
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 June 30, 2019

OR

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

For the transition period from to .

Commission file number 001-32147

GREENHILL & CO., INC.
(Exact Name of Registrant as Specified in its Charter)

Delaware

(State or Other Jurisdiction
of Incorporation or Organization)

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 ☒

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

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of exchange on which registered</u>
Common Stock, par value \$0.01 per share	GHL	The New York Stock Exchange

As of July 31, 2019, there were 20,388,112 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”). Our SEC filings are also available to the public from the SEC’s internet site at <http://www.sec.gov>.

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

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	
	June 30, 2019 <i>(unaudited)</i>	December 31, 2018
Assets		
Cash and cash equivalents (\$9.7 million and \$3.8 million restricted from use at June 30, 2019 and December 31, 2018, respectively)	\$ 109,720	\$ 156,374
Advisory fees receivable, net of allowance for doubtful accounts of \$0.4 million and \$0.0 million at June 30, 2019 and December 31, 2018, respectively	43,260	61,793
Other receivables	12,285	2,595
Property and equipment, net of accumulated depreciation of \$46.3 million and \$45.0 million at June 30, 2019 and December 31, 2018, respectively	6,621	7,185
Operating lease right-of-use asset	31,432	—
Goodwill	205,896	205,922
Deferred tax asset, net	42,995	43,706
Other assets	17,437	8,125
Total assets	\$ 469,646	\$ 485,700
Liabilities and Equity		
Compensation payable	\$ 26,438	\$ 56,922
Accounts payable and accrued expenses	13,161	17,167
Current income taxes payable	1,677	7,486
Operating lease obligations	34,295	—
Secured term loan payable	366,481	319,479
Contingent obligation due selling unitholders of Cogent	—	18,293
Deferred tax liability	4,766	3,990
Total liabilities	446,818	423,337
Common stock, par value \$0.01 per share; 100,000,000 shares authorized, 46,653,102 and 45,001,788 shares issued as of June 30, 2019 and December 31, 2018, respectively; 20,800,103 and 20,404,996 shares outstanding as of June 30, 2019 and December 31, 2018, respectively	467	450
Restricted stock units	56,911	71,596
Additional paid-in capital	884,646	846,721
Exchangeable shares of subsidiary; 257,156 shares issued as of June 30, 2019 and December 31, 2018; 0 and 32,804 shares outstanding as of June 30, 2019 and December 31, 2018	—	1,958
Retained earnings	32,645	63,427
Accumulated other comprehensive income (loss)	(35,977)	(35,705)
Treasury stock, at cost, par value \$0.01 per share; 25,852,999 and 24,596,792 shares as of June 30, 2019 and December 31, 2018, respectively	(915,864)	(886,084)
Stockholders' equity	22,828	62,363
Total liabilities and equity	\$ 469,646	\$ 485,700

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

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

	For the Three Months Ended, June 30,		For the Six Months Ended, June 30,	
	2019	2018	2019	2018
Revenues				
Advisory revenues	\$ 55,585	\$ 88,051	\$ 106,155	\$ 174,820
Investment revenues	499	445	1,124	1,219
Total revenues	56,084	88,496	107,279	176,039
Expenses				
Employee compensation and benefits	46,065	48,438	91,127	97,646
Occupancy and equipment rental	5,646	5,508	11,052	10,797
Depreciation and amortization	645	717	1,312	1,480
Information services	2,652	2,652	5,008	4,969
Professional fees	1,926	2,247	4,552	5,170
Travel related expenses	3,363	3,492	6,859	6,797
Other operating expenses	2,155	5,986	7,998	10,708
Total operating expenses	62,452	69,040	127,908	137,567
Total operating income (loss)	(6,368)	19,456	(20,629)	38,472
Interest expense	10,621	5,594	16,472	10,855
Income (loss) before taxes	(16,989)	13,862	(37,101)	27,617
Provision (benefit) for taxes	(4,292)	3,349	(9,018)	10,736
Net income (loss)	\$ (12,697)	\$ 10,513	\$ (28,083)	\$ 16,881
Average shares outstanding:				
Basic	23,925,310	26,992,652	24,231,448	28,545,545
Diluted	23,925,310	27,921,821	24,231,448	29,224,878
Earnings (loss) per share:				
Basic	\$ (0.53)	\$ 0.39	\$ (1.16)	\$ 0.59
Diluted	\$ (0.53)	\$ 0.38	\$ (1.16)	\$ 0.58

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 June 30,		For the Six Months Ended June 30,	
	2019	2018	2019	2018
Net income (loss).....	\$ (12,697)	\$ 10,513	\$ (28,083)	\$ 16,881
Currency translation adjustment, net of tax	(1,326)	(6,405)	(272)	(7,239)
Comprehensive income (loss).....	\$ (14,023)	\$ 4,108	\$ (28,355)	\$ 9,642

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Common stock, par value \$0.01 per share				
Common stock, beginning of the period	\$ 462	\$ 447	\$ 450	\$ 438
Common stock issued	5	1	17	10
Common stock, end of the period	467	448	467	448
Restricted stock units				
Restricted stock units, beginning of the period	47,214	54,871	71,596	80,512
Restricted stock units recognized, net of forfeitures	11,656	6,780	21,674	15,243
Restricted stock units delivered	(1,959)	(5,808)	(36,359)	(39,912)
Restricted stock units, end of the period	56,911	55,843	56,911	55,843
Additional paid-in capital				
Additional paid-in capital, beginning of the period	880,924	834,692	846,721	800,806
Common stock issued	3,722	5,557	37,925	39,443
Additional paid-in capital, end of the period	884,646	840,249	884,646	840,249
Exchangeable shares of subsidiary				
Exchangeable shares of subsidiary, beginning of the period	1,958	1,958	1,958	1,958
Exchangeable shares of subsidiary delivered	(1,958)	—	(1,958)	—
Exchangeable shares of subsidiary, end of the period	—	1,958	—	1,958
Retained earnings				
Retained earnings, beginning of the period, as previously reported	46,695	34,631	63,427	37,595
Cumulative effect of the change in accounting principle related to revenue recognition	—	—	—	(7,645)
Retained earnings, beginning of the period, as adjusted	46,695	34,631	63,427	29,950
Dividends	(1,353)	(1,430)	(2,699)	(3,117)
Net income (loss)	(12,697)	10,513	(28,083)	16,881
Retained earnings, end of the period	32,645	43,714	32,645	43,714
Accumulated other comprehensive income (loss)				
Accumulated other comprehensive income (loss), beginning of the period	(34,651)	(23,056)	(35,705)	(22,222)
Currency translation adjustment, net of tax	(1,326)	(6,405)	(272)	(7,239)
Accumulated other comprehensive income (loss), end of the period	(35,977)	(29,461)	(35,977)	(29,461)
Treasury stock, at cost, par value \$0.01 per share				
Treasury stock, beginning of the period	(910,485)	(725,538)	(886,084)	(690,785)
Repurchased	(5,379)	(84,648)	(29,780)	(119,401)
Treasury stock, end of the period	(915,864)	(810,186)	(915,864)	(810,186)
Total stockholders' equity	\$ 22,828	\$ 102,565	\$ 22,828	\$ 102,565

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 Six Months Ended June 30,	
	2019	2018
Operating activities:		
Net income (loss)	\$ (28,083)	\$ 16,881
Adjustments to reconcile net income (loss) to net cash used for operating activities:		
Non-cash items included in net income (loss):		
Depreciation and amortization	2,336	2,632
Net investment gains	(75)	149
Restricted stock units recognized, net	21,674	15,243
Deferred taxes, net	1,353	6,069
Non-cash portion of loss on refinancing	1,759	—
Loss on fair value of contingent obligation	575	3,591
Loss (gain) on sales of property and equipment	—	(777)
Changes in operating assets and liabilities:		
Advisory fees receivable	18,533	(34,655)
Other receivables and assets	(18,926)	(6,789)
Payment of contingent obligation due selling unitholders of Cogent	(5,724)	—
Compensation payable	(30,105)	14,181
Accounts payable and accrued expenses	3,200	(4,292)
Current income taxes payable	(5,809)	2,540
Net cash provided by (used for) operating activities	(39,292)	14,773
Investing activities:		
Distributions from investments	—	2
Purchases of property and equipment	(743)	(1,623)
Sales of property and equipment	—	1,357
Net cash used in investing activities	(743)	(264)
Financing activities:		
Proceeds from refinancing of secured term loan, net	48,248	—
Repayment of secured term loan	(8,750)	(8,750)
Payment of contingent obligation due selling unitholders of Cogent	(13,144)	—
Dividends paid	(3,076)	(3,117)
Purchase of treasury stock	(29,780)	(119,401)
Net cash used in financing activities	(6,502)	(131,268)
Effect of exchange rate changes	(117)	(1,601)
Net decrease in cash and cash equivalents	(46,654)	(118,360)
Cash and cash equivalents, beginning of the period	156,374	267,646
Cash and cash equivalents, end of the period	<u>\$ 109,720</u>	<u>\$ 149,286</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 5,851	\$ 11,309
Cash paid for taxes, net of refunds	\$ 5,410	\$ 2,998

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. The Company acts for clients located throughout the world from our global offices in the United States, Australia, Brazil, Canada, Germany, Hong Kong, Japan, Spain, Sweden, and the United Kingdom.

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

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

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

Note 2 — Summary of Significant Accounting Policies

Basis of Financial Information

These 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, income tax expense related to the Tax Cuts and Jobs Act, 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, 2018 included in the Company’s Annual Report on Form 10-K filed with the SEC. The condensed consolidated financial information as of December 31, 2018 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

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

The Company generally recognizes advisory fee revenues for mergers and acquisitions engagements at the earlier of the announcement date or transaction date, as the performance obligation is typically satisfied at such time. Upfront fees and certain retainer fees are generally deferred until the announcement or transaction date as they are considered constrained (subject to

significant reversal) prior to the announcement or transaction date. Fairness opinion fees are recognized when the opinion is delivered.

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

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

As a result of the deferral of certain fees, deferred revenue (also known as contract liabilities) was \$5.5 million and \$5.6 million as of June 30, 2019 and December 31, 2018, respectively. Deferred revenue is included in accounts payable and accrued expenses in the condensed consolidated statements of financial condition. During the six months ended June 30, 2019 and June 30, 2018, the Company recognized \$3.2 million and \$8.1 million, respectively, of advisory fee revenues that were included in the deferred revenue (contract liabilities) balance at the beginning of each respective period.

The Company's clients reimburse certain expenses incurred by the Company in the conduct of advisory engagements. Client reimbursements totaled \$1.4 million and \$2.2 million for the three months ended June 30, 2019 and 2018, respectively, and \$2.5 million and \$3.4 million for the six months ended June 30, 2019 and 2018. Such reimbursements are reported as advisory revenues and operating expenses with no impact to operating income in the condensed consolidated statements of operations.

Investment Revenues

Investment revenues consist of interest income and gains (or losses) on the Company's investments in certain merchant banking funds. 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 other short-term highly liquid investments with original maturities of three months or less and are carried at cost, plus accrued interest, which approximates the fair value due to the short-term nature of these investments.

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

Advisory Fees Receivable

Receivables are stated net of an allowance for doubtful accounts. The estimate for the allowance for doubtful accounts is derived by the Company by utilizing past client transaction history and an assessment of the client's creditworthiness. The Company recorded bad debt expense of \$0.1 million and \$0.3 million for the three month periods ended June 30, 2019 and June 30, 2018, respectively, and \$0.4 million and \$0.3 million for the six month periods ended June 30, 2019 and June 30, 2018, respectively.

Included in the advisory fees receivable balance at June 30, 2019 and December 31, 2018 were \$15.9 million and \$20.0 million, respectively, of long term receivables related to primary capital advisory engagements which are generally paid in installments over a period of three years.

Credit risk related to 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 the acquisition date. The Company tests its goodwill for impairment at least annually. An impairment loss is triggered if the estimated fair value of an operating unit is less than the estimated net book value. Such loss is calculated as the difference between the estimated fair value of goodwill and its carrying value.

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

Other Assets

Included in other assets in the condensed consolidated statements of financial condition 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. Other assets also include prepaid compensation awards that require a future service period and are subject to clawbacks if the individual ceases employment prior to a determined date. The awards are amortized over the required service period, which generally does not exceed one year. Other prepaid expenses, rent deposits, intangible assets and other tangible assets are also included in other assets.

Compensation Payable

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

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

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

Earnings per Share

The Company calculates basic earnings per share ("EPS") by dividing net income by the sum of (i) the weighted average number of shares outstanding for the period and (ii) the weighted average number of shares deemed issuable due to the vesting of restricted stock units for accounting purposes. See "Note 7 — Equity".

The Company calculates diluted EPS by dividing net income by the sum of (i) basic shares per above and (ii) the dilutive effect of the common stock deliverable pursuant to restricted stock units for which future service is required. Under the treasury stock method, the number of shares issuable upon the vesting of restricted stock units included in the calculation of diluted EPS is the excess, if any, of the number of shares expected to be issued, less the number of shares that could be repurchased by the Company with the proceeds to be received upon settlement at the average market closing price during the reporting period. See "Note 8 — Earnings per Share".

Provision for Taxes

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

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

Deferred tax assets and liabilities are recognized for the future tax attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured

using enacted tax rates expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in earnings in the period of change. Management applies the “more-likely-than-not criteria” when determining tax benefits.

Foreign Currency Translation

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

Financial Instruments and Fair Value

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

Basis of Fair Value Measurement

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

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

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

A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. In determining the appropriate levels, the Company performs an analysis of the assets and liabilities that are subject to these disclosures. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs or instruments which trade infrequently and therefore have little or no price transparency are classified as Level 3. Transfers between levels are recognized as of the end of the period in which they occur. See “Note 4 — Fair Value of Financial Instruments”.

Property and Equipment

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

Equipment – 5 years

Furniture and fixtures – 7 years

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

Business Information

The Company’s activities as an investment banking firm constitute a single business segment, with substantially all revenues generated from advisory services, which includes engagements relating to mergers and acquisitions, financing advisory and restructuring, and capital advisory services. The Company earns less than 1% of its revenues from interest income and investment gains (losses) on investments.

Recently Adopted Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, Leases (“ASU 2016-02”), which requires the recognition of lease assets and lease liabilities for operating leases, among other changes. The Company adopted this standard on January 1, 2019 utilizing a modified retrospective approach. The Company elected to apply practical expedients provided in the standard that

allowed the Company to not reassess whether expired or existing contracts are or contain leases, not reassess lease classification for expired or existing leases (e.g., pre-existing operating leases are classified as operating leases under the new standard), and not reassess initial direct costs for existing leases. The impact of adopting ASU 2016-02 was an increase of \$38.1 million to the Company's assets and liabilities for the operating lease right-of-use assets and operating lease obligations on the condensed consolidated statement of financial condition as of January 1, 2019. Upon adoption, the Company also reclassified \$3.2 million of deferred rent from accounts payable and accrued expenses to operating lease obligations on the condensed consolidated statement of financial condition. Differences in the operating lease right-of-use asset and operating lease obligations are due to straight-lining rent expense and the resulting deferred rent. There was no net impact to the condensed consolidated statement of operations.

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

Accounting Developments

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments - Credit Losses (Topic 326) - Measurement of Credit Losses on Financial Instruments ("ASU 2016-13"). This ASU will change how companies measure credit losses on most financial instruments, including accounts receivable. Companies will be required to estimate lifetime expected credit losses, which is generally expected to result in earlier recognition of credit losses. The Company is currently evaluating the impact of the future adoption of ASU 2016-13 on the Company's consolidated financial statements. The standard is effective for the Company on January 1, 2020 under a modified retrospective approach.

Note 3 — Cash and Cash Equivalents

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

	As of June 30, 2019	As of December 31, 2018
	(in thousands)	
	(unaudited)	
Cash.....	\$ 47,656	\$ 80,400
Cash equivalents	52,377	72,193
Restricted cash - letters of credit.....	9,687	3,781
Total cash and cash equivalents	<u>\$ 109,720</u>	<u>\$ 156,374</u>

In June 2019, the Company delivered a security deposit in the form of a \$5.9 million standby letter of credit to the landlord of a new office lease. Under certain circumstances, the Company will be entitled to periodically reduce the amount of the letter of credit amount down ultimately to approximately \$3.5 million from and after the fifth anniversary of the rent commencement. See "Note 10 — Leases".

The carrying value of the Company's cash equivalents approximates fair value. See "Note 4 — Fair Value of Financial Instruments".

Letters of credit are secured by cash held on deposit.

Note 4 — Fair Value of Financial Instruments

Assets and liabilities are classified in their entirety based on their lowest level of input that is significant to the fair value measurement. As of June 30, 2019, the Company had Level 1 assets measured at fair value. As of December 31, 2018, the Company had Level 1 assets and Level 2 liabilities measured at fair value.

Assets Measured at Fair Value on a Recurring Basis

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

Assets Measured at Fair Value on a Recurring Basis as of June 30, 2019

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of June 30, 2019
	(in thousands, unaudited)			
Assets				
Cash equivalents	\$ 52,377	\$ —	\$ —	\$ 52,377
Total	\$ 52,377	\$ —	\$ —	\$ 52,377

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

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

Liabilities Measured at Fair Value on a Recurring Basis

In connection with the acquisition in April 2015 of Cogent Partners, LP and its affiliates (“Cogent,” now known as the secondary capital advisory business), the Company agreed to pay to the sellers in the future \$18.9 million in cash and 334,048 shares of Greenhill common stock if certain agreed revenue targets are achieved (the “Earnout”). The cash payment and the issuance of common shares related to the Earnout were to be made if secondary capital advisory revenues of \$80.0 million or more were earned during either the two year period ending on the second anniversary of the closing or the two year period ending on the fourth anniversary of the closing. The revenue generated by the secondary capital advisory business for the first two year period ended March 31, 2017 was slightly less than required to achieve the Cogent earnout. The Earnout for the second two year period ended March 31, 2019 was achieved, and in accordance with terms of the purchase agreement, the contingent consideration was paid in April 2019. The fair value of the contingent cash consideration was valued on the date of the acquisition at \$13.1 million and was remeasured quarterly based on a probability weighted present value discount that the revenue target may be achieved. At June 30, 2019, no contingent cash consideration liability remained after the payment in the second quarter of 2019. Additionally, there was no impact on operating expense subsequent to March 31, 2019 because the liability was recognized in full. Due to the remeasurement of the Earnout, for the three month period ended June 30, 2018, the Company recognized an increase in other operating expenses of \$2.7 million. For the six month periods ended June 30, 2019 and June 30, 2018, the Company recognized increases in other operating expenses of \$0.6 million and \$3.6 million, respectively. See “Note 7 - Equity” and “Note 8 — Earnings per Share”.

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

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

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

Changes in Level 3 liabilities measured at fair value on a recurring basis for the three and six month periods ended June 30, 2018 are as follows:

	Opening Balance as of April 1, 2018	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 June 30, 2018	Unrealized gains (losses) for Level 3 liabilities outstanding at June 30, 2018
	(in thousands, unaudited)								
Liabilities									
Contingent obligation due to selling unitholders of Cogent...	\$ 14,673	\$ (2,681)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 17,354	\$ (2,681)
Total	\$ 14,673	\$ (2,681)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 17,354	\$ (2,681)

	Opening Balance as of January 1, 2018	Total realized and unrealized gains (losses) included in Net Income	Unrealized gains (losses) included in Other Comprehen- sive Income	Purchases	Issues	Sales	Settlements	Closing Balance as of June 30, 2018	Unrealized gains (losses) for Level 3 liabilities outstanding at June 30, 2018
	(in thousands, unaudited)								
Liabilities									
Contingent obligation due to selling unitholders of Cogent...	\$ 13,763	\$ (3,591)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 17,354	\$ (3,591)
Total	\$ 13,763	\$ (3,591)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 17,354	\$ (3,591)

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

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

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

Note 5 — Related Parties

At June 30, 2019 and December 31, 2018, the Company had no amounts receivable from or payable to related parties.

Prior to June 2018, the Company subleased airplane and office space to a firm owned by the Chairman of the Company. The Company recognized rent reimbursements of less than \$0.1 million for each of the three and six month periods ended June 30, 2018.

Note 6 — Loan Facilities

In October 2017, as part of a recapitalization plan, the Company entered into a credit agreement with a syndicate of lenders, who lent a face amount of \$350.0 million under a five-year secured term loan facility (“2017 Term Loan Facility”) and provided a three-year secured revolving credit facility (“Revolving Loan Facility”) for \$20.0 million, which was undrawn at closing. The 2017 Term Loan Facility required quarterly principal amortization payments of \$4.375 million beginning March 31, 2018 through September 30, 2018 and thereafter required quarterly principal amortization payments of \$8.75 million.

On April 12, 2019, the Company refinanced its 2017 Term Loan Facility. The new principal amount of \$375.0 million from a new five-year secured term loan facility (“Term Loan Facility”) was used to repay in full the \$319.4 million outstanding principal balance of the 2017 Term Loan Facility, pay fees and expenses and resulted in net cash proceeds of \$48.3 million, which increased the Company’s cash balance. Under the terms of the 2017 Term Loan Facility, the Company was eligible to repay, refinance or reprice the outstanding principal amount of the loan facility as of April 12, 2019 without any incremental premium or other charge.

Borrowings under the Term Loan Facility bear interest at either U.S. Prime plus 2.25% or LIBOR plus 3.25%, which represents a 50 basis point reduction from the applicable borrowing rates of the 2017 Term Loan Facility. Borrowings under the term and revolving loan facilities had a weighted average interest rate for the six months ended June 30, 2019 and June 30, 2018 of 6.08% and 5.55%, respectively.

The Term Loan Facility requires quarterly principal amortization payments of \$4.7 million (or \$18.8 million annually), beginning September 30, 2019 through March 31, 2024, with the remaining outstanding balance due at maturity on April 12, 2024. In addition, beginning for the year ended December 31, 2019, the Company may be required to make annual repayments of principal on the Term Loan Facility within ninety days of year-end of up to 50% of its annual excess cash flow as defined in the credit agreement based on a calculation of net leverage. The Company is also required to repay certain amounts in connection with the non-ordinary course sale of assets, receipt of insurance proceeds, and the issuance of debt obligations, subject to certain exceptions. The Revolving Loan Facility was not refinanced and the amount, interest rate and maturity remained unchanged from the original terms.

The Term Loan Facility and Revolving Loan Facility are both guaranteed by the Company’s existing and subsequently acquired or organized wholly-owned U.S. restricted subsidiaries (excluding any registered broker-dealers) and secured with a first priority perfected security interest in certain domestic assets and 100% of the capital stock of each U.S. subsidiary and 65% of the capital stock of each non-U.S. subsidiary, subject to certain exclusions which, for the avoidance of doubt, such security interest shall not include any assets of regulated subsidiaries that are not permitted to be pledged by law, statute or regulation, including cash held by regulated subsidiaries and any other capital required to meet and maintain regulatory capital requirements. The credit facilities contain certain covenants that limit the Company’s ability above certain permitted amounts to incur additional indebtedness, make certain acquisitions, pay dividends and repurchase shares. The Term Loan Facility does not have financial covenants and the Revolving Loan Facility is subject to a springing total net leverage ratio financial covenant, subject to certain step downs, if the Company’s borrowings under the Revolving Loan Facility exceed \$12.5 million. The Company is also subject to certain other non-financial covenants. At June 30, 2019, the Company was compliant with all loan covenants.

In conjunction with the refinancing of the 2017 Term Loan Facility in April 2019, the Company incurred fees of \$5.7 million, of which \$2.7 million has been recorded as deferred financing costs and \$3.0 million was expensed. In addition, as a result of the refinancing, \$1.8 million of previously deferred fees, or fees in aggregate \$4.8 million, were charged to expense and recorded as interest expense in the condensed consolidated statements of operations. The deferred financing costs incurred in connection with the refinancing along with the remaining unamortized costs from the October 2017 borrowings, as of April 2019, of \$9.0 million are being amortized into interest expense over the remaining life of the obligation and recorded as a reduction in the carrying value of the Term Loan Facility in the condensed consolidated statement of financial condition.

The Company incurred incremental interest expense of \$0.4 million and \$0.6 million related to the amortization of deferred financing costs for the three months ended June 30, 2019 and June 30, 2018, respectively. The Company incurred incremental interest expense of \$1.0 million and \$1.2 million related to the amortization of such costs for the six months ended June 30, 2019 and June 30, 2018, respectively.

As of June 30, 2019, the Term Loan Facility had a principal balance of \$375.0 million and its carrying value was \$366.5 million and no amounts were outstanding under the Revolving Loan Facility. At June 30, 2019, the carrying value of the Term Loan Facility, excluding the unamortized debt issuance costs that are presented as a reduction to the debt principal balance, approximated fair value. As the borrowing is not accounted for at fair value, the fair value is not included in the Company’s fair

value hierarchy in “Note 4 — Fair Value of Financial Instruments,” however, had the borrowing been included, it would have been classified in Level 2.

During the six months ended June 30, 2019, the Company made mandatory principal payments on the Term Loan Facility of \$8.8 million. All mandatory repayments of the Term Loan Facility will be applied without penalty or premium. Voluntary prepayments of borrowings under the Term Loan Facility will be permitted. In the event that all or any portion of the Term Loan Facility is prepaid or refinanced or repriced through any amendment prior to April 13, 2020, such prepayment, refinancing, or repricing would be at 101.0% of the principal amount so prepaid, refinanced or repriced.

Note 7 — Equity

On June 19, 2019, a dividend of \$0.05 per share was paid to stockholders of record on June 5, 2019. For the six months ended June 30, 2019, total dividend payments of \$0.10 per share were paid to stockholders and dividend equivalent payments of \$0.6 million were paid to holders of restricted stock units. During the six months ended June 30, 2018, total dividend payments of \$0.10 per share were paid to stockholders and dividend equivalent payments of \$0.6 million were paid to or accrued for holders of restricted stock units.

During the six months ended June 30, 2019, the Company repurchased 737,190 common shares through open market transactions at an average price of \$22.60, for a total cost of \$16.7 million. Additionally, during the six months ended June 30, 2019, 1,275,051 restricted stock units vested and were settled in shares of common stock of which the Company is deemed to have repurchased 519,017 shares at an average price of \$25.27 per share for a total cost of \$13.1 million in conjunction with the payment of tax liabilities in respect of stock delivered to its employees in settlement of restricted stock units.

During the six months ended June 30, 2018, the Company repurchased 4,886,382 common shares through a modified Dutch auction tender an open market transactions at an average price of \$22.87, for a total cost of \$111.8 million. Additionally, during the six months ended June 30, 2018, 1,065,587 restricted stock units vested and were settled in shares of common stock, of which the Company is deemed to have repurchased 397,580 shares at an average price of \$18.99 per share for a total cost of \$7.5 million in conjunction with the payment of tax liabilities in respect of stock delivered to its employees in settlement of restricted stock units.

In connection with the acquisition of Cogent, the Company issued 779,454 shares of common stock on the acquisition date, April 1, 2015. In addition, the Company agreed to issue 334,048 shares of common stock shortly after the second or fourth anniversary of the Acquisition if a revenue target was achieved. The revenue target was met in the quarter ended September 30, 2018 and the common stock related to the Earnout was issued to the sellers of Cogent in April 2019 shortly after the fourth anniversary of the acquisition date. The fair value of the contingent issuance of common shares was valued on the date of the acquisition at \$11.9 million and was recorded as additional paid in capital in the condensed consolidated statements of financial condition. Upon delivery of the shares in April 2019, the par value of the shares was transferred to common stock in the condensed consolidated statement of financial condition. See “Note 4 — Fair Value of Financial Instruments” and “Note 8 — Earnings per Share”.

Note 8 — Earnings per Share

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2019	2018	2019	2018
(in thousands, except per share amounts, unaudited)				
Numerator for basic and diluted EPS — net income (loss)	\$ (12,697)	\$ 10,513	\$ (28,083)	\$ 16,881
Denominator for basic EPS — weighted average number of shares	23,925	26,993	24,231	28,546
Add — dilutive effect of:				
Restricted stock units	— (1)	929 (2)	— (1)	679 (2)
Denominator for diluted EPS — weighted average number of shares and dilutive securities	23,925	27,922	24,231	29,225
Earnings (loss) per share:				
Basic EPS	\$ (0.53)	\$ 0.39	\$ (1.16)	\$ 0.59
Diluted EPS	\$ (0.53)	\$ 0.38	\$ (1.16)	\$ 0.58

The weighted average number of shares and dilutive potential shares for the three and six months ended June 30, 2019 include 334,048 shares of common stock, which were issued to certain selling unitholders of Cogent in April 2019, due to the achievement of the Earnout for the two year period ended March 31, 2019. Such shares were not included in the weighted average number of shares and dilutive potential shares for the three and six months ended June 30, 2018 because the Earnout had not been achieved during that period. See “Note 4 — Fair Value of Financial Instruments” and “Note 7 — Equity”.

(1) As a result of the loss in the periods, all unamortized restricted stock units, or 3,526,114 units, were antidilutive in the periods. The incremental shares that could be included in the diluted EPS calculation in future periods will vary based on a variety of factors, including the future share price and the amount of unrecognized compensation cost. The incremental shares included, if any, would be less than the number of unamortized restricted stock units. If not for the loss in the periods, 190,930 and 407,823 restricted stock units would have been included in the denominators of diluted EPS for the three and six months ended June 30, 2019, respectively.

(2) Excludes 563,778 and 619,235 unamortized restricted stock units that were antidilutive under the treasury stock method for the three and six months ended June 30, 2018, respectively, and thus were not included in the above calculation. The incremental shares that could be included in the diluted EPS calculation in future periods will vary based on a variety of factors, including the future share price and the amount of unrecognized compensation cost. The incremental shares included, if any, would be less than the number of unamortized restricted stock units.

Note 9 — Income Taxes

The Company is subject to U.S. federal, foreign, state and local corporate income taxes and its effective tax rate varies depending on the jurisdiction in which the income is earned.

The Company is required to record a charge or benefit in its income tax provision for the tax effect of the difference between the grant date value of restricted stock units and the market value of such awards at the time of vesting. The provisions for income taxes for the six months ended June 30, 2019 and 2018 include net charges of \$0.8 million and \$4.4 million, respectively, related to the tax effect of the vesting of restricted stock units at a market value below their grant price.

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

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 (loss), net of tax, in the condensed consolidated statements of changes in stockholders’ equity and the condensed consolidated statements of comprehensive income.

The Company is subject to the income tax laws of the United States, its states and municipalities, and those of the foreign jurisdictions in which the Company operates. These laws are complex, and the manner in which they apply to the taxpayer’s facts is sometimes open to interpretation. Management must make judgments in assessing the likelihood that a tax position will be sustained upon examination by the taxing authorities based on the technical merits of the tax position. In the normal course of business, the Company may be under audit in one or more of its jurisdictions in an open tax year for that particular jurisdiction. As of June 30, 2019, the Company does not expect any material changes in its tax provision related to any current or future audits.

Note 10 — Leases

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

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

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

All of the Company’s leases are operating leases and have remaining lease terms ranging from less than 1 year to 15.3 years. The Company incurred operating lease cost, excluding property taxes, utilities and other ancillary costs, of \$3.8 million and \$7.7 million for the three and six months ended June 30, 2019, respectively, which is included in occupancy and equipment rental in the condensed consolidated statements of operations.

As of June 30, 2019, the undiscounted aggregate minimum future rental payments are as follows:

	(in thousands)
2019 (remainder).....	\$ 7,890
2020.....	14,759
2021.....	12,243
2022.....	10,712
2023.....	10,070
Thereafter.....	98,239
Total lease payments.....	\$ 153,913
Less: minimum future rental payments for which the lease has not commenced.....	(115,870)
Total lease payments for which the Company has a right-of use-asset and corresponding liability.....	38,043
Less: Interest.....	(3,748)
Present value of operating lease liabilities.....	\$ 34,295

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

	As of June 30, 2019
Weighted average remaining lease term in years.....	11.6
Weighted average discount rate.....	5.8%

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

2019.....	\$ 15,872
2020.....	13,535
2021.....	5,153
2022.....	3,768
2023.....	3,000
Thereafter.....	4,629
Total.....	\$ 45,957

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 June 30, 2019, G&Co’s net capital was \$22.6 million, which exceeded its requirement by \$21.0 million. G&Co’s aggregate indebtedness to net capital ratio was 1.1 to 1 at June 30, 2019. Certain distributions and other capital withdrawals of G&Co are subject to certain notifications and restrictive provisions of the Rule. As approved by FINRA in 2018, effective as of January 1, 2019, Greenhill Cogent, LP merged with G&Co, with G&Co being the sole surviving entity. The capital requirements did not change as a result of the merger.

GCI, GCE and the European affiliate of GC LP are subject to capital requirements of the FCA. Greenhill Australia is subject to capital requirements of the ASIC. We are also subject to certain capital regulatory requirements in other jurisdictions. As of June 30, 2019, GCI, GCE, Greenhill Australia, 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 July 30, 2019, the Board of Directors of the Company declared a quarterly dividend of \$0.05 per share. The dividend will be payable on September 18, 2019 to the common stockholders of record on September 4, 2019.

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, 2018 and subsequent Forms 8-K.

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 various risks outlined under "Risk Factors" in our 2018 Annual Report on Form 10-K and this Quarterly Report on Form 10-Q.

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 raising 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, Spain, Sweden, and the United Kingdom.

Our revenues are derived from both corporate advisory services related to mergers and acquisitions (or M&A) and financings and restructurings and capital advisory services related to sales or capital raises pertaining to alternative assets. Revenues from corporate advisory are primarily driven by total deal volume and the size of individual transactions. While fees payable upon the successful conclusion of a transaction generally represent the largest portion of our advisory 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 secondary market for alternative assets, where revenues are determined based upon a fixed percentage of the transaction value, and has historically provided capital raising advisory services in the primary market for real estate funds, where revenues are driven primarily by the amount of capital raised.

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 15 offices across five continents.

Over our 22 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 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, Sweden, Hong Kong, Brazil and Spain. We intend to continue our efforts to recruit new managing directors with industry sector experience and/or geographic reach who can help expand our advisory capabilities. During 2019, we have recruited 6 additional managing directors to expand our regional reach to Singapore, enhance our efforts in the shareholder advisory area and extend our industry sector expertise in the building products, industrial and insurance areas. As of July 31, 2019 we had 80 client facing managing directors, including those whose recruitment we had announced through that date.

In September 2017, we announced plans for a leveraged recapitalization to put in place a capital structure designed to enhance long term shareholder value in the context of our then current equity valuation, existing tax rates and existing opportunities in the credit market. Under that plan, the net proceeds from term loan borrowings and proceeds from the purchase of our common stock by each of our Chairman and Chief Executive Officer were intended to be used to repurchase up to \$285.0 million of our common stock (the “Recapitalization”).

On April 12, 2019, we refinanced our existing term debt facility and used proceeds of \$375.0 million to repay in full the outstanding principal balance of the term debt facility, pay fees and expenses and increase our cash balance (the “Refinancing”). As a result of the Refinancing, we lowered our borrowing rate by 50 basis points to LIBOR plus 3.25%, extended the maturity date of the term loan by eighteen months to April 12, 2024, lowered our annual amortization payments and increased the amounts permitted for dividend payments and repurchases of our common stock. As part of the Refinancing, the amount allowable for share repurchases was increased and we are permitted to make additional share repurchases of up to \$75 million. Additionally, beginning in 2020 the amount of repurchases may be further increased subject to our financial performance.

As of June 30, 2019, we had purchased a total of 12.01 million shares since our September 2017 recapitalization announcement, at an average cost of \$22.40 per share, for a total cost of \$269.1 million. This represents 79% of the share repurchases we are currently permitted to make after the refinancing of our term debt in April 2019.

See “Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources”.

Business Environment

Economic and global financial market conditions can materially affect our financial performance. See “Risk Factors” in our 2018 Form 10-K filed with the Securities and Exchange Commission.

Global deal activity in the first six months of 2019 as compared to the same period in the prior year was relatively weak in terms of both the number and volume of announced and completed transactions. The number and volume of announced transactions globally decreased by 14% and 20%, respectively, in the first six months of 2019 versus the same period in the prior year. The number and volume of completed transactions globally decreased by 16% and 9%, respectively, in the same period¹. Although announced transaction activity slowed significantly in the first half of 2019, we saw a significant increase in terms of announced transactions during the second quarter following the rebound of equity values and the reopening of credit markets.

For the six months ended June 30, 2019, revenues were \$107.3 million compared to \$176.0 million in 2018, a decrease of \$68.7 million, or 39%. The increase in transaction announcements bodes well for significant improvement in revenues in the second half.

We view our operating profit margin as a key measure of operating performance. As a result of our decreased revenues in the first six months of 2019 as compared to the same period in 2018, we generated an operating loss for the six months ended June 30, 2019 of \$20.6 million. While we cannot predict our operating profit margin for any future period, our annual operating profit margin has ranged from 18% to 27% over four of the past five calendar years, except for 2017 when it was 3%.

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 upon the successful completion of a transaction or restructuring, the timing of which is uncertain and is not subject to our control. Accordingly, revenues, operating income 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 August 2, 2019.

Results of Operations

Revenues

Our revenues are largely derived from corporate advisory services on 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, 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, we generate capital advisory revenues from sales of alternative assets in the secondary market and from capital raises.

Revenues were \$56.1 million in the second quarter of 2019 compared to \$88.5 million in the second quarter of 2018, a decrease of \$32.4 million or 37%. The decrease principally resulted from a decrease in the size of merger and acquisition transaction completion fees partially offset by an increase in transaction announcement fees.

For the six months ended June 30, 2019, revenues were \$107.3 million compared to \$176.0 million in 2018, a decrease of \$68.7 million, or 39%. This decrease principally resulted from a decrease in the size of merger and acquisition transaction completion fees, particularly in Europe, partially offset by an increase in transaction announcement fees.

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 operating expenses. Non-compensation operating expenses include costs for office space, information services, professional fees, recruiting, travel and entertainment, insurance, communications, depreciation and amortization, and other operating expenses.

Our total operating expenses for the second quarter of 2019 were \$62.5 million, which compared to \$69.0 million of total operating expenses for the second quarter of 2018. The decrease in total operating expenses of \$6.5 million, or 9%, resulted from decreases in both our compensation and benefits expenses and non-compensation operating expenses, as described in more detail below.

For the six months ended June 30, 2019, total operating expenses were \$127.9 million, which compared to \$137.6 million for the same period in 2018. The decrease in total operating expenses of \$9.7 million, or 7%, also resulted from decreases in both our compensation and benefits expenses and non-compensation operating expenses, as described in more detail below.

The following table sets forth information relating to our operating expenses.

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2019	2018	2019	2018
	(in millions, unaudited)			
Employee compensation and benefits expenses.....	\$46.1	\$48.4	\$91.1	\$97.6
% of revenues.....	82%	55%	85%	55%
Non-compensation operating expenses	16.4	20.6	36.8	39.9
% of revenues.....	29%	23%	34%	23%
Total operating expenses	62.5	69.0	127.9	137.6
% of revenues.....	111%	78%	119%	78%
Total operating income (loss)	(6.4)	19.5	(20.6)	38.5
Operating profit margin.....	NM	22%	NM	22%

Compensation and Benefits Expenses

Our employee compensation and benefits expenses in the second quarter of 2019 were \$46.1 million as compared to \$48.4 million for the second quarter of 2018. The decrease in expense of \$2.3 million, or 5%, was principally attributable to lower compensation accruals in line with lower quarterly revenues. The ratio of compensation to revenues was 82% for the second quarter of 2019 compared to 55% for the same period in 2018.

For the six months ended June 30, 2019, our employee compensation and benefits expenses were \$91.1 million as compared to \$97.6 million in the same period of 2018. The decrease in expense of \$6.5 million, or 7%, was principally attributable to lower compensation accruals in line with lower revenues. The ratio of compensation to revenues was 85% for the first six months of 2019 compared to 55% for the same period in 2018.

The increases in the ratio of compensation to revenues increased for both the three and six month periods ended June 30, 2019 as compared the same periods in 2018 resulted from the effect of spreading lower compensation and benefits expenses over significantly 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 Operating Expenses

Our non-compensation operating expenses were \$16.4 million in the second quarter of 2019 compared to \$20.6 million in the second quarter of 2018, representing a decrease of \$4.2 million, or 20%. The decrease in our non-compensation operating expenses principally resulted from both the absence of a charge in the second quarter of 2019 related to the change in the contingent value of the Cogent earnout, which was paid in April 2019, as compared to a charge of \$2.7 million in the second quarter of 2018, and an increase in the amount of foreign exchange gain recognized related to our foreign investments.

For the six months ended June 30, 2019, our non-compensation operating expenses were \$36.8 million compared to \$39.9 million for the same period in 2018, representing a decrease of \$3.1 million or 8%. The decrease in non-compensation operating expenses principally resulted from a charge of \$0.6 million in the first six month of 2019 related to the Cogent earnout as compared to a charge of \$3.6 million in the first six months of 2018.

Our non-compensation operating expenses can vary as a result of a variety of factors such as changes in headcount, the amount of recruiting and business development activity, the amount of office expansion, the amount of client reimbursed expenses, the impact of currency movements and other factors. Accordingly, the non-compensation operating expenses in any particular period may not be indicative of the non-compensation operating expenses in future periods.

Interest Expense

For the three months ended June 30, 2019, we incurred interest expense of \$10.6 million as compared to \$5.6 million for the same period in 2018. The increase in interest expense of \$5.0 million during the second quarter of 2019 principally resulted from a non-recurring charge of \$4.8 million related to the refinancing of our existing term loan facility. The remaining increase relates to an increase in the average outstanding loan amount after the refinancing in April 2019. Our borrowing rate for the three month period ended June 30, 2019 was 5.76%, which was consistent with our borrowing rate in the same period in 2018, as the benefit of our 50 basis point rate reduction from our April 2019 refinancing offset the market rate increases over the past year on our variable borrowing rate.

For the six months ended June 30, 2019, we incurred interest expense of \$16.5 million as compared to \$10.9 million for the first half of 2018. The increase in interest expense of \$5.6 million during the first six months of 2019 principally resulted from the non-recurring charge of \$4.8 million related to the write-off of financing costs described above. The remaining increase relates to an increase in our variable borrowing rate due to market rate increases throughout the prior year, partially offset by the 50 basis point rate reduction effective in April 2019 as a result of our refinancing. Our borrowings had weighted average interest rates for the six months ended June 30, 2019 and June 30, 2018 of 6.08% and 5.55%, respectively.

The rate of interest on our borrowing is based on LIBOR and can vary from period to period. Accordingly, the amount of interest expense in any particular period may not be indicative of the amount of interest expense in future periods. Further, we are required under the term loan facility to make quarterly amortization payments and, if applicable, an annual prepayment based on a calculation of our excess cash flow.

Provision for Income Taxes

For the second quarter of 2019, due to our pre-tax loss we recognized an income tax benefit of \$4.3 million, reflecting an effective rate of 25%. This compared to a provision for income taxes for the second quarter of 2018 of \$3.3 million, which reflected an effective rate of 24%. The increase in our effective tax rate principally resulted from lower earnings from the U.K., which are taxed at a lower rate than the U.S.

For the six months ended June 30, 2019, due to our pre-tax loss we recognized an income tax benefit of \$9.0 million, reflecting an effective rate of 24%. This compared to a provision for income taxes of \$10.7 million for the same period in 2018. The provision for income taxes for the first half of 2019 and 2018 included charges of \$0.8 million and \$4.4 million, respectively, related to the tax effect of the difference between the grant price value and the market price value of restricted stock awards at the time of the vesting. Excluding these charges, the effective rate for the period ended June 30, 2019 was higher than the effective rate for the same period in the prior year principally as a result of lower earnings in the U.K.

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 and cash equivalents, other significant working capital assets and liabilities, debt and other matters relating to liquidity requirements and current market conditions, is monitored by management on a regular basis. We retain our cash in financial institutions with high credit ratings and/or invest in short-term investments which are expected to provide liquidity. At June 30, 2019, we had cash and cash equivalents of \$109.7 million.

We generate substantially all of our cash from advisory fees. We use our cash primarily for recurring operating expenses, the service of our debt, the repurchase of our common shares under our share repurchase plan, and the funding of leasehold improvements for the build out of office space. Our recurring monthly operating disbursements principally consist of base compensation expense, occupancy, travel and entertainment, and other operating expenses. In addition, we generally make interest payments on our debt on a monthly basis. Our recurring quarterly and annual disbursements consist of cash bonus payments, tax payments, debt service payments, dividend payments, and repurchases of our common stock from our employees in conjunction with the payment of tax liabilities incurred on vesting of restricted stock units. These amounts vary depending upon our profitability and other factors.

Because a portion of the compensation we pay to our employees is distributed in annual cash bonus awards (usually in 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 which were generated through our primary capital advisory engagements and are collected in installments over a period of three years, and certain restructuring transactions, where collections may take longer due to court-ordered holdbacks. At June 30, 2019, we had advisory fees receivable of \$43.3 million, including long-term receivables related to primary capital advisory engagements of \$15.9 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. During 2019, we have paid to our employees cash bonuses and accrued benefits of \$43.1 million relating to compensation accrued at December 31, 2018. In addition, we paid \$4.6 million related to income taxes owed principally in the U.S. for the year ended December 31, 2018.

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

On April 12, 2019, we refinanced the 2017 TLB and used proceeds of \$375.0 million from a new 5 year term loan B facility (TLB) to repay in full the outstanding principal balance of the 2017 TLB of \$319.4 million and pay fees and expenses. We received net proceeds of \$48.3 million from the refinancing. Under the terms of the 2017 TLB we were eligible to repay, refinance or reprice the outstanding principal amount of the loan facility on or after April 12, 2019 without any incremental premium or other charge.

As a result of the refinancing, we lowered our borrowing rate by 50 basis points to LIBOR plus 3.25%, extended the maturity date of the new TLB by eighteen months to April 12, 2024, and lowered our annual amortization payments to 5% per annum, or \$4.69 million quarterly, beginning on September 30, 2019 and continuing through March 31, 2024 with the remaining balance

due at maturity on April 12, 2024. In addition, the amounts permitted for dividend payments and repurchases of our common stock under the amended credit agreement were increased.

In addition, under the new TLB, beginning for the year ending December 31, 2019, we may be required to make annual repayments of principal on the term loan of up to 50% (determined based on the net leverage ratio) of our excess cash flow as defined in the credit agreement. Since the excess cash flow payment for 2019 is based on our annual financial performance for the year and working capital position at year-end, we are currently not able to estimate the amount of repayment, if any, that may be payable on March 31, 2020. We are also required to repay certain amounts of the term loan facility in connection with the non-ordinary course sale of assets, receipt of insurance proceeds, and the issuance of debt obligations, subject to certain exceptions.

All mandatory repayments of the term loan facility will be applied without penalty or premium. Voluntary prepayments of borrowings under the term loan facility will be permitted. In the event that all or any portion of the term loan facility is prepaid or refinanced or repriced through any amendment prior to April 12, 2020, such repayment, prepayment, refinancing, or repricing will be at 101.0% of the principal amount so repaid, prepaid, refinanced or repriced.

The term loan and revolving loan facilities are guaranteed by our existing and subsequently acquired or organized wholly-owned U.S. restricted subsidiaries (excluding any registered broker-dealers) and secured with a first priority perfected security interest in certain domestic assets and 100% of the capital stock of each U.S. subsidiary and 65% of the capital stock of each non-U.S. subsidiary, subject to certain exclusions which, for the avoidance of doubt, such security interest shall not include any assets of regulated subsidiaries that are not permitted to be pledged by law, statute or regulation, including cash held by regulated subsidiaries and any other capital required to meet and maintain regulatory capital requirements. The credit facilities contain certain covenants that limit our ability above certain permitted amounts to incur additional indebtedness, make certain acquisitions, pay dividends and repurchase shares. The term loan facility does not have financial covenants and the revolving loan facility is subject to a springing total net leverage ratio financial covenant, subject to certain step downs, if our borrowings under the revolving loan facility exceed \$12.5 million. We are also subject to certain other non-financial covenants. Our failure to comply with the terms of these covenants may adversely affect our operations and could permit lenders to accelerate the maturity of the debt and to foreclose upon any collateral securing the debt. At June 30, 2019, we were compliant with all loan covenants under the credit agreement and we expect to be compliant with all loan covenants in future periods.

The \$20.0 million revolving loan facility remained available to use for working capital needs and other general corporate purposes following the refinancing. The amount, interest rate (LIBOR plus 3.75%) and maturity of the revolving loan facility remain unchanged as a result of the refinancing. No scheduled principal payments are required on amounts drawn on the revolving loan facility until the maturity date of that facility in October 2020. Any borrowings under the revolving loan facility may be repaid and reborrowed.

As additional contingent consideration for the purchase of Cogent in April 2015, we agreed to pay to the selling unitholders \$18.9 million in cash and issue 334,048 shares of our common stock if the Earnout was achieved. Pursuant to the terms of the purchase agreement, the cash payment and the issuance of common shares would occur if our secondary fund placement business achieved 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). For the two-year period ended March 31, 2017, the revenue generated by our secondary fund placement business was slightly less than revenue target required to achieve the Earnout during the first two-year period. The revenue target was achieved for the two-year period ended March 31, 2019, and the contingent consideration was paid and the shares were issued in April 2019.

As a result of the enactment of the Tax Cuts and Jobs Act ("TCJA") in December 2017, we calculate the amount of incremental tax owed, if any, on our foreign earnings on a current basis and consequently, we expect that we will be able to repatriate foreign cash without any further tax burden. Subject to any limitations imposed by the Treasury Department, regulations or interpretative rules related to the TCJA, we intend to repatriate our foreign cash subject to our estimated operating needs in our foreign jurisdictions, our needs for additional cash in the U.S. and other global cash management purposes.

As part of the Recapitalization, our Board of Directors provided us with authority to repurchase up to \$285.0 million of our common stock. As part of the refinancing in April 2019, the amount permitted and authorized for future share repurchases was increased to \$75 million, or approximately \$340 million in aggregate. Pursuant to that authority, we repurchased through June 30, 2019 12,012,373 shares of our common stock at an average price of \$22.40 per share for a total cost of \$269.1 million, including during the first six months of 2019, 737,190 shares of our common stock at an average price of \$22.60 per share, for a total cost of \$16.7 million. Additionally, during July 2019, we repurchased 411,991 common shares at an average price of \$14.58 per share, for a total cost of \$6.0 million. Beginning in 2020, the amount of repurchases permitted under our credit agreement may be further increased subject to our financial performance. We intend to continue to implement our repurchase plan through various means, which could include one or more of the following: open market purchases (including pursuant to 10b5-1 plans), tender offers, privately negotiated transactions and/or accelerated share repurchases. The price and timing of share repurchases, as well as the

total funds ultimately expended, will be subject to market conditions and other factors, such as our results of operations, financial position and capital requirements, general business conditions, legal, tax and regulatory constraints or restrictions, any contractual restrictions and other factors deemed relevant.

In addition, for the six months ended June 30, 2019, we were deemed to have repurchased 519,017 shares of our common stock at a price of \$25.27 per share, for a total cost of \$13.1 million, in conjunction with the payment of tax liabilities in respect of stock delivered to our employees in settlement of restricted stock units that vested.

As part of our long term incentive award program, we may award restricted stock units to managing directors and other employees at the time of hire and/or as part of annual compensation. Awards of restricted stock units generally vest over a four to five-year service period, subject to continued employment on the vesting date. Each restricted stock unit represents the holder's right to receive one share of our common stock (or at our election, a cash payment equal to the fair value thereof) on the vesting date. Under the terms of our equity incentive plan, we generally repurchase from our employees that portion of restricted stock unit awards used to fund income tax withholding due at the time the restricted stock unit awards vest and pay the remainder of the award in shares of our common stock. Based upon the number of restricted stock unit grants outstanding at July 31, 2019, 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 \$43.4 million (as calculated based upon the closing share price as of July 31, 2019 of \$16.60 per share and assuming a withholding tax rate of 41% consistent with our recent experience) over the next five years, of which an additional \$1.2 million remains payable in 2019, \$12.7 million will be payable in 2020, \$9.6 million will be payable in 2021, \$13.5 million will be payable in 2022, \$5.3 million will be payable in 2023, \$0.9 million will be payable in 2024, and \$0.2 million will be payable in 2025. We will realize a corporate income tax deduction concurrently with the vesting of the restricted stock units. While we expect to fund future share settlement payments with operating cash flow to the extent the amount is less than \$25.0 million per year as permitted under the new TLB credit agreement (increased from \$20.0 million under the previous TLB credit agreement), we are unable to predict the timing or magnitude of our share repurchases. To the extent we have fully utilized the share repurchase amount permitted under the credit agreement and future share settlement payments are expected to exceed the amount allowable under the credit agreement, we will seek other means to settle the withholding tax liability incurred on the vesting of the restricted stock units.

Also, as part of our long-term incentive award program, we may award deferred cash compensation to managing directors and other employees at the time of hire and/or as part of annual compensation. Awards of deferred cash compensation generally vest over a three to five year service period, subject to continued employment. Each award provides the employee with the right to receive future cash compensation payments, which are non-interest bearing, on the vesting date. Based upon the value of the deferred cash awards outstanding at July 31, 2019, we estimate payments of \$28.2 million over the next five years, of which \$2.1 million remains payable in 2019, \$12.1 million will be payable in 2020, \$7.6 million will be payable in 2021, \$4.2 million will be payable in 2022 and \$2.2 million will be payable in 2023. We will realize a corporate income tax deduction at the time of payment.

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

At July 31, 2019, we had cash and cash equivalents of \$105.3 million, a term loan principal balance of \$375.0 million and there were no drawings under our revolving loan facility. It is our objective to retain a global cash balance adequate to service our forecast operating and financing needs. We have invested a portion of our cash in money market funds and other short-term highly liquid investments with original maturities of three months or less, each as permitted under the credit agreement.

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

securing the debt. In addition, the limitations imposed by the financing agreements on our ability to incur additional debt and to take other actions might significantly impair our ability to obtain other financing.

Cash Flows

In the six months ended June 30, 2019, our cash and cash equivalents decreased by \$46.7 million from December 31, 2018, including a decrease of \$0.1 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 \$39.3 million from operating activities, which consisted of a use of \$0.5 million from operating earnings after giving effect to non-cash items and a net increase in working capital of \$38.8 million, principally from the payment of annual bonuses. We used \$0.7 million in investing activities to fund equipment purchases. We used \$6.5 million in financing activities, including \$16.7 million for open market repurchases of our common stock, \$13.1 million for the repurchase of our common stock from employees in conjunction with the payment of tax liabilities in settlement of restricted stock units, \$13.1 million for the payment of the contingent obligation due selling unitholders of Cogent (an additional \$5.7 million is classified as an operating outflow for a total payment of \$18.9 million), \$8.8 million for the quarterly principal term loan payment and \$3.1 million for the payment of dividends, offset, in part, by net proceeds of \$48.3 million from the refinancing of the new TLB.

In the six months ended June 30, 2018, our cash and cash equivalents decreased by \$118.4 million from December 31, 2017, including a decrease of \$1.6 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 \$14.8 million from operating activities, which consisted of \$43.8 million from net income after giving effect to non-cash items, offset by a net increase in working capital of \$29.0 million, principally from an increase in accounts receivables due to multiple transaction closings late in the second quarter of 2018, partially offset by an increase in compensation payable due to an increase in accrued annual bonuses. We used \$0.3 million in investing activities to fund equipment purchases and leasehold improvements. We used \$131.3 million in financing activities, including \$111.8 million for open market repurchases of our common stock, \$7.5 million for the repurchase of our common stock from employees in conjunction with the payment of tax liabilities in settlement of restricted stock units, \$8.8 million for the quarterly principal payments on the secured term loans and \$3.1 million for the payment of dividends.

Off-Balance Sheet Arrangements

We do not invest in 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 business is not capital-intensive and as such, is not subject to significant market or credit risks.

Risks Related to Cash and Short-Term Investments

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

Credit Risk

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

Exchange Rate Risk

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

In addition, the reported amounts of our advisory revenues may be affected by movements in the rate of exchange between the currency in which an invoice is issued and paid and the U.S. dollar, in which our financial statements are denominated. We do not currently hedge against movements in these exchange rates through the use of derivative instruments or other methods. We

analyze our potential exposure to a decline in exchange rates by performing a sensitivity analysis on our net income in those jurisdictions in which we have generated a significant portion of our foreign earnings, which include the United Kingdom, Europe, and Australia. During the six months ended June 30, 2019, as compared to the same period in 2018, the average value of the U.S. dollar strengthened relative to the pound sterling, euro and the Australian dollar. In aggregate, there was a slight negative impact on our revenues in the six months ended June 30, 2019 as compared to the same period in 2018 as a result of the timing of recognition of foreign revenues. We did not deem the impact significant. Further, because our operating costs in foreign jurisdictions are denominated in local currency, we are effectively internally hedged to some extent against the impact in the movements of foreign currency relative to the U.S. dollar. While our earnings are subject to volatility from changes in foreign currency rates, we do not believe we face any material risk in this respect.

Interest Rate Risk

Our new TLB bears interest at the U.S. prime rate plus 2.25% or LIBOR plus 3.25% (prior to the April 2019 refinancing the borrowing rate was the U.S. Prime Rate plus 2.75% or LIBOR plus 3.75%). Because we have indebtedness which bears interest at variable rates, our financial results will be sensitive to changes in prevailing market rates of interest. As of June 30, 2019, we had \$375.0 million of indebtedness outstanding, all of which bears interest at floating rates. The rate of interest varies from period to period and our interest rate exposure is not currently hedged to mitigate the effect of interest rate fluctuations. Depending upon future market conditions and our level of outstanding variable rate debt, we may enter into interest rate swap or other hedge arrangements (with counterparties that, in our judgment, have sufficient creditworthiness) to hedge our exposure against interest rate volatility. As of June 30, 2019, a 100 basis point increase in LIBOR would have increased our annual borrowing expense by approximately \$3.7 million.

Critical Accounting Policies and Estimates

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 2018 Annual Report on Form 10-K.

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

Issuer Purchases of Equity Securities in the second quarter 2019:

	Total Number of Shares Repurchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased under the Plans or Programs
Period	(1)		(1)	(2)
April	—	\$0.00	—	\$ 75,000,000
May	300,305	\$16.67	300,305	69,994,008
June	—	\$0.00	—	69,994,008
Total	300,305		300,305	\$ 69,994,008

- (1) Excludes 19,231 shares we are deemed to have repurchased in the second quarter of 2019 at an average price of \$19.40 per share from employees in conjunction with the payment of tax liabilities in respect of stock delivered to employees in settlement of restricted stock units.
- (2) In April 2019, our Board of Directors authorized the repurchase of up to \$75,000,000 of our common stock in conjunction with the refinancing of our term loan facility.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

On July 30, 2019, our Board of Directors approved the Amended and Restated Bylaws, which include new provisions for election of directors elected by majority vote in all uncontested elections. The Amended and Restated Bylaws are referenced in Exhibit 3.1 hereto.

Item 6. Exhibits

EXHIBIT INDEX

Exhibit Number	Description
3.1	<u>Amended and Restated By-Laws</u>
31.1	<u>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.</u>
31.2	<u>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.</u>
32.1*	<u>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.</u>
32.2*	<u>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.</u>
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: August 5, 2019

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

AMENDED AND RESTATED
BYLAWS
OF
GREENHILL & CO., INC.

(as revised July 2019)

ARTICLE 1
OFFICES

Section 1.01. *Registered Office.* The registered office of Greenhill & Co., Inc. (the “**Corporation**”) shall be in the City of Wilmington, County of New Castle, State of Delaware.

Section 1.02. *Other Offices.* The Corporation may also have offices at such other places both within and without the State of Delaware as the Board of Directors may from time to time determine or the business of the Corporation may require.

Section 1.03. *Books.* The books of the Corporation may be kept within or without the State of Delaware as the Board of Directors may from time to time determine or the business of the Corporation may require.

ARTICLE 2
MEETINGS OF STOCKHOLDERS

Section 2.01. *Time and Place of Meetings.* All meetings of stockholders shall be held at such place, either within or without the State of Delaware, on such date and at such time as may be determined from time to time by the Board of Directors (or the Chairman in the absence of a designation by the Board of Directors).

Section 2.02. *Annual Meetings.* Unless directors are elected by written consent in lieu of an annual meeting as permitted by the General Corporation Law of the State of Delaware as the same exists or may hereafter be amended (“**Delaware Law**”), an annual meeting of stockholders shall be held for the election of directors and to transact such other business as may properly be brought before the meeting. Stockholders may, unless the certificate of incorporation otherwise provides, act by written consent to elect directors; *provided, however*, that, if such consent is less

than unanimous, such action by written consent may be in lieu of holding an annual meeting only if all of the directorships to which directors could be elected at an annual meeting held at the effective time of such action are vacant and are filled by such action.

Section 2.03. *Special Meetings.* Special meetings of stockholders may be called by the Board of Directors or the Chairman of the Board of Directors and shall be called by the Secretary at the request in writing of holders of record of 25% or more of the outstanding capital stock of the Corporation entitled to vote. Such request shall state the purpose or purposes of the proposed meeting. Any such special meeting shall be held on such date and at such time and place, if any, as designated by the Board of Directors.

Section 2.04. *Notice of Meetings and Adjourned Meetings; Waivers of Notice.* (a) Whenever stockholders are required or permitted to take any action at a meeting, notice of the meeting shall be given in any form permitted under Delaware Law which shall state the place, if any, date and hour of the meeting, the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called. Unless otherwise provided by Delaware Law, such notice shall be given not less than 10 nor more than 60 days before the date of the meeting to each stockholder of record entitled to vote at such meeting. Unless these bylaws otherwise require, when a meeting is adjourned to another time or place (whether or not a quorum is present), notice need not be given of the adjourned meeting if the time, place, if any, and the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting, are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the Corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than 30 days, or after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting. Notices are deemed given (i) if by mail, when deposited in the United States mail, postage prepaid, directed to the stockholder at such stockholder's address as it appears on the records of the Corporation, or if a stockholder shall have filed with the Secretary a written request that notices to such stockholder be mailed to some other address, then to such stockholder at such other address; (ii) if by facsimile, when directed to a number at which the stockholder has consented to receive notice; (iii) if by electronic mail, when directed to an electronic mail address at which the stockholder has consented to receive such notice; (iv) if by posting on an electronic network together with a separate notice to the stockholder of such specific posting, upon the later to occur of (A) such posting and (B) the giving of such separate notice of such posting; and (v) if by any other form of electronic transmission, when directed to the stockholder as required by applicable law and, to the extent required by applicable law, in the manner consented to by the stockholder. An affidavit of the mailing or other means of giving any notice of any stockholders' meeting, executed by the Secretary, assistant Secretary or any transfer agent of the Corporation giving the notice, shall be prima facie evidence of the giving of such notice or report. Notice shall be deemed to have been given to all stockholders of record who share an address if notice is given in accordance with the "householding" rules set forth in Rule 14a-3(e) under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**") and Section 233 of the Delaware Law.

(b) A written waiver of any such notice signed by the person entitled thereto, or a waiver by electronic transmission by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends the meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice.

Section 2.05. *Quorum.* Unless otherwise provided under the certificate of incorporation or these bylaws and subject to Delaware Law, the presence, in person or by proxy, of the holders of a majority of the outstanding capital stock of the Corporation entitled to vote at a meeting of stockholders shall constitute a quorum for the transaction of business. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders present in person or represented by proxy shall adjourn the meeting, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally notified.

Section 2.06. *Voting.* (a) Unless otherwise provided in the certificate of incorporation and subject to Delaware Law, each stockholder shall be entitled to one vote for each outstanding share of capital stock of the Corporation held by such stockholder. Any share of capital stock of the Corporation held by the Corporation shall have no voting rights. At all meetings of stockholders for the election of directors at which a quorum is present, a nominee for director shall be elected to the Board of Directors if the votes cast for such nominee's election exceed the votes cast against such nominee's election; *provided, however,* that, at any meeting of stockholders for which the number of director nominees exceeds the number of directors to be elected, the directors shall be elected by a plurality of the votes cast. If a current director nominated for re-election to the Board of Directors receives more votes cast against such nominee's election than votes cast for such nominee's election, that director shall be removed from the Board of Directors with immediate effect. If no nominees for election to the Board of Directors are elected at an annual meeting, a special meeting of stockholders shall be called for an election of directors in the manner provided in Section 2.13 of these bylaws. Unless otherwise provided in Delaware Law, the certificate of incorporation, these bylaws, the rules or regulations of any stock exchange applicable to the Corporation, or applicable law or pursuant to any regulation applicable to the Corporation or its securities, the affirmative vote of a majority of the shares of capital stock of the Corporation present, in person or by written proxy, at a meeting of stockholders and entitled to vote on the subject matter shall be the act of the stockholders.

(b) Each stockholder entitled to vote at a meeting of stockholders or to express consent or dissent to a corporate action in writing without a meeting may authorize another person or persons to act for him by written proxy, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. A proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A stockholder may revoke any proxy

which is not irrevocable by attending the meeting and voting in person or by delivering to the Secretary a revocation of the proxy or a new proxy bearing a later date.

Section 2.07. *Action by Consent.* (a) Except as provided by Section 2.02 herein and unless otherwise provided in the certificate of incorporation, any action required to be taken at any annual or special meeting of stockholders, or any action which may be taken at any annual or special meeting of stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holders of outstanding capital stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted and shall be delivered to the Corporation by delivery to its registered office in Delaware, its principal place of business, or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to the Corporation's registered office shall be by hand or by certified or registered mail, return receipt requested. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing and who, if the action had been taken at a meeting, would have been entitled to notice of the meeting if the record date for such meeting had been the date that written consents signed by a sufficient number of stockholders to take the action were delivered to the Corporation as provided in Section 2.07(b).

(b) Every written consent shall bear the date of signature of each stockholder who signs the consent, and no written consent shall be effective to take the corporate action referred to therein unless, within 60 days of the earliest dated consent delivered in the manner required by this section and Delaware Law to the Corporation, written consents signed by a sufficient number of holders to take action are delivered to the Corporation by delivery to its registered office in Delaware, its principal place of business, or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to the Corporation's registered office shall be by hand or by certified or registered mail, return receipt requested.

Section 2.08. *Organization.* At each meeting of stockholders, the Chairman of the Board of Directors, if one shall have been elected, or in the Chairman's absence or if one shall not have been elected, the person designated by the Board of Directors, shall act as chair of the meeting. The Secretary (or in the Secretary's absence or inability to act, the person whom the Chairman of the meeting shall appoint secretary of the meeting) shall act as secretary of the meeting and keep the minutes thereof.

Section 2.09. *Order of Business.* The order of business at all meetings of stockholders shall be as determined by the chair of the meeting.

Section 2.10. *List of Stockholders Entitled to Vote.* The officer who has charge of the stock ledger shall prepare and make, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose

germane to the meeting at least ten (10) days prior to the meeting (i) on a reasonably accessible electronic network, *provided* that the information required to gain access to such list is provided with the notice of meeting or (ii) during ordinary business hours at the principal place of business of the Corporation. The list of stockholders must also be open to examination at the meeting as required by applicable law. Except as otherwise provided by applicable law, the stock ledger shall be the only evidence as to who are the stockholders entitled to examine the list of stockholders required by this Section 2.10 or to vote in person or by proxy at any meeting of stockholders.

Section 2.11. *Inspectors of Election.* The Corporation may, and shall if required by applicable law, in advance of any meeting of stockholders, appoint one or more inspectors of election, who may be employees of the Corporation, to act at the meeting or any adjournment thereof and to make a written report thereof. The Corporation may designate one or more persons as alternate inspectors to replace any inspector who fails to act. In the event that no inspector so appointed or designated is able to act at a meeting of stockholders, the person presiding at the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of his or her duties, shall take and sign an oath to execute faithfully the duties of inspector with strict impartiality and according to the best of his or her ability. The inspector or inspectors so appointed or designated shall (i) ascertain the number of shares of capital stock of the Corporation outstanding and the voting power of each such share, (ii) determine the shares of capital stock of the Corporation represented at the meeting and the validity of proxies and ballots, (iii) count all votes and ballots, (iv) determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspectors, and (v) certify their determination of the number of shares of capital stock of the Corporation represented at the meeting and such inspectors' count of all votes and ballots. Such certification and report shall specify such other information as may be required by applicable law. In determining the validity and counting of proxies and ballots cast at any meeting of stockholders of the Corporation, the inspectors may consider such information as is permitted by applicable law. No person who is a candidate for an office at an election may serve as an inspector at such election.

Section 2.12. *Conduct of Meetings.* The date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced at the meeting by the chair of the meeting. The Board of Directors may adopt by resolution such rules and regulations for the conduct of the meeting of stockholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the Board of Directors, the chair of any meeting of stockholders shall have the right and authority to convene and to adjourn the meeting, to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such presiding person, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board of Directors or prescribed by the presiding person of the meeting, may include, without limitation, the following: (i) the establishment of an agenda or order of business for the meeting; (ii) rules and procedures for maintaining order at the meeting and the safety of those present; (iii) limitations on attendance at or participation in the meeting to stockholders of record of the Corporation, their duly authorized and constituted proxies or such other persons as the presiding person of the

meeting shall determine; (iv) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (v) limitations on the time allotted to questions or comments by participants. The presiding person at any meeting of stockholders, in addition to making any other determinations that may be appropriate to the conduct of the meeting, shall, if the facts warrant, determine and declare to the meeting that a matter or business was not properly brought before the meeting and if such presiding person should so determine, such presiding person shall so declare to the meeting and any such matter or business not properly brought before the meeting shall not be transacted or considered. Unless and to the extent determined by the Board of Directors or the person presiding over the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

Section 2.13. *Notice of Stockholder Business and Nominations.*

(A) *Annual Meetings of Stockholders.* (1) Nominations of persons for election to the Board of Directors of the Corporation and the proposal of other business to be considered by the stockholders may be made at an annual meeting of stockholders only (a) pursuant to the Corporation's notice of meeting (or any supplement thereto), (b) by or at the direction of the Board of Directors or any committee thereof or (c) by any stockholder of the Corporation who was a stockholder of record of the Corporation at the time the notice provided for in this Section 2.13 is delivered to the Secretary of the Corporation, who is entitled to vote at the meeting and who complies with the notice procedures set forth in this Section 2.13.

(2) For any nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to clause (c) of paragraph (A)(1) of this Section 2.13, the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation and any such proposed business (other than the nominations of persons for election to the Board of Directors) must constitute a proper matter for stockholder action. To be timely, a stockholder's notice shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the ninetieth (90th) day, nor earlier than the close of business on the one hundred twentieth (120th) day, prior to the first anniversary of the preceding year's annual meeting (*provided, however*, that in the event that the date of the annual meeting is more than thirty (30) days before or more than seventy (70) days after such anniversary date, notice by the stockholder must be so delivered not earlier than the close of business on the one hundred twentieth (120th) day prior to such annual meeting and not later than the close of business on the later of the ninetieth (90th) day prior to such annual meeting or the tenth (10th) day following the day on which public announcement of the date of such meeting is first made by the Corporation). In no event shall the public announcement of an adjournment or postponement of an annual meeting commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above. Such stockholder's notice shall set forth: (a) as to each person whom the stockholder proposes to nominate for election as a director (i) all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, in each case pursuant to and in accordance with the Exchange Act, and (ii) such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected; (b) as to any other business that the stockholder proposes to bring before the meeting, a brief description of the

business desired to be brought before the meeting, the text of the proposal or business (including the text of any resolutions proposed for consideration and in the event that such business includes a proposal to amend the bylaws of the Corporation, the language of the proposed amendment), the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made; and (c) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (i) the name and address of such stockholder, as they appear on the Corporation's books, and of such beneficial owner, (ii) the class or series and number of shares of capital stock of the Corporation which are owned beneficially and of record by such stockholder and such beneficial owner, (iii) a description of any agreement, arrangement or understanding with respect to the nomination or proposal between or among such stockholder and such beneficial owner, any of their respective affiliates or associates, and any others acting in concert with any of the foregoing, (iv) a description of any agreement, arrangement or understanding (including any derivative or short positions, profit interests, options, warrants, stock appreciation or similar rights, hedging transactions, and borrowed or loaned shares) that has been entered into as of the date of the stockholder's notice by, or on behalf of, such stockholder and such beneficial owners, the effect or intent of which is to mitigate loss to, manage risk or benefit of share price changes for, or increase or decrease the voting power of, such stockholder or such beneficial owner, with respect to shares of stock of the Corporation, (v) a representation that the stockholder is a holder of record of stock of the Corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to propose such business or nomination, and (vi) a representation whether the stockholder or the beneficial owner, if any, intends or is part of a group which intends (a) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Corporation's outstanding capital stock required to approve or adopt the proposal or elect the nominee and/or (b) otherwise to solicit proxies from stockholders in support of such proposal or nomination. The foregoing notice requirements of this Section 2.13 shall be deemed satisfied by a stockholder with respect to business other than a nomination if the stockholder has notified the Corporation of his, her or its intention to present a proposal at an annual meeting in compliance with applicable rules and regulations promulgated under the Exchange Act and such stockholder's proposal has been included in a proxy statement that has been prepared by the Corporation to solicit proxies for such annual meeting. The Corporation may require any proposed nominee to furnish such other information as it may reasonably require to determine the eligibility of such proposed nominee to serve as a director of the Corporation.

(3) Notwithstanding anything in the second sentence of paragraph (A)(2) of this Section 2.13 to the contrary, in the event that the number of directors to be elected to the Board of Directors of the Corporation is increased effective at the annual meeting and there is no public announcement by the Corporation naming the nominees for the additional directorships at least one hundred (100) days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice required by this Section 2.13 shall also be considered timely, but only with respect to nominees for the additional directorships, if it shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the tenth (10th) day following the day on which such public announcement is first made by the Corporation.

(B) *Special Meetings of Stockholders.* Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting. Nominations of persons for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected pursuant to the Corporation's notice of meeting (1) by or at the direction of the Board of Directors or any committee thereof or stockholders pursuant to Section 2.03 hereof or (2) *provided* that the Board of Directors or stockholders pursuant to Section 2.13 hereof has determined that directors shall be elected at such meeting, by any stockholder of the Corporation who is a stockholder of record at the time the notice provided for in this Section 2.13 is delivered to the Secretary of the Corporation, who is entitled to vote at the meeting and upon such election and who complies with the notice procedures set forth in this Section 2.13. In the event the Corporation calls a special meeting of stockholders for the purpose of electing one or more directors to the Board of Directors, any such stockholder entitled to vote in such election of directors may nominate a person or persons (as the case may be) for election to such position(s) as specified in the Corporation's notice of meeting, if the stockholder's notice required by paragraph (A)(2) of this Section 2.13 shall be delivered to the Secretary at the principal executive offices of the Corporation not earlier than the close of business on the one hundred twentieth (120th) day prior to such special meeting and not later than the close of business on the later of the ninetieth (90th) day prior to such special meeting or the tenth (10th) day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting. In no event shall the public announcement of an adjournment or postponement of a special meeting commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above.

(C) *General.* (1) Only such persons who are nominated in accordance with the procedures set forth in this Section 2.13 shall be eligible to be elected at an annual or special meeting of stockholders of the Corporation to serve as directors and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 2.13. Except as otherwise provided by applicable law, the Chairman of the meeting shall have the power and duty (a) to determine whether a nomination or any business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with the procedures set forth in this Section 2.13 (including whether the stockholder or beneficial owner, if any, on whose behalf the nomination or proposal is made solicited (or is part of a group which solicited) or did not so solicit, as the case may be, proxies in support of such stockholder's nominee or proposal in compliance with such stockholder's representation as required by clause (A)(2)(c)(vi) of this Section 2.13) and (b) if any proposed nomination or business was not made or proposed in compliance with this Section 2.13, to declare that such nomination shall be disregarded or that such proposed business shall not be transacted. Notwithstanding the foregoing provisions of this Section 2.13, unless otherwise required by applicable law, if the stockholder (or a qualified representative of the stockholder) does not appear at the annual or special meeting of stockholders of the Corporation to present a nomination or proposed business, such nomination shall be disregarded and such proposed business shall not be transacted, notwithstanding that proxies in respect of such vote may have been received by the Corporation. For purposes of this Section 2.13, to be considered a qualified representative of the stockholder, a person must be a duly authorized officer, manager

or partner of such stockholder or must be authorized by a writing executed by such stockholder or an electronic transmission delivered by such stockholder to act for such stockholder as proxy at the meeting of stockholders and such person must produce such writing or electronic transmission, or a reliable reproduction of the writing or electronic transmission, at the meeting of stockholders.

(2) For purposes of this Section 2.13, “public announcement” shall include disclosure in a press release reported by the Dow Jones News Service, Associated Press or other national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

(3) Notwithstanding the foregoing provisions of this Section 2.13, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section 2.13; *provided however*; that any references in these bylaws to the Exchange Act or the rules promulgated thereunder are not intended to and shall not limit any requirements applicable to nominations or proposals as to any other business to be considered pursuant to this Section 2.13 (including paragraphs (A)(1)(c) and (B) hereof), and compliance with paragraphs (A)(1)(c) and (B) of this Section 2.13 shall be the exclusive means for a stockholder to make nominations or submit other business (other than, as provided in the penultimate sentence of (A)(2), matters brought properly under and in compliance with Rule 14a-8 of the Exchange Act, as may be amended from time to time). Nothing in this Section 2.13 shall be deemed to affect any rights (a) of stockholders to request inclusion of proposals in the Corporation’s proxy statement pursuant to applicable rules and regulations promulgated under the Exchange Act or (b) of the holders of any series of Preferred Stock to elect directors pursuant to any applicable provisions of the certificate of incorporation.

ARTICLE 3 DIRECTORS

Section 3.01. *General Powers.* Except as otherwise provided in Delaware Law or the certificate of incorporation, the business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors.

Section 3.02. *Number, Election and Term of Office.* The number of directors which shall constitute the whole Board of Directors shall be fixed from time to time by resolution of the Board of Directors but shall not be less than three or more than nine, *provided, however*, that no decrease in the number of directors of the Corporation shall shorten the term of any incumbent director. The directors shall be elected at the annual meeting of the stockholders by written ballot, except as provided in Section 2.02 and Section 3.12 herein, and each director so elected shall hold office until such director’s successor is elected and qualified or until such director’s earlier death, resignation or removal. Directors need not be stockholders.

Section 3.03. *Quorum and Manner of Acting.* Unless the certificate of incorporation or these bylaws require a greater number, a majority of the total authorized number of directors

shall constitute a quorum for the transaction of business, and the affirmative vote of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors. When a meeting is adjourned to another time or place (whether or not a quorum is present), notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the Board of Directors may transact any business which might have been transacted at the original meeting. If a quorum shall not be present at any meeting of the Board of Directors the directors present thereat shall adjourn the meeting, from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 3.04. *Time and Place of Meetings.* The Board of Directors shall hold its meetings at such place, either within or without the State of Delaware, and at such time as may be determined from time to time by the Board of Directors (or the Chairman in the absence of a determination by the Board of Directors).

Section 3.05. *Annual Meeting.* The Board of Directors shall meet for the purpose of organization, the election of officers and the transaction of other business, as soon as practicable after each annual meeting of stockholders, on the same day and at the same place where such annual meeting shall be held. Notice of such meeting need not be given. In the event such annual meeting is not so held, the annual meeting of the Board of Directors may be held at such place either within or without the State of Delaware, on such date and at such time as shall be specified in a notice thereof given as hereinafter provided in Section 3.07 herein or in a waiver of notice thereof signed by any director who chooses to waive the requirement of notice.

Section 3.06. *Regular Meetings.* After the place and time of regular meetings of the Board of Directors shall have been determined and notice thereof shall have been once given to each member of the Board of Directors, regular meetings may be held without further notice being given.

Section 3.07. *Special Meetings.* Special meetings of the Board of Directors may be called by the Chairman of the Board of Directors or a Chief Executive Officer and shall be called by the Chairman of the Board of Directors, a Chief Executive Officer or the Secretary on the written request of three directors. Notice of special meetings of the Board of Directors shall be given to each director at least three days before the date of the meeting in such manner as is determined by the Board of Directors.

Section 3.08. *Committees.* The Board of Directors may designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the Board of Directors, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of

the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it; but no such committee shall have the power or authority in reference to the following matters: (a) approving or adopting, or recommending to the stockholders, any action or matter expressly required by Delaware Law to be submitted to the stockholders for approval or (b) adopting, amending or repealing any bylaw of the Corporation. Each committee shall keep regular minutes of its meetings and report the same to the Board of Directors when required. Unless the Board of Directors otherwise provides, each committee designated by the Board of Directors may make, alter and repeal rules for the conduct of its business. In the absence of such rules each committee shall conduct its business in the same manner as the Board of Directors conducts its business pursuant to Article 3 of these bylaws.

Section 3.09. *Action by Consent.* Unless otherwise restricted by the certificate of incorporation or these bylaws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all members of the Board of Directors or committee, as the case may be, consent thereto in writing or by electronic transmission, and the writing or writings, or electronic transmission or transmissions, are filed with the minutes of proceedings of the Board of Directors or committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

Section 3.10. *Telephonic Meetings.* Unless otherwise restricted by the certificate of incorporation or these bylaws, members of the Board of Directors, or any committee designated by the Board of Directors, may participate in a meeting of the Board of Directors, or such committee, as the case may be, by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

Section 3.11. *Resignation.* Any director may resign at any time by giving notice in writing or by electronic transmission to the Board of Directors or to the Secretary of the Corporation. The resignation of any director shall take effect upon receipt of notice thereof or at such later time as shall be specified in such notice; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 3.12. *Vacancies.* Unless otherwise provided in the certificate of incorporation, vacancies and newly created directorships resulting from any increase in the authorized number of directors elected by all the stockholders having the right to vote as a single class may be filled by a majority of the directors then in office, although less than a quorum, or by a sole remaining director. Whenever the holders of any class or classes of stock or series thereof are entitled to elect one or more directors by the certificate of incorporation, vacancies and newly created directorships of such class or classes or series may be filled by a majority of directors elected by such class or classes or series thereof then in office, or by a sole remaining director so elected. Each director so chosen shall hold office until his successor is elected and qualified, or until his earlier death, resignation or removal. If there are no directors in office, then an election of directors may be held in accordance with Delaware Law. Unless otherwise provided in the certificate of incorporation, when one or more directors shall resign from the Board of Directors,

effective at a future date, a majority of the directors then in office, including those who have so resigned, shall have the power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective, and each director so chosen shall hold office as provided in the filling of other vacancies.

Section 3.13. *Removal.* Any director or the entire Board of Directors may be removed, with or without cause, at any time by the affirmative vote of the holders of a majority of the outstanding capital stock of the Corporation then entitled to vote at any election of directors and the vacancies thus created may be filled in accordance with Section 3.12 herein.

Section 3.14. *Compensation.* Unless otherwise restricted by the certificate of incorporation or these bylaws, the Board of Directors shall have authority to fix the compensation of directors, including fees and reimbursement of expenses.

Section 3.15. *Preferred Directors.* Notwithstanding anything else contained herein, whenever the holders of one or more classes or series of Preferred Stock shall have the right, voting separately as a class or series, to elect directors, the election, term of office, filling of vacancies, removal and other features of such directorships shall be governed by the terms of the resolutions applicable thereto adopted by the Board of Directors pursuant to the certificate of incorporation, and such directors so elected shall not be subject to the provisions of Sections 3.02, 3.12 and 3.13 of this Article 3 unless otherwise provided therein.

Section 3.16. *Rules and Regulations.* The Board of Directors may adopt such rules and regulations for the conduct of its meetings and the management of the affairs of the Corporation as it may deem proper, not inconsistent with Delaware Law or these bylaws.

ARTICLE 4 OFFICERS

Section 4.01. *Principal Officers.* The principal officers of the Corporation shall include one or more Chief Executive Officers (as the Board of Directors shall determine), a Chief Financial Officer and a Secretary who shall have the duty, among other things, to record the proceedings of the meetings of stockholders and directors in a book kept for that purpose. The Corporation may also have such other principal officers, including, without limitation, one or more Presidents, a Treasurer, a Chief Compliance Officer, a Chief Legal Officer, a Chief Operating Officer and/or a Controller, as the Board of Directors may in its discretion appoint. One person may hold the offices and perform the duties of any two or more of said offices, except that no one person shall hold the offices and perform the duties of Chief Executive Officer and Secretary.

Section 4.02. *Election, Term of Office and Remuneration.* The principal officers of the Corporation shall be elected annually by the Board of Directors at the annual meeting thereof. Each such officer shall hold office until his successor is elected and qualified, or until his earlier death, resignation or removal. The remuneration of all officers of the Corporation shall be fixed by the Board of Directors. Any vacancy in any office shall be filled in such manner as the Board of Directors shall determine.

Section 4.03. *Subordinate Officers.* In addition to the principal officers enumerated in Section 4.01 herein, the Corporation may have one or more Assistant Treasurers, one or more Assistant Secretaries and one or more Assistant Controllers and such other subordinate officers, agents and employees as the Board of Directors may deem necessary, each of whom shall hold office for such period as the Board of Directors may from time to time determine. The Board of Directors may delegate to any principal officer the power to appoint and to remove any such subordinate officers, agents or employees.

Section 4.04. *Removal.* Except as otherwise permitted with respect to subordinate officers, any officer may be removed, with or without cause, at any time, by resolution adopted by the Board of Directors.

Section 4.05. *Resignations.* Any officer may resign at any time by giving written notice to the Board of Directors (or to a principal officer if the Board of Directors has delegated to such principal officer the power to appoint and to remove such officer). The resignation of any officer shall take effect upon receipt of notice thereof or at such later time as shall be specified in such notice; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 4.06. *Powers and Duties.* The officers of the Corporation shall have such powers and perform such duties incident to each of their respective offices and such other duties as may from time to time be conferred upon or assigned to them by the Board of Directors.

ARTICLE 5 INDEMNIFICATION

Section 5.01. *Right to Indemnification and Advancement of Expenses.* The Corporation shall, as permitted by the certificate of incorporation and to the fullest extent permitted by applicable law as then in effect, indemnify any person (the “**Indemnitee**”) who was or is involved in any manner (including, without limitation, as a party or a witness), or is threatened to be made so involved, in any threatened, pending or completed investigation, claim, action, suit or proceeding, whether civil, criminal, administrative, or investigative (including without limitation, any action, suit or proceeding by or in the right of the Corporation to procure a judgment in its favor, but excluding any action, suit, or proceeding, or part thereof, brought by such person against the Corporation or any affiliate of the Corporation unless consented to by the Corporation) (a “**Proceeding**”) by reason of the fact that he is or was a director, officer, senior advisor or employee of the Corporation, or is or was serving at the request of the Corporation as a director, officer, senior advisor or employee of another corporation, partnership, joint venture, trust or other enterprise, against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such Indemnitee in connection with such Proceeding (or part thereof). Such indemnification shall be a contract right. Each Indemnitee shall also have the right to receive payment in advance of any expenses incurred by the Indemnitee in connection with such Proceeding, consistent with the provisions of applicable law as then in effect.

Section 5.02. *Contracts and Funding.* The Corporation may enter into contracts with any director, officer, senior advisor or employee of the Corporation in furtherance of the provisions of this Article 5 and may create a trust fund, grant a security interest or use other means (including, without limitation, a letter of credit) to ensure the payment of such amounts as may be necessary to effect indemnification and/or advancement of expenses as provided in this Article 5.

Section 5.03. *Definitions.* For purposes of this Article 5, references to “other enterprises” shall include employee benefit plans; references to “fines” shall include any excise taxes assessed on a person with respect to any employee benefit plan; and references to “serving at the request of the Corporation” shall include any service as a director, officer, or employee of the Corporation which imposes duties on, or involves services by, such director, officer, or employee with respect to an employee benefit plan, its participants, or beneficiaries; and a person who acted in good faith and in a manner he reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner not opposed to the best interest of a corporation.

Section 5.04. *Indemnification and Advancement of Expenses Not Exclusive Right.* The right of indemnification and advancement of expenses provided in this Article 5 shall not be exclusive of any other rights to which a person seeking indemnification and/or advancement of expenses may otherwise be entitled, under any statute, by-law, agreement, vote of stockholders or disinterested directors, or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office. The provisions of this Article 5 shall inure to the benefit of the heirs and legal representatives of any person entitled to indemnity and/or advancement of expenses under this Article 5 and shall be applicable to Proceedings commenced or continuing after the adoption of this Article 5, whether arising from acts or omissions occurring before or after such adoption.

Section 5.05. *Claims for Indemnification or Advancement of Expenses; Procedures.* In furtherance, but not in limitation, of the foregoing provisions, the following procedures and remedies shall apply with respect to advancement of expenses and the right to indemnification under this Article 5:

(a) *Advancement of Expenses.* All reasonable expenses incurred by or on behalf of the Indemnitee in connection with any Proceeding shall be advanced to the Indemnitee by the Corporation within 30 days after the receipt by the Corporation of a statement or statements from the Indemnitee requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the expenses incurred by the Indemnitee. In addition, such statement or statements shall, to the extent required by applicable law at the time of such advance, and otherwise except as may be determined by or under the authority of the General Counsel, include or be accompanied by a written undertaking by or on behalf of the Indemnitee to repay the amounts advanced if it should ultimately be determined that the Indemnitee is not entitled to be indemnified against such expenses. Notwithstanding the absence of such a written undertaking, acceptance of any such advancement of expenses shall constitute such an undertaking by the Indemnitee.

(b) *Written Request for Indemnification.* To obtain indemnification under this Article 5, an Indemnitee shall submit to the Secretary a written request, including such documentation and information as is reasonably available to the Indemnitee and reasonably necessary to determine whether and to what extent the Indemnitee is entitled to indemnification (the “**Supporting Documentation**”). The determination of the Indemnitee's entitlement to indemnification shall be made within a reasonable time after receipt by the Corporation of the written request for indemnification together with the Supporting Documentation.

(c) *Procedure for Determination.* Where the Indemnitee is a current or former director or a current officer of the Corporation, the Indemnitee's entitlement to indemnification under this Article 5 shall be determined (i) by the Board of Directors by a majority vote of a quorum (as defined in Article 2 of these bylaws) consisting of directors who were not parties to such action, suit or proceeding, or (ii) if such quorum is not obtainable, or, even if obtainable, a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (iii) by the stockholders, but only if a majority of the disinterested directors, if they constitute a quorum of the Board of Directors, presents the issue of entitlement to indemnification to the stockholders for their determination. Where the Indemnitee is not a current or former director or a current officer of the Corporation, the Indemnitee's entitlement to indemnification under this Article 5 may be determined by the General Counsel. For purposes of this Article 5, the term “officer,” when used with respect to the Corporation, shall mean those officers of the Corporation who are deemed to be Executive Officers for purposes of the annual report of the Corporation filed on Form 10-K under the Exchange Act.

Section 5.06. *Amendment or Repeal.* Any repeal or modification of the foregoing provisions of this Article 5 shall not adversely affect any right or protection hereunder of any Indemnitee in respect of any act or omission occurring prior to the time of such repeal or modification.

ARTICLE 6 GENERAL PROVISIONS

Section 6.01. *Certificates.* The shares of the Corporation shall be represented by certificates, *provided* that the Board of Directors may provide by resolution or resolutions that some or all of any or all classes or series of stock shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the Corporation. Every holder of stock represented by certificates shall be entitled to have a certificate signed by or in the name of the Corporation by the Chairman of the Board of Directors, a Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer, the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary, of the Corporation certifying the number of shares owned by such holder in the Corporation. Any of or all the signatures on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent, or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if such person were such officer, transfer agent, or registrar at the date of issue.

Section 6.02. *Lost, Stolen or Destroyed Stock Certificates; Issuance of New Certificates.*

The Corporation may issue a new certificate of stock or uncertificated shares in the place of any certificate theretofore issued by it, alleged to have been lost, stolen or destroyed, and the Corporation may require the owner of the lost, stolen or destroyed certificate, or such owner's legal representative, to give the Corporation a bond sufficient to indemnify it against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate.

Section 6.03. *Fixing the Record Date.* (a) In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than 60 nor less than 10 days before the date of such meeting. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; *provided* that the Board of Directors may fix a new record date for the adjourned meeting.

(b) In order that the Corporation may determine the stockholders entitled to consent to corporate action in writing without a meeting, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than 10 days after the date upon which the resolution fixing the record date is adopted by the Board of Directors. If no record date has been fixed by the Board of Directors, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is required by Delaware Law, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation by delivery to its registered office in Delaware, its principal place of business, or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to the Corporation's registered office shall be by hand or by certified or registered mail, return receipt requested. If no record date has been fixed by the Board of Directors and prior action by the Board of Directors is required by Delaware Law, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting shall be at the close of business on the day on which the Board of Directors adopts the resolution taking such prior action.

(c) In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than 60 days prior to such action. If no record date is

fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

Section 6.04. *Dividends.* Subject to limitations contained in Delaware Law and the certificate of incorporation, the Board of Directors may declare and pay dividends upon the shares of capital stock of the Corporation, which dividends may be paid either in cash, in property or in shares of the capital stock of the Corporation.

Section 6.05. *Year.* The fiscal year of the Corporation shall commence on January 1 and end on December 31 of each year.

Section 6.06. *Corporate Seal.* The corporate seal shall have inscribed thereon the name of the Corporation, the year of its organization and the words “Corporate Seal, Delaware”. The seal may be used by causing it or a facsimile thereof to be impressed, affixed or otherwise reproduced.

Section 6.07. *Voting of Stock Owned by the Corporation.* The Board of Directors may authorize any person, on behalf of the Corporation, to attend, vote at and grant proxies to be used at any meeting of stockholders of any corporation (except this Corporation) in which the Corporation may hold stock.

Section 6.08. *Amendments.* These bylaws or any of them, may be altered, amended or repealed, or new bylaws may be made, by the stockholders entitled to vote thereon at any annual or special meeting thereof or by the Board of Directors.

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: August 5, 2019

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: August 5, 2019

August 5, 2019
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 June 30, 2019 (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.

August 5, 2019
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 June 30, 2019 (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.