreement and all documents executed in connection therewith are referred to collectively as the "Revolving Loan Documents".)

E. The obligations of Borrower under the Revolving Loan are secured by a Security Agreement (LLC Distributions) ("Revolving Loan Security Agreement") dated as of April 30, 2010 executed by Borrower. The Revolving Loan Security Agreement secures the obligations ("Revolving Loan Secured Obligations") of Borrower under the Revolving Loan Documents. The Revolving Loan Security Agreement grants Lender a lien on the same Collateral as provided under this Agreement.

NOW THEREFORE, for valuable consideration, the receipt and adequacy of which are acknowledged, Borrower and Lender agree as follows:

ARTICLE I **DEFINITIONS**

For purposes of this Agreement, capitalized terms not otherwise defined in this Agreement shall have the meanings provided below or in the Commercial Code or in the Term Loan Agreement.

1.1 **Agreement** - means this Security Agreement including any Exhibits, any concurrent or subsequent rider to this Security Agreement and any extensions, supplements, amendments or modifications to this Security Agreement and/or to any such rider.

1.2 **Attorneys' Fees** - is defined in Section 9.5.

1.3 **Bankruptcy Code** - means the U.S. Bankruptcy Code as now enacted or hereafter amended.

1.4 **Borrower** - means **Greenhill & Co., Inc.**, a Delaware corporation.

1.5 **Borrower's Books** - means all of Borrower's books and records including, but not limited to: minute books; ledgers, and records indicating, summarizing or evidencing Borrower's assets, liabilities, the Collateral, the Secured Obligations, and all information relating thereto; records indicating, summarizing or evidencing Borrower's business operations or financial condition; and all computer programs, disc or tape files, printouts, runs, and other computer prepared information and the equipment containing such information.

- 1.6 **Business Day** - means any day other than a day on which commercial banks are authorized or required by law to close in the State of California.
- 1.7 **Capital Account** - means any account or credit maintained or owed directly or indirectly by the Limited Partnership to or for Borrower or in Borrower's name: (i) on account of Capital Contributions of Borrower on account of Borrower's LP Interest; and/or (ii) which represents Borrower's LP Interest; and/or (iii) which represents the value of Borrower's LP Interest.
- 1.8 **Capital Calls** - means all demands made, or to be made, upon Borrower for: (i) the advance of funds to be made by Borrower to fund the capital of the Limited Partnership; or (ii) on account of, or in connection with, the LP Interest.
- 1.9 **Capital Contributions** - means all payments and/or contributions made by Borrower to the Limited Partnership pursuant to any Capital Calls.
- 1.10 **Commercial Code** - means the Uniform Commercial Code, as now enacted or hereafter amended, applicable in the State of California.
- 1.12 **Distributions** - mean all amounts and rights to payment, payments and distributions, amounts and cash owed to, paid to, or held for, or available to Borrower or in Borrower's name (in whichever form they exist, whether as Instruments, Chattel Paper, Accounts, General Intangibles, Financial Assets or otherwise) arising from, or on account of: (i) the LP Interest, and/or (ii) Limited Partnership's partnership interest in Greenhill Cogent, LP and/or (iii) all Capital Accounts, including without limitation, all Interim Distributions and all Liquidation Distributions.
- 1.13 **Exhibit** - means any Exhibit attached hereto and incorporated herein.
- 1.14 **Governmental Authorities** - means: (i) the United States; (ii) the state, county, city or other political subdivision in which any of the Collateral is located; (iii) all other governmental or quasi-governmental authorities, boards, bureaus, agencies, commissions, departments, administrative tribunals, instrumentalities and authorities; and (iv) all judicial authorities and public utilities having or exercising jurisdiction over Borrower, any Guarantor or the Collateral. The term "Governmental Authority" means any one of the Governmental Authorities.
- 1.15 **Governmental Permits** - means all permits, approvals, licenses and authorizations now or hereafter issued by any Governmental Authorities for or in connection with the conduct of Borrower's business or the ownership or use by Borrower of the Collateral, or its other assets or its properties.
- 1.16 **Governmental Requirements** - means all existing and future laws, ordinances, rules, regulations, orders or requirements of all Governmental Authorities applicable to Borrower, any Guarantor, the Collateral or any of Borrower's or any Guarantor's other assets or properties.
- 1.17 **Guarantor** - means, collectively, the Person or Persons, if any, now or hereafter guaranteeing payment of the credit or payment or performance of the Secured Obligations (or pledging collateral therefor).
- 1.18 **Guaranty** - means every guaranty agreement of any kind (including third-party pledge agreements) now or hereafter executed by any Guarantor, and all extensions, renewals, modifications and replacement thereof.
- 1.19 **Insolvency Proceeding** - means any proceeding commenced by or against any person or entity, including Borrower, under any provision of the United States Bankruptcy Code, as amended, or under any other bankruptcy or insolvency law, including, but not limited to, assignments for the benefit of creditors, formal or informal moratoriums, compositions or extensions with some or all creditors.
- 1.20 **Interim Distribution** - means any Distributions made in the ordinary course of business of the subject entity and not in connection with a Liquidation Distribution.
- 1.21 **Judicial Officer or Assignee** - means any trustee, receiver, controller, custodian, assignee for the benefit of creditors or any other person or entity having powers or duties like or similar to the powers and duties of a trustee, receiver, controller, or assignee for the benefit of creditors.
- 1.22 **Lender** - means **FIRST REPUBLIC BANK**.
- 1.23 **Lender Expenses** - means all reasonable costs and expenses incurred by Lender in connection with: (i) this Agreement or other Term Loan Document; (ii) the transactions contemplated hereby or thereby; (iii) the enforcement of any rights hereunder or thereunder; (iv) the recordation or filing of any documents; (v) Lender's Attorneys' Fees; (vi) the creation, perfection or enforcement and defense of the lien on any item of Collateral; and (vii) any expenses incurred in any proceedings in the U.S. Bankruptcy Courts in connection with any of the foregoing.
- 1.24 **Limited Partnership** - means Greenhill Cogent Holdings, L.P., a Texas limited partnership
- 1.25 **Liquidation Distribution** - means all Distributions that are liquidating dividends or final return on capital to Borrower or repayment of equity in connection with the liquidation, dissolution or termination of the Limited Partnership or Greenhill Cogent, LP.
- 1.27 **LP Agreement** - means the Limited Partnership Agreement or other formation agreement listed on **Exhibit B**.

1.28 **LP Interest** - means all rights and interest of Borrower in the Limited Partnership (including all related rights to payment and Distributions and Capital Accounts) including without limitation those related to or arising from the Limited Partnership's partnership interest in Greenhill Cogent, LP (including all related rights to payment and distributions and capital accounts).

1.29 **Note(s)** - means: (i) the Promissory Note dated as of April 1, 2015 executed by Borrower as Borrower payable to Lender in the original principal sum of \$22,500,000.00 with a Maturity Date in 2016, (ii) the Promissory Note dated as of April 1, 2015 executed by Borrower as Borrower payable to Lender in the original principal sum of \$22,500,000.00 with a Maturity Date in 2018 and (iii) all extensions, renewals, modifications and replacements of any of the foregoing.

1.30 **Permitted Liens** - means any and all of the following: (i) liens for taxes, fees, assessments or other governmental charges or levies, either not delinquent or being contested in good faith by appropriate proceedings; (ii) any lien granted in favor of the Lender under or in respect of the Revolving Loan Security Agreement and (iii) any other liens and encumbrances agreed to in writing by Lender which shall be junior in priority to the lien of Lender granted in this Agreement unless otherwise agreed to by Lender in writing.

1.31 **Person** - means any natural person or any entity, including any corporation, partnership, joint venture, trust, limited liability company, unincorporated organization or trustee, or Governmental Authority.

1.32 **Secured Obligations** - means all debts, obligations and liabilities of Borrower to Lender under or in connection with this Agreement, the Term Loan Agreement, any Note, and any of the other Term Loan Documents, regardless whether such Secured Obligations are currently existing or hereafter created, whether direct or indirect, whether absolute or contingent, whether liquidated or unliquidated, including Attorneys' Fees. Notwithstanding anything to the contrary contained in the Term Loan Documents, the term "Secured Obligations" shall not include any debts that are or may hereafter constitute "consumer credit" which is subject to the disclosure requirements of the federal Truth-In Lending Act (15 U.S.C. Section 1601, et seq.) or any similar state law in effect from time to time, unless Lender and Borrower shall otherwise agree in a separate written agreement.

1.33 **Term Loan Agreement** - is defined in Recital A and all extensions, renewals, modifications and replacements thereof.

1.34 **Term Loan Document** - is as defined in the Term Loan Agreement and includes without limitation this Security Agreement.

ARTICLE II

SECURITY INTEREST

2.1 **Security Interest**. Borrower hereby grants to Lender a continuing valid, first priority security interest in all present and future Collateral, described in **Exhibit B**, now owned or hereafter acquired to secure repayment and performance of the Secured Obligations.

2.2 **Security Documents**. Lender may file all financing statements and confirmation statements and other documents as necessary to perfect and maintain perfected Lender's security interest. Borrower shall execute and deliver to Lender all documents which Lender may reasonably request: (i) to perfect, and maintain perfected, Lender's security interests in the Collateral or, (ii) to maintain or recognize the priority and enforceability of the Lender's lien on the Collateral, and (iii) to implement the terms of this Agreement. If requested by Lender, Borrower will use its commercially reasonable efforts to have such documents executed by relevant third parties and delivered to Lender. In this regard if the Account is maintained with a financial institution other than Lender, Borrower will execute such Control Agreement as Lender may reasonably require to perfect its lien on such Account.

2.3 Assignment of Rights to Payment.

(a) Subject to the limitations set forth in **Exhibit A**, Borrower hereby assigns, transfers and sets over to Lender and its successors all of its rights to collect and receive all Distributions from the Limited Partnership including without limitation those arising from or related to Limited Partnership's partnership interest in Greenhill Cogent, LP.

(b) All payments on the foregoing Distributions are to be sent by wire transfer to the account specified in **Exhibit B** ("Account"). Borrower shall take such steps as are requested by Lender for the payment of all future Distributions into such Account. Funds deposited into the Account shall be released or applied as provided in **Exhibit A**.

ARTICLE III

DISTRIBUTIONS AND DIVIDENDS

3.1 **Distributions**. Whether or not an Event of Default has occurred, all Distributions will be deposited into the Account.

3.2 **Delivery**. Borrower shall promptly deliver to Lender all instruments or chattel paper which constitute Collateral, duly endorsed and assigned.

3.3 **Funds Held in Trust**. To the extent that Borrower receives any payment which is to be paid to Lender, such payment is to be held in trust for Lender and shall be segregated from Borrower's other funds and shall be immediately paid to Lender in the form as received (with any necessary endorsements).

3.4 **Funds Held by Lender.** All funds received by Lender may, in the discretion of Lender, be held by Lender as additional Collateral and disbursed or applied to the Secured Obligations as provided in **Exhibit A**.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

Until the Secured Obligations are satisfied in full, Borrower makes the following representations and warranties:

4.1 **Borrower.** Borrower's full and correct name and address are indicated in **Exhibit A**. If Borrower is an entity, Borrower: (i) is duly organized, validly existing and in good standing under the laws of the state specified in **Exhibit A**; (ii) is qualified to do business and is in good standing in each jurisdiction in which the ownership of its assets or the conduct of its business requires qualification as a foreign entity; and (iii) conducts business under the trade name(s), if any, specified in **Exhibit A**, and no other trade name(s).

4.2 **Authority.** This Agreement has been duly authorized, and upon execution and delivery will constitute the legal, valid and binding agreement and obligation of Borrower, enforceable in accordance with its terms.

4.3 **No Conflicts.** The execution, delivery and performance by Borrower of this Agreement and the grant of the lien herein do not: (i) violate any Governmental Requirements applicable to Borrower; (ii) constitute a breach of any provision of the organizational papers of Borrower; or (iii) constitute an event of default under any agreement of Borrower.

4.4 **Lawsuits; Compliance; Taxes.** There is no material lawsuit, tax claim or adjustment or other dispute pending to the best of the Borrower's knowledge or threatened against Borrower or the Collateral, which may result, either separately or in the aggregate, in any material adverse change in the assets, properties, business, profits, or condition of Borrower, nor does Borrower know of any basis for any such action, suit, proceeding or investigation. Borrower is in compliance with all Governmental Requirements and has satisfied, prior to delinquency, all taxes due or payable by Borrower or assessed against the Collateral.

4.5 **Adequate Consideration.** Borrower is receiving reasonably equivalent consideration for entering into this Agreement.

4.6 **Solvency.** Borrower is now and shall be at all times hereafter solvent and able to pay Borrower's debts (including trade debts) as they mature.

4.7 **Title to Assets.** Borrower: (i) holds a partnership interest in the Limited Partnership and holds the LP Interest; (ii) has and at all times will have full legal and equitable title to the forgoing assets free of all liens and interests, except Permitted Liens; and (iii) has the right to grant security interests in the Collateral. No authorization or approval or notice is required to grant the lien on the Collateral or for the delivery of this Agreement, except for such authorizations, or notices which have been obtained or given prior hereto.

4.8 **Partnership Interest.** Borrower is not in default of any duty or obligation required in connection with its interest in the Limited Partnership. All amounts and all Capital Calls owed in connection therewith have been fully paid.

4.9 **No Offsets or Defenses.** All Distributions, Capital Accounts and other amounts owed to Borrower in connection with its interest in the Limited Partnership are subject to no defense or set off other than those expressly specified in the LP Agreement.

4.11 **Limited Partnership.** The Limited Partnership has been duly organized and is in good standing under the laws of the State of its formation. The Limited Partnership is financially solvent. The Limited Partnership is not an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

4.13 **LP Agreement.** The LP Agreement identified in **Exhibit B**, a true and complete copy of which has been provided to Lender, has been duly authorized, executed and delivered by the parties thereto, has not been amended or supplemented, except as expressly disclosed to Lender, and is in full force and effect and binding on all parties thereto in accordance with its terms.

4.14 **Non-Consumer.** No item of Collateral is held primarily for personal, family or household purposes or secures a loan which is obtained primarily for personal, family or household purposes.

4.15 **Liquidity.** Upon execution of this Agreement, Borrower will remain liquid, the total value of its assets will exceed its liabilities (contingent and non-contingent); and it will be able to pay its debts as they come due.

4.16 **Continuing and Cumulative Warranties.** The warranties and representations set forth in this Section shall be true and correct in all material respects at the time of execution of this Agreement and shall constitute continuing representations and warranties as long as any of the Secured Obligations remain unpaid or unperformed. The warranties and representations shall be cumulative and in addition to any other warranties and representations which Borrower shall give to Lender, now or hereafter.

ARTICLE V

COVENANTS

Borrower agrees, until the Secured Obligations are satisfied in full:

5.1 **Transfer or Release of Assets.** Borrower shall not transfer, sell, abandon, or release its partnership interest in the Limited Partnership or any Capital Account, any amounts owed to Borrower in connection with the LP Interest or any Capital Account, or any other item of Collateral.

5.2 **Lien Free.** Borrower shall keep the Collateral free of all liens and interests, except Permitted Liens. However except as expressly agreed in writing Lender's lien shall be senior to all Permitted Liens (other than any lien granted in favor of the Lender under or in respect of the Revolving Loan Security Agreement, which lien shall be co-equal to any liens granted herein).

5.3 **Limited Partnership Interest.**

(a) Borrower will not do any of the following without the prior written consent of Lender: (i) if a Monetary Event of Default has occurred and is continuing, withdraw capital or borrow from the Limited Partnership or receive any Distributions in contravention of Section 3 above or in Section 3 Disposition of Distributions in Exhibit A hereto; (ii) vote or agree to dissolve the Limited Partnership; (iii) vote or agree to make any material amendments to the LP Agreement; (iv) waive, or suspend any right to collect, any Distributions or take any action which would adversely affect Borrower's right to any Distributions or Borrower's right to collect any Distributions; or (v) waive any material default under or breach of the LP Agreement. Borrower will: (i) perform and observe all provisions of the LP Agreement applicable to Borrower; (ii) maintain and enforce the LP Agreement; and (iii) satisfy all Capital Calls now or hereafter received by Borrower.

(b) Notwithstanding anything contained to the contrary in this clause 5.3 or this Agreement, (i) Borrower may permit, authorize, vote or agree to, and (ii) the Lender consents to, the merger of the Limited Partnership with and into Greenhill & Co. LLC or any other direct or indirect subsidiary of Borrower provided that Lender retains a direct or indirect lien on all the partnership interest in Greenhill Cogent, LP and on any distributions arising from or on account of such partnership interest to the extent provided in this Agreement.

5.4 **Records.** As regards any Collateral, Borrower shall: (i) maintain a standard and modern system of accounting in accordance with generally accepted accounting principles, or such other accounting principles as agreed to by Lender, consistently applied; and (ii) not modify or change Borrower's method of accounting except to the extent required by any applicable new statute or regulation. Borrower's Books shall be accurate and complete in all material respects. On Lender's request, Borrower shall deliver to Lender copies of Borrower's Books.

5.5 **Inspection.** Borrower shall permit Lender and any of Lender's representatives, during business hours, to have access upon not less than five (5) Business Days prior written notice to Borrower for the purposes of examining and copying Borrower's Books pertaining to the Collateral. Borrower shall deliver to Lender such reports and information concerning the Collateral as Lender may reasonably request.

5.6 **Taxes.** Borrower shall pay all taxes relating to the Collateral when due.

5.7 **Compliance with Applicable Laws.** Borrower shall comply with and keep in effect all Governmental Permits relating to it and the Collateral. Borrower shall comply with: (i) all Governmental Requirements, in all material respects; (ii) all requirements and orders of all judicial authorities which have jurisdiction over it or the Collateral; and (iii) all organizational documents of the Borrower.

5.8 **Notifications.** Borrower shall promptly notify Lender of any material decline in value of, or loss of, or diminution in value of, any Collateral.

5.9 **Expenses.** Borrower agrees to reimburse Lender for any and all Lender Expenses, and hereby authorizes and approves all advances and payments by Lender for items constituting Lender Expenses.

5.10 **Existence.** If Borrower is an entity: (i) Borrower will maintain its existence in good standing under the law of the state of its organization; (ii) will maintain its qualification as a foreign entity in each jurisdiction in which the nature of its business requires such qualification; and (iii) will not merge with any other entity without the consent of Lender except for acquisitions or mergers which result in Borrower retaining 51% or more of the equity interest of the resulting entity and control of the management of such entity.

5.11 **Further Assurances.** Upon Lender's request, Borrower, at Borrower's expense, shall: (i) execute and deliver such further documents and notices reasonably satisfactory to Lender; (ii) take any action reasonably requested by Lender to carry out the intent of this Agreement and the other Term Loan Documents; and (iii) provide such reports and information available to Borrower concerning the business, financial condition and business of Borrower.

ARTICLE VI

EVENTS OF DEFAULT

The occurrence of any one or more of the following events shall constitute an "Event of Default" under this Agreement, at the option of Lender if not cured or waived within ten (10) days of such event (other than as set forth in Section 6.1):

6.1 **Breach.** There is a breach of any provision of this Agreement or discovery that any material representations or warranty provided to Lender by, or on behalf of Borrower, was materially inaccurate at the time given; *provided* that the Borrower shall have thirty (30) days to cure any breach of Section 5.4, 5.5, 5.6 and 5.9; *provided* further that for Section 5.4, the thirty (30) day cure period shall commence upon a notice from the Lender of the breach.

6.2 **Lien Priority.** Lender shall cease to have a valid and perfected first priority lien on any of the Collateral subject only to such Permitted Liens, except for any lien that the Lender has agreed in writing will be senior to Lender's lien.

6.3 **Material Impairment.** There is a material impairment of the value of the Collateral.

6.4 **Limited Partnership Interest.** Borrower breaches any material provision of the LP Agreement or fails to make any Capital Contributions; or Borrower's interest in the Limited Partnership is terminated or action is commenced to terminate Borrower's interest in the Limited Partnership.

6.5 **Seizure of Collateral.** Any portion of the Collateral is subject to attachment, seizure or is otherwise levied upon or comes into possession of any Judicial Officer or Assignee; *provided*, however that Borrower shall have ten (10) days to post a bond to cause such attachment, seizure or levy to be fully released or removed after the occurrence of such event.

6.6 **Insolvency or Attachment.** If Borrower: (i) fails to pay its debts as they become due; (ii) commences dissolution or termination of its business; (iii) is the subject of any voluntary or involuntary Insolvency Proceeding; (iv) is the subject of any involuntary lien; or (v) is the subject of any receivership or similar proceeding; *provided*, however, that Borrower shall have sixty (60) days within which to cause (x) any involuntary Insolvency Proceeding to be dismissed (y) the involuntary appointment of any receiver, liquidator, trustee, custodian or sequestrator to be discharged or (z) such lien to be fully released or removed after the occurrence of such event.

6.7 **Event of Default under Term Loan Documents.** There is an Event of Default which is continuing under any of the other Term Loan Documents.

6.8 **Cross-Default.** Any Event of Default (as defined in the Revolving Loan Agreement) has occurred and is continuing under the Revolving Loan Agreement or under the Revolving Loan or under any Revolving Loan Documents.

ARTICLE VII

LENDER'S RIGHTS AND REMEDIES; WAIVER

7.1 **Remedies.**

(a) Subject to the limitations of certain rights of Lender to foreclose on the Account only upon the occurrence of a Monetary Event of Default as provided in **Exhibit A**, if an Event of Default occurs and is not cured by Borrower or waived by Lender, Lender shall have all rights and remedies of a secured party under the Commercial Code and as otherwise provided at law or in equity. Lender shall provide such notices as are required under the Commercial Code. Lender may dispose of any item of Collateral in a manner permitted by the Commercial Code. All proceeds from the Collateral shall be applied or disbursed as permitted under the Commercial Code subject to the provisions of Section 7.1 (b) below.

(b) Lender shall not be obligated to foreclose on the Collateral or any part thereof to collect any part of the Secured Obligations. Lender may foreclose under the Revolving Loan Security Agreement and apply any and all proceeds toward the Revolving Loan Secured Obligations.

7.2 **Rights to Payment.** Without limiting the foregoing, but subject to the limitations of certain rights of Lender to foreclose on the Account only upon the occurrence of a Monetary Event of Default as provided in **Exhibit A** upon the occurrence of an Event of Default, Lender may: (i) make demand and collect all amounts owed to Borrower in connection with the LP Interest, the LP Agreement, or any Capital Account; (ii) as regards the foregoing amounts, settle or adjust disputes and claims directly with the Borrowers and compromise any obligations on terms and in any order which the Lender considers advisable.

7.3 **Waivers.** Borrower waives: (i) all rights, remedies and benefits under California Civil Code Sections 1479 and 2822(a); and (ii) all rights to require marshalling of assets or liens or all rights to require Lender to exercise any other right or power or to pursue any other remedy which Lender may have.

7.4 **Judicial Action.** If Lender, at its option, seeks to take possession of any or all of the Collateral by court process, Borrower irrevocably and unconditionally agrees that a receiver may be appointed by a court for such purpose without regard to the adequacy of the security for the Secured Obligations and such receiver may, at Lender's option, collect or dispose of all or part of the Collateral.

7.5 **Liability for Deficiency.** Borrower shall remain liable for any deficiency remaining on the Secured Obligations after disposition of all or any of the Collateral and Lender's application of the proceeds thereof to the Secured Obligations.

7.6 **Actions.** Borrower authorizes Lender, without notice or demand and without affecting its liability hereunder, and without consent of Borrower, to: (i) take and hold additional security for the payment of the Secured Obligations with the consent of the party providing such security; and (ii) accept additional co-guarantors for the payment of the Secured Obligations.

7.7 **Power of Attorney.** Borrower irrevocably appoints Lender, with full power of substitution, as its attorney-in-fact, coupled with an interest, with full power, in Lender's own name or in the name of Borrower: (i) at any time to sign, record and file all documents referred to in this Agreement; and (ii) after an Event of Default: (a) to endorse any checks, notes and other instruments or documents evidencing the Collateral, or proceeds thereof; (b) to discharge claims, demands, liens, or taxes affecting any of the Collateral; (c) to settle, and give releases of, any insurance claim that relates to any of the Collateral, obtain payment of claim, and make all determinations with respect to any such policy of insurance, and endorse Borrower's name on any proceeds of such policies of insurance; or (d) to instruct any Person having control of any books or records relating to the Collateral to give Lender full rights of access thereto. Lender shall have the right to exercise the power of attorney granted in this Section directly or to delegate all or part of such power. Lender shall not be obligated to act on behalf of Borrower as attorney-in-fact.

ARTICLE VIII

WAIVERS

8.1 **Waivers.** (i) Borrower waives all presentments, demands for performance, notices of nonperformance, protests, notices of protest, notices of dishonor, notices of default or demand, notices of acceptance of and reliance on this Agreement and notices of the creation, or incurring of new or additional indebtedness, notices of renewal, extension or modification of the indebtedness, notices of any information about Borrower at any time learned by Lender and all other notices to which Borrower might otherwise be entitled; (ii) Borrower waives any right to require Lender to: (a) proceed against Borrower; (b) proceed against or exhaust any security held from any Person or marshalling of assets or liens; (c) proceed against any other Guarantor; or (d) pursue any other remedy available to Lender; (iii) Borrower waives any defense arising by reason of any disability or other defense of Borrower or by reason of the cessation from any cause whatsoever of the liability of Borrower; (iv) Borrower waives the benefit of any statute of limitations affecting its liability hereunder or the enforcement hereof; (v) Borrower waives all rights and defenses arising from Lender's election of remedies. Borrower acknowledges that the waivers provided herein are made with Borrower's full knowledge of the significance of such waivers, and that Lender is relying on such waivers.

ARTICLE IX

MISCELLANEOUS

9.1 **Notices.** Any notice, demand or request required hereunder shall be given in writing (at the addresses set forth in **Exhibit A**) by any of the following means: (i) personal service; (ii) electronic communication, whether by telex, telegram or telecopying or other form of electronic communication; (iii) overnight courier; or (iv) registered or certified, first class U.S. mail, return receipt requested, or to such other addresses as Lender or Borrower may specify from time to time in writing.

(a) Any notice, demand or request sent pursuant to either subsection (i) or (ii), above, shall be deemed received upon such personal service or upon dispatch by electronic means.

(b) Any notice, demand or request sent pursuant to subsection (iii), above, shall be deemed received on the Business Day immediately following deposit with the overnight courier, and, if sent pursuant to subsection (iv), above, shall be deemed received forty-eight (48) hours following deposit into the U.S. mail.

9.2 **Choice of Law.** This Agreement shall be determined under, governed by and construed in accordance with California law. The parties agree that all actions or proceedings arising in connection with this Agreement shall be litigated only in the state courts located in the County of San Francisco, State of California, or the federal courts located in the Northern District of California. Borrower waives any right Borrower may have to assert the doctrine of *forum non conveniens* or to object to such venue and hereby consents to any court-ordered relief.

9.3 **Successors and Assigns; Assignment.** This Agreement shall be binding and deemed effective when executed by Borrower and accepted and executed by Lender. This Agreement shall be binding on Lender's and Borrower's successors and assigns. Borrower agrees that it may not assign this Agreement without Lender's prior written consent. Lender may assign, in whole or in part, all of its right, title and interest in and to this Agreement at any time without the consent of Borrower. In connection with any assignment, Lender may disclose all documents and information that Lender has or may hereafter have relating to Borrower. No consent to an assignment by Lender shall release Borrower or any Guarantor from their obligations to Lender.

9.4 **Severability; Waivers.** Each provision of this Agreement shall be severable from every other provision of this Agreement for the purpose of determining the legal enforceability of any provision. No waiver by the Lender of any of its rights or remedies in connection with this Agreement shall be effective unless such waiver is in writing and signed by the Lender. No act or omission by Lender to exercise a right as to any event shall be construed as continuing, or as a waiver or release of, any subsequent right, remedy or recourse as to a subsequent event.

9.5 **Attorneys' Fees.** On demand Borrower shall reimburse Lender for all reasonable attorneys' fees, costs and disbursements (and fees and disbursements of Lender's in-house counsel) (collectively "Attorneys' Fees") expended or incurred by Lender in any way in connection with the amendment and/or enforcement of this Agreement and Lender's rights hereunder and to the Collateral whether or not suit is brought. Attorneys' Fees shall include, without limitation, attorneys' reasonable fees and

costs incurred in any State, Federal or Bankruptcy Court, and in any Insolvency Proceeding of any kind in any way related to this Agreement, the Note, or any item of Collateral and/or Lender's lien thereon.

9.6 **Headings.** Article and section headings are for reference only and shall not affect the interpretation or meaning of any provisions of this Agreement.

9.7 **Integration; Amendment.** No modification or amendment to this Agreement, or novation of the obligations under this Agreement, shall be effective unless in writing, executed by Lender and the other relevant parties. Except for currently existing obligations of Borrower to Lender, all prior agreements, understandings, representations, warranties, and negotiations between the parties, whether oral or written, if any, which relate to the substance of this Agreement, are merged into this Agreement. Borrower hereby waives the right to assert any agreement, promise, fact or any parol (oral) evidence which is contrary to the terms or representations specified in this Agreement.

9.8 **Joint and Several Liability.** Should more than one Person sign this Agreement as Borrower, the obligations of each signatory shall be joint and several.

9.9 **Counterparts; Electronic Signatures.** This Agreement may be executed in counterparts, each of which when so executed shall be deemed an original, but all such counterparts shall constitute but one and the same agreement. A signed copy of this Agreement transmitted by a party to another party via facsimile or an emailed "pdf" version shall be binding on the signatory thereto.

9.10 **WAIVER OF JURY TRIAL.** TO THE FULLEST EXTENT PERMITTED BY LAW, LENDER AND BORROWER HEREBY VOLUNTARILY, UNCONDITIONALLY AND IRREVOCABLY WAIVE TRIAL BY JURY IN ANY LITIGATION OR PROCEEDING IN A STATE OR FEDERAL COURT WITH RESPECT TO, IN CONNECTION WITH, OR ARISING OUT OF THIS AGREEMENT OR THE OTHER TERM LOAN DOCUMENTS OR THE SECURED OBLIGATIONS, OR ANY INSTRUMENT OR DOCUMENT DELIVERED IN CONNECTION HERewith OR THEREWITH OR THE TRANSACTIONS CONTEMPLATED HEREBY, INCLUDING WITHOUT LIMITATION, CLAIMS RELATING TO THE APPLICATION OR THE VALIDITY, PROTECTION, INTERPRETATION, COLLECTION OR ENFORCEMENT THEREOF, OR ANY OTHER CLAIM OR DISPUTE HOWSOEVER ARISING (INCLUDING TORT AND CLAIMS FOR BREACH OF DUTY), BETWEEN LENDER AND BORROWER.

9.11 **TERMINATION OF LIABILITY.** Borrower shall automatically be released from its obligations under this Agreement and all obligations of Borrower under this Agreement shall automatically terminate upon the merger of Limited Partnership with and into Greenhill & Co. LLC or any other direct or indirect subsidiary of Borrower to the extent permitted under Section 5.3 (b) above.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK

SIGNATURE PAGE TO FOLLOW]

This Agreement is executed as of the date stated at the top of the first page.

BORROWER:

**GREENHILL & CO., INC.,
a Delaware corporation**

By:/s/ Harold J. Rodriguez, Jr.

Name:Harold J. Rodriguez, Jr.

Title:Chief Financial Officer

Accepted:

LENDER:

FIRST REPUBLIC BANK.

By: /s/ Jodi L. Gee

Name: Jodi L.Gee

Title: Manager, Commercial Lending Services

EXHIBIT A

TO

SECURITY AGREEMENT

Partnership Distributions

This **Exhibit A** is an integral part of the Agreement between Lender and Borrower, and the following terms are incorporated in and made a part of the Agreement to which this **Exhibit A** is attached:

1. **Borrower:** Borrower represents that his/her/its name, address and state of incorporation or formation (if Borrower is a registered entity) is as follows:

- 1.1 **Name:** Greenhill & Co., Inc.
- 1.2 **Trade Names or DBAs (if any):** N/A
- 1.3 **Type of Entity and State of Formation or Incorporation:** Corporation, Delaware
- 1.4 **Address for Notices:** 300 Park Avenue, New York, New York 10022
- 1.5 **Tax Identification Number or Social Security Number:**

2. **Lender's Notice Address:**

FIRST REPUBLIC BANK

111 Pine Street

San Francisco, CA 94111

Attn: Commercial Loan Operations

3. **Disposition of Distributions:**

3.1 **Liquidation Distributions.** Whether or not a Monetary Event of Default has occurred, all Liquidation Distributions (whether they represent liquidation of the Limited Partnership or of Greenhill Cogent, LP, and whether held in the Account or not), will be applied to the Secured Obligations.

3.2 **Interim Distributions.** Absent a Monetary Event of Default which has occurred and is continuing, all Interim Distributions may be released from the Account to Borrower or disbursed by Borrower to pay tax obligations of the Borrower, and of Greenhill Capital Partners, LLC, Greenhill & Co. LLC and Cogent Partners LP; and for other general corporate purposes.

3.3 **Monetary Event of Default.** If a Monetary Event of Default has occurred and is continuing, all Distributions will be paid to Lender and whether held in the Account or not, all Distributions and their proceeds will be applied to the Secured Obligations.

3.4 **Monetary Event of Default.** The term "Monetary Event of Default" shall mean any failure to make a timely monetary payment (taking into account any cure periods) to Lender, provided for under the Term Loan Agreement or the Note or any Term Loan Document (whether or not notice of such missed payment is required under the Term Loan Agreement).

4. **Additional Covenants:** N/A

EXHIBIT B

TO

SECURITY AGREEMENT

LLC Distributions

DESCRIPTION OF COLLATERAL

The Collateral ("Collateral") consists of all of the right, title and interest of Borrower in and to the following assets whether currently existing or hereafter arising:

- (a) all Capital Accounts which are held for, or in the name of, Borrower by or with the Limited Partnership, including without limitation those related to the LP Interest;
- (b) all Distributions and other rights to payment arising from or on account of the LP Interest;
- (c) all Accounts, General Intangibles, Instruments, and Chattel Paper related to or arising in connection with any of the foregoing assets;
- (d) all proceeds of any of the foregoing, including without limitation, all Accounts, Deposit Accounts, including, without limitation, the Deposit Account specified below ("Deposit Account"), Chattel Paper, Instruments and General Intangibles arising from or on account of any of the foregoing and any deposit accounts which contain the proceeds of any of the foregoing; and
- (e) all Borrower's books and records, which relate to any of the foregoing.

Certain Definitions:

"Borrower" - means **Greenhill & Co., Inc.**, a Delaware corporation.

"Capital Account" - means any account or credit maintained or owed directly or indirectly by the Limited Partnership to or for Borrower or in Borrower's name: (i) on account of Capital Contributions of Borrower on account of Borrower's LP Interest; and/or (ii) which represents Borrower's LP Interest; and/or (iii) which represents the value of Borrower's LP Interest.

"Deposit Account" - means Account No. _____ maintained by the Lender in the name of Borrower.

"Distributions" - means all amounts and rights to payment, payments and distributions, amounts and cash owed to, paid to, or held for, or available to Borrower or in Borrower's name (in whichever form they exist, whether as Instruments, Chattel Paper, Accounts, General Intangibles, Financial Assets or otherwise) arising from, or on account of: (i) the LP Interest, and/or (ii) Limited Partnership's partnership interest in **Greenhill Cogent, LP** and/or (iii) all Capital Accounts, including without limitation, all Interim Distributions and all Liquidation Distributions

"Interim Distribution" - means any Distributions made in the ordinary course of business of the subject entity and not in connection with a Liquidation Distribution.

"Limited Partnership" - means **Greenhill Cogent Holdings, L.P.**, a Texas limited partnership.

"Liquidation Distribution" - means all Distributions that are liquidating dividends or final return on capital to Borrower or repayment of equity in connection with the liquidation, dissolution or termination of the Company or the Limited Partnership or Greenhill Cogent, LP.

"LP Agreement" - means the following agreement(s) Amended and Restated Agreement of Limited Partnership of Greenhill Cogent Holdings, LP dated as of April 1, 2015 and all amendments thereto.

"LP Interest" - means all rights and interest of Borrower in the Limited Partnership (including all related rights to payment and distributions and capital accounts) including without limitation those related to or arising from the Limited Partnership's partnership interest in **Greenhill Cogent, LP** (including all related rights to payment and distributions and capital accounts).

Unless otherwise defined herein, the terms used herein shall have the meaning provided in the Uniform Commercial Code, as now enacted or hereafter amended, applicable in the State of California.

I, Scott L. Bok, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Greenhill & Co., Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Scott L. Bok

Scott L. Bok

Chief Executive Officer

Date: May 8, 2017

I, Harold J. Rodriguez, Jr. certify that:

1. I have reviewed this quarterly report on Form 10-Q of Greenhill & Co., Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Harold J. Rodriguez, Jr.

Harold J. Rodriguez, Jr.

Chief Financial Officer

Date: May 8, 2017

May 8, 2017
Securities and Exchange Commission
100 F Street, N. E.
Washington, DC 20549

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002, PURSUANT TO SECTION 1350 OF CHAPTER 63 OF TITLE 18 OF THE UNITED STATES CODE

I, Scott L. Bok, Chief Executive Officer of Greenhill & Co., Inc. (the “Company”), certify that, to the best of my knowledge:

- (1) The report of the Company on Form 10-Q for the quarterly period ending March 31, 2017 (the “Report”) fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods presented in the Report.

/s/ Scott L. Bok

Scott L. Bok

Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to Greenhill & Co., Inc. and will be retained by Greenhill & Co., Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

May 8, 2017
Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002, PURSUANT TO SECTION 1350 OF CHAPTER 63 OF TITLE 18 OF THE UNITED STATES CODE

I, Harold J. Rodriguez, Jr., Chief Financial Officer of Greenhill & Co., Inc. (the “Company”), certify that, to the best of my knowledge:

- (1) The report of the Company on Form 10-Q for the quarterly period ending March 31, 2017 (the “Report”) fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods presented in the Report.

/s/ Harold J. Rodriguez, Jr.

Harold J. Rodriguez, Jr.

Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to Greenhill & Co., Inc. and will be retained by Greenhill & Co., Inc. and furnished to the Securities and Exchange Commission or its staff upon request.