

GREENHILL & CO INC

Form S-1/A

April 20, 2004

As filed with the Securities and Exchange Commission on April 20, 2004

Registration No. 333-113526

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

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AMENDMENT NO. 3 TO  
FORM S-1  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933

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GREENHILL & CO., INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware  
(State or Other Jurisdiction of  
Incorporation or Organization)

6199  
(Primary Standard Industrial  
Classification Code Number)

51-0500737  
(I.R.S. Employer  
Identification Number)

300 Park Avenue  
23rd Floor  
New York, New York 10022  
(212) 389-1500

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

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JOHN D. LIU  
Chief Financial Officer  
Greenhill & Co., Inc.  
300 Park Avenue  
23rd Floor  
New York, New York 10022  
(212) 389-1500

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent For Service)

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APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box.

CALCULATION OF REGISTRATION FEE

Title Of Each Class Of Securities To Be Registered	Amount To Be Registered (1)	Proposed Maximum Offering Price Per Unit (2)	Proposed Maximum Aggregate Offering Price	Amount Of Registration Fee (3)
Common Stock, par value \$0.01 per share	5,750,000 shares	\$16.00	\$92,000,000	\$11,656.40

(1)Includes shares issuable upon exercise of the underwriters' option to purchase additional shares of common stock.  
 (2)Estimated solely for the purpose of computing the amount of the registration fee pursuant to Rule 457(a) under the Securities Act of 1933.

(3)Previously paid.

**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.**

The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion. Dated April 19, 2004.

5,000,000 Shares

Greenhill & Co., Inc.

Common Stock

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This is an initial public offering of shares of common stock of Greenhill & Co., Inc. All of the 5,000,000 shares of common stock are being sold by the company.

Prior to this offering, there has been no public market for the common stock. It is currently estimated that the initial public offering price per share will be between \$14.00 and \$16.00. Greenhill & Co., Inc. has applied to list the common stock on the New York Stock Exchange under the symbol "GHL".

See "Risk Factors" beginning on page 8 to read about factors you should consider before buying shares of the common stock.

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**Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.**

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	Per Share	Total
Initial public offering price	\$	\$
Underwriting discount	\$	\$
Proceeds, before expenses, to Greenhill & Co., Inc	\$	\$

To the extent that the underwriters sell more than 5,000,000 shares of common stock, the underwriters have the option to purchase up to an additional 750,000 shares from Greenhill & Co., Inc. at the initial public offering price less the underwriting discount.

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Upon completion of this offering, our managing directors and their affiliated entities will collectively own 83.3% of the total shares of common stock outstanding (or 81.3% if the underwriters' option to purchase additional shares is exercised in full).

The underwriters expect to deliver the shares against payment in New York, New York on \_\_\_\_\_, 2004.

Goldman, Sachs & Co.

Lehman Brothers

UBS Investment Bank

Keefe, Bruyette & Woods

Wachovia Securities

Prospectus dated \_\_\_\_\_, 2004.

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## PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus. This summary does not contain all of the information you should consider before investing in our common stock. You should read this entire prospectus carefully, especially the risks of investing in our common stock discussed under "Risk Factors" on pages 8 - 14.

### Greenhill

We are an independent investment banking firm that (i) provides financial advice on significant mergers, acquisitions, restructurings and similar corporate finance matters and (ii) manages merchant banking funds and commits capital to those funds. Greenhill acts for clients located throughout the world from offices in New York, London and Frankfurt.

We were established in 1996 by Robert F. Greenhill, the former President of Morgan Stanley and former Chairman and Chief Executive of Smith Barney. Since our founding, we have grown steadily by (i) developing new client relationships, (ii) adding new areas of advisory expertise, such as restructuring, (iii) adding high-caliber senior professionals, each with strong client relationships as well as complementary areas of expertise or industry focus, and (iv) expanding our geographic focus by adding offices in London and Frankfurt.

We have demonstrated strong financial results, producing revenue and earnings growth in a variety of economic and market conditions, including a prolonged period in which global merger and acquisition activity declined significantly. Our revenue grew from \$36.9 million in 1997 (our first full year of operation) to \$126.7 million in 2003, representing a compound annual growth rate of 22.8%. Our income before minority interests and taxes in that same period grew from \$28.4 million to \$80.7 million, representing a compound annual growth rate of 19.0%.

### Principal Sources of Revenue

We derive our revenue from two principal sources: (i) providing financial advisory services and (ii) managing and investing in merchant banking funds.

### Financial Advisory

We provide a broad range of strategic and financial advice to U.S. and non-U.S. corporate clients in mergers, acquisitions, restructurings and similar corporate finance matters. Our focus is on providing high-quality advice to management and boards of directors of prominent large and mid-cap companies in transactions that typically are of the highest strategic and financial importance to those companies. In 2003, financial advisory services accounted for 95.8% of our revenues.

## Merchant Banking Fund Management

Our merchant banking fund management activities currently consist primarily of management of Greenhill's merchant banking funds, collectively, Greenhill Capital Partners, or GCP, and principal investments by Greenhill in those funds. Merchant banking funds are private investment funds raised from contributions by qualified institutional investors and financially sophisticated individuals. The funds make substantial, sometimes controlling, investments, generally in non-public companies and typically with a view toward divesting within 3 to 5 years. Our merchant banking activities historically have generated revenue almost entirely from fees earned for our management of GCP. In 2003, we started investing our own capital into GCP in material amounts, in addition to that previously invested by our managing directors and other professionals of Greenhill, and we expect to fund further commitments to GCP and invest in subsequent funds that we expect to create. As a result, over time we expect to generate additional revenues from profit overrides and gains on investments from these merchant banking funds.

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## Competitive Strengths

- **Independence** – We are an independent firm owned and managed by our managing directors, free of many of the conflicts that can arise at larger, diversified financial institutions.
- **Focus on Advisory Activities** – We are focused on advising clients, particularly large and mid-size corporations, rather than on a broad range of securities businesses. We believe this focus has helped and will continue to help us attract clients and recruit financial advisory professionals who want to work in a firm where their activities are the central focus.
- **Breadth of Advisory Capabilities** – While our origin was as an advisor on mergers and acquisitions, we have developed considerable experience and capabilities in financial restructuring situations.
- **International Capabilities** – Unlike many small investment banking firms, we have aggressively sought to develop a broad geographic scope rather than focusing on any one particular market. From 1999 through 2003, 53.2% of our advisory revenues were derived from clients based outside the United States, primarily from the United Kingdom and, to a lesser extent, continental Europe, Latin America and Canada.
- **Experience** – Our 22 managing directors have an average of 22 years of relevant experience. Prior to joining Greenhill, 17 of those individuals were managing directors at other leading financial advisory firms or occupied comparably senior roles in leading private equity firms, law firms or corporations.
- **Strong Corporate Culture** – While Greenhill is relatively young, we have developed a strong corporate culture. We are united by our desire to build a firm where client advisory activities are at the core, and by our commitment to excellence in those activities. Only one managing director has departed in more than 7 years, and 10 of the 22 current managing directors have more than five years' tenure at Greenhill.

Notwithstanding these competitive strengths, we face a number of competitive challenges, including intense competition from larger firms that have a greater range of products and services and greater financial and other resources than we have and that may pose a threat to our ability to recruit and retain key employees. See "Risk Factors" for a discussion of the factors you should consider before buying shares of our common stock.

## Strategy

Our strategy is principally to enhance our position as an independent advisor on important merger, acquisition and restructuring transactions, grow our financial advisory business and expand our merchant banking fund management business. We also aim to maintain a balance of activities across geographic regions and to increase the stability of our earnings. Our strategy is heavily dependent on retaining and recruiting managing directors and other senior professionals, which we believe will be aided by this offering through our enhanced profile and resulting ability to create equity-based compensation plans.

#### Reorganization of Greenhill

We currently conduct our business through a limited liability company, Greenhill & Co. Holdings, LLC, and its affiliates. In connection with the consummation of this offering, we will complete a number of transactions in order to have Greenhill & Co., Inc. succeed to the business of Greenhill & Co. Holdings, LLC and its affiliates and to have our members become shareholders of Greenhill & Co., Inc. For further details on these transactions, see "Certain Relationships and Related Transactions—Incorporation Transactions". References in this prospectus to "our members" are to both the members of Greenhill & Co. Holdings, LLC and the partners in its controlled affiliated U.K. partnership, Greenhill & Co. International LLP. Each of our individual members and Mr. Robert F. Greenhill are and will be, following our conversion to corporate form, our managing directors.

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#### Estimated First Quarter Results

We estimate that our revenue for the first quarter of 2004 was \$29.6 million, compared to \$16.8 million in the first quarter of 2003, representing an increase of 76.2%. We estimate that our Income Before Tax & Minority Interest for the first quarter of 2004 was \$15.4 million, compared to \$7.9 million in the first quarter of 2003, representing an increase of 94.9%. The operating results for any quarter are not necessarily indicative of the results for any future period.

Our estimated first quarter 2004 revenues are comprised of \$25.6 million of Financial Advisory revenues and \$4.0 million of Merchant Banking Fund Management and Other revenues. Financial advisory revenues reflected continued high levels of merger and acquisition transactions involving financially distressed companies.

Completed transactions in the first quarter of 2004 included: the sale of AMF Bowling Worldwide, Inc. to Code, Hennessy & Simmons; the restructuring of AT&T Latin America and sale of its subsidiaries to Telefonos de Mexico; the restructuring and sale of Cable & Wireless America to Savvis Communications; the sale of Loral's North American Fixed Satellite Services assets to Intelsat; and the sale of certain assets of the Trilegiant Corporation to Cendant Corporation.

We believe that the estimated first quarter 2004 amounts discussed above are substantially accurate. Nonetheless, such amounts are subject to adjustments arising from completion of the internal financial statements of our business units and our consolidation process. Such adjustments could result in our reported results of operations differing materially from the estimated amounts set forth above.

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## SUMMARY CONSOLIDATED FINANCIAL DATA

The following summary consolidated financial data should be read in conjunction with, and are qualified by reference to, the disclosures set forth under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Unaudited Pro Forma Consolidated Financial Information" as well as in the consolidated financial statements and their notes.

	1999	For Year Ended December 31,			
		2000	2001	2002	2003
		(in thousands, except percentages)			
<b><u>Historical</u></b>					
Revenues					
Financial Advisory	\$84,839	\$106,949	\$95,300	\$107,455	\$121,334
Merchant Banking Fund Management & Other(a)	831	4,527	4,664	5,153	5,345
Total Revenues	85,670	111,476	99,964	112,608	126,679
% Change from Prior Year	—	30.1%	(10.3)%	12.6%	12.5%
Income Before Tax & Minority Interest(b)	40,188	48,524	34,797	75,813	80,661
Net Income(b)	36,396	45,520	34,984	57,817	45,400
<b><u>Pro forma (unaudited) (c)</u></b>					
Pro Forma Income Before Tax(d)	31,428	41,080	31,243	38,985	44,415
Pro Forma Net Income(e)	18,228	23,826	18,121	22,611	25,761
% Change from Prior Year	—	30.7%	(23.9)%	24.8%	13.9%

(a) Merchant Banking Fund Management & Other includes interest income of \$0.6 million, \$1.1 million, \$0.8 million, \$0.3 million and \$0.4 million in 1999, 2000, 2001, 2002 and 2003, respectively.

(b) Because we have been a limited liability company, payments for services rendered by our managing directors have been accounted for as distributions of members' capital rather than as compensation expense, except for payments of \$18.8 million, \$27.3 million, \$25.5 million, \$1.4 million and \$5.0 million made to managing directors and managing director equivalents in 1999, 2000, 2001, 2002 and 2003, respectively, which were recorded as compensation expense. As a result, our pre-tax earnings and compensation and benefits expense have not reflected most payments for services rendered by our managing directors. Accordingly, pre-tax earnings understate the expected operating costs to be incurred by us after this offering. As a corporation, we will include all payments for services rendered by our managing directors in compensation and benefits expense. We expect that our total compensation and benefits, including that payable to our managing directors, will not exceed 50% of total revenues (although we retain the ability to change this policy in the future).

(c) For a reconciliation of the pro forma data to historical financial information, see "Selected Consolidated Financial and Other Data".

(d) Historical income before tax has been adjusted to reflect (i) compensation and benefits on a pro forma basis equal to 50% of total revenues and (ii) the elimination on a pro forma basis of minority interests held by the European managing directors in our controlled U.K. affiliate, Greenhill & Co. International LLP. In conjunction with this offering, the interests held in Greenhill & Co. International LLP will be exchanged for equity interests in Greenhill. See "Unaudited Pro Forma Consolidated Financial Information" for more information on how these amounts were calculated

with respect to 2003. The pro forma data for 1999, 2000, 2001 and 2002 have been calculated based on equivalent assumptions. Because our historical earnings do not fully reflect our managing director compensation expense and include minority interests that will be

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eliminated following our conversion to corporate form, we believe inclusion of such pro forma data is important to provide an accurate depiction of our business.

(e) Historical net income has been adjusted as set forth in note (d) and by increasing our effective tax rate on a pro forma basis to 42.0% to reflect the federal, foreign, state and local taxes we expect to pay as a corporation, partially offset by the assumed deductions of state and local taxes for federal tax purposes. See "Unaudited Pro Forma Consolidated Financial Information" for more information on how these amounts were calculated with respect to 2003. The pro forma data for 1999, 2000, 2001 and 2002 have been calculated based on consistent assumptions. Because our historical earnings do not fully reflect our managing director compensation expense or reflect the level of taxes that we expect to pay as a corporation and include minority interests that will be eliminated following our conversion to corporate form, we believe this pro forma data is important to provide an accurate depiction of our business.

Our Headquarters

Our headquarters are located at 300 Park Avenue, New York, New York 10022. Our telephone number is (212) 389-1500.

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## THE OFFERING

Common stock offered	5,000,000 shares
Common stock to be outstanding after this offering	30,000,000 shares
Underwriters' option to purchase additional shares	750,000 shares
Voting rights	One vote per share.
Initial public offering price	\$ . Prior to this offering, there has been no public market for the shares. The initial public offering price will be negotiated between Greenhill and Goldman, Sachs & Co., as representative of the underwriters. Among the factors to be considered in determining the initial public offering price of the shares, in addition to prevailing market conditions, will be our historical performance, estimates of our business potential and earnings prospects, an assessment of our management and the consideration of the above factors in relation to market valuation of companies in related businesses.



Use of proceeds

We will receive net proceeds from this offering of approximately \$65.8 million, assuming an initial public offering price of \$15.00 per share, the midpoint of the range set forth on the cover page of this prospectus, and after deducting underwriting discounts and commissions and estimated expenses payable in connection with this offering and the related transactions. We expect to use the net proceeds for general corporate purposes, including (i) the repayment of \$16.0 million of bank debt, (ii) the funding of our existing \$20.3 million of commitments to Greenhill Capital Partners and (iii) the establishment of new merchant banking funds in which we, through our controlling interest in the general partner of the funds, expect to make certain principal investments. Pending specific application of the net proceeds, we expect to use them to purchase U.S. Government securities, other short-term, highly-rated debt securities and money market funds.

Dividend policy

We currently intend to declare quarterly dividends on all outstanding shares of common stock and expect the quarterly dividend to be approximately \$0.08 per share. The first quarterly dividend will be for the second quarter of 2004 and will be prorated for the portion of the second quarter of 2004 subsequent to the closing of this offering. The declaration of this and any other dividends and, if declared, the amount of any such dividend, will be subject to our actual future earnings and capital requirements and to the discretion of our board of directors, which will

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include a majority of independent directors who have not yet been appointed. For a discussion of the factors that will affect the determination by our board of directors to declare dividends, see "Dividend Policy".

New York Stock Exchange symbol

GHL

Unless we specifically state otherwise, the information in this prospectus does not take into account the sale of up to 750,000 shares of common stock which the underwriters have the option to purchase from Greenhill and the 625,000 restricted stock units and the shares of common stock underlying the restricted stock units granted at the offering date.

Except as otherwise indicated, all amounts with respect to the volume, number and market share of mergers and acquisitions transactions and related ranking information included in this prospectus have been derived from information compiled and classified by Thomson Financial.

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## RISK FACTORS

You should carefully consider the following risks and all of the other information set forth in this prospectus before deciding to invest in shares of our common stock. The following risks comprise all the material risks of which we are aware; however, these risks and uncertainties may not be the only ones we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations. If any of the events or developments described below actually occurred, our business, financial condition or results of operations would likely suffer. In that case, the trading price of our common stock would likely decline, and you could lose all or part of your investment in our common stock.