GREENHILL & CO INC
Form 10-K
February 26, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-K
(Mark One)

þ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2015.

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	51-0500737
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
300 Park Avenue New York, New York	10022
(Address of Principal Executive Offices)	(ZIP Code)

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

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

Title of each class	Name of each exchange on which registered
Common Stock, par value $.01 per share	New York Stock Exchange

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

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

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

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 þ 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 þ No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. þ

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

Large accelerated filer þ	Accelerated filer ¨	Non-accelerated filer ¨ (Do not check if a smaller reporting company)	Smaller reporting company ¨

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

The aggregate market value of the common stock held by non-affiliates of the registrant, computed by reference to the closing price as of the last business day of the registrant’s most recently completed second fiscal quarter, June 30, 2015, was approximately $1,108 million. The registrant has no non-voting stock.

As of February 15, 2016, there were 29,809,086 shares of the registrant’s common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

No documents are incorporated by reference in this Report. Information required to be disclosed in Part III of this Report is included herein. Such information also will be set forth in the Registrant’s definitive proxy statement to be delivered to stockholders in connection with the 2016 annual meeting of stockholders to be held on July 29, 2016.

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PART I

When we use the terms “Greenhill”, “we”, “us”, “our”, “the Company”, and “the Firm”, we mean Greenhill & Co., Inc., a Delaware corporation, and its consolidated subsidiaries. Our principal advisory subsidiaries are Greenhill & Co., LLC, a registered broker-dealer regulated by the Securities and Exchange Commission which provides investment banking and capital advisory services in North America; Greenhill & Co. International LLP, which provides investment banking and capital advisory services in Europe and is regulated by the United Kingdom Financial Conduct Authority; Greenhill & Co. Australia Pty Limited, which provides investment banking and capital advisory services in Australia and is regulated by the Australian Securities and Investments Commission; and Greenhill Cogent, LP, a registered broker-dealer regulated by the Securities and Exchange Commission which provides capital advisory services in North America.

Item 1. Business

Overview

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

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

Greenhill was established in 1996 by Robert F. Greenhill, the former President of Morgan Stanley and former Chairman and Chief Executive Officer of Smith Barney. Since our founding, Greenhill has grown through 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.

As of December 31, 2015, we had 350 employees globally, including 71 managing directors and 9 senior advisors. In January 2016, we promoted five of our principals to managing director.

Advisory Services

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

- Advising clients is our only business. We do not engage in investing, trading, lending, underwriting, research or investment management businesses. Our clients' interests are our sole priority.

- We provide unbiased, conflict free advice. We have no products or additional services to cross-sell and, thus, no inherent conflicts of interest. We also have no lending, prime brokerage or other relationships with activist investors.

- We maintain the highest levels of confidentiality. Our advisory only business model and minimal conflicts enable us to maintain greater client confidentiality with fewer real or perceived risks of leaks.

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Senior level attention is fundamental to our model. Our managing directors, who are seasoned professionals with both transaction expertise and sector and regional knowledge, are actively engaged in our client mandates from origination through execution and closing.

- We offer a collaborative approach to global client service. Our professionals around the globe work together on a fully integrated, one firm-one team approach to advance the interests of our clients.

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

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

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

Capital Advisory. In our capital advisory business, we assist general partners and sponsors in raising capital for new private funds and provide related advisory services to these entities globally. Our capital advisory group provides clients with comprehensive global marketing efforts to a diverse investor base of pension funds, sovereign wealth funds, endowments and other institutional investors worldwide and is one of the leading advisors to real estate funds globally. Through Cogent Partners, LP ("Cogent" or now known as "Greenhill Cogent"), which we acquired on April 1, 2015, we also are one of the leading global financial advisors to pension funds, endowments and other institutional investors on the secondary market for the sale of alternative assets. Greenhill Cogent advises such institutions on secondary sales of interests in private equity and similar funds, as well as providing advice to alternative asset fund sponsors for restructuring, financing, valuation and related services.

Revenues

Substantially all of our revenues are derived from fees paid for our advisory services, and are primarily driven by total deal volume, the number of transactions 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 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, in our capital advisory engagements, revenues are driven in primary capital raising transactions largely by the amount of capital raised and in secondary sale transactions primarily by the value of the interests transferred. We generally earn advisory fees based upon a percentage of capital committed to the fund at each interim closing and at the final closing for the amount of capital committed since the last interim closing. Our total revenues in 2015 were $261.6 million as compared to $275.2 million in 2014. We generated 34% and 42% of our revenues in 2015 and 2014,

respectively, from our foreign operations. See “Note 18 - Business Information” of the Consolidated Financial Statements for additional information regarding our segment results and the geographic areas from which we derive our revenues.

Since we sold our merchant banking business in 2009 to focus solely on our investment banking advisory services, we have sold substantially all of our investments in previously sponsored merchant banking funds and our previous investment in Iridium Communications Inc. (“Iridium”). As a result of these sales, a portion of our annual revenues has consisted of realized and unrealized gains (or losses) on our investments in the merchant banking funds and Iridium. With the liquidation of our principal investment portfolio substantially complete in 2014, our investment income currently consists primarily of interest income. At December 31, 2015, our remaining investments consisted of a small group of diverse investments in merchant banking funds with an estimated fair value of $3.6 million.

Employees

As an independent investment bank focused solely on advisory services, our people are our primary asset. Our managing directors and senior advisors average approximately 25 years of relevant experience, which they leverage to provide the highest quality advice on a collaborative, globally integrated basis across our full range of services. Our managing directors and senior advisors are supported by a strong team of more junior professionals and we spend a significant amount of time training and mentoring our junior professionals. We seek to provide our junior professionals with broad exposure to a variety of assignments involving mergers and acquisitions, divestitures, restructurings, financings, capital raisings and other transactions. This approach provides us with the flexibility to allocate resources depending on the transaction environment and provides our bankers with a wide variety of experiences to assist in the development of their business and financial judgment.

As of December 31, 2015, Greenhill employed a total of 350 people (including our managing directors and senior advisors), of which 203 were located in our offices in the Americas, 88 were based in our European offices, 38 in our Australian offices, and 21 in our Asian offices. The vast majority of our accounting, operational and administrative employees are located in the United States. We strive to maintain a work environment that fosters collegiality, teamwork, professionalism, excellence, diversity, and collaboration among our employees worldwide. We utilize a comprehensive evaluation process at the end of each year to measure performance, determine compensation and provide guidance on opportunities for continued development.

Competition

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

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

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

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

competitors to be Evercore Partners, Inc., Houlihan Lokey, Inc., Lazard Ltd., Moelis & Company, PJT Partners, Rothschild Group and many closely held boutique firms. We believe our primary competitors in our capital advisory business are Credit Suisse Group AG, Evercore Partners, Inc., Lazard Ltd., Park Hill Group LLC (part of PJT Partners) and UBS AG and many closely held boutique firms.

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

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

Regulation

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

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

North America

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

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

Our capital advisory business also is affected by various state and local regulations that restrict or prohibit the use of placement agents in connection with investments by public pension funds, including regulations in New York, Illinois, Ohio, California and New Mexico. Similar measures are being considered or have been implemented in other jurisdictions.

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

Europe

Greenhill & Co. International LLP and Greenhill & Co. Europe LLP, our wholly owned affiliated partnerships with offices in the United Kingdom and Germany, respectively, through which we conduct the majority of our European advisory business, are licensed by and also subject to regulation by the United Kingdom's Financial Conduct Authority (“FCA”). Greenhill & Co. Europe LLP also is licensed by and subject to regulation by the Federal Financial Supervisory Authority in Germany (“BaFin”). The current UK regulatory regime is based upon the Financial Services and Markets Act 2000 (the “FSMA”), together with secondary legislation and other rules made under the FSMA. These rules govern all aspects of our advisory business in the United Kingdom,

including carrying on regulated activities, record keeping, approval standards for individuals, anti-money laundering and periodic reporting.

Both Greenhill & Co. International LLP and Greenhill & Co. Europe LLP have obtained the appropriate European financial services passport rights to provide cross-border services into a number of other members of the European Economic Area (“EEA”). This “passport” derives from the pan-European regime established by the EU Markets in Financial Instruments Directive, which regulates the provision of financial services and activities throughout the EEA.

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

Australia

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

Asia

Greenhill & Co. Japan Ltd., a wholly owned Japanese subsidiary with an office in Tokyo, is registered with the Kanto Local Finance Bureau of the Ministry of Finance in Japan and is subject to regulation by the Financial Services Agency and the Securities and Exchange Surveillance Commission in Japan, and must comply with applicable provisions of the Financial Instruments and Exchange Act and other applicable Japanese legal and regulatory requirements, including customer protection rules and compliance with other applicable trading and investment banking regulations.

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

Greenhill Cogent Asia Pte. Ltd., a wholly owned Singapore subsidiary, is applying to the Monetary Authority of Singapore ("MAS") for a capital markets services license under the Securities and Futures Act, Chapter 289, of Singapore and, subject to the grant of such license, will be regulated by the MAS. The requirements applicable to holders of capital markets services licenses include net capital, stockholders equity and personnel requirements.

General

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

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

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

We also are subject to the Foreign Corrupt Practices Act, which prohibits offering, promising, giving, or authorizing others to give anything of value, either directly or indirectly, to a non-U.S. government official in order to influence

official action or otherwise gain an unfair business advantage, such as to obtain or retain business. We are also subject to applicable anti-corruption laws in the United States and in the other jurisdictions in which we operate, such as the U.K. Bribery Act. We have implemented policies, procedures, and internal controls that are designed to comply with such laws, rules, and regulations.

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

Where You Can Find Additional Information

Greenhill & Co., Inc. files current, annual and quarterly reports, proxy statements and other information required by the Securities Exchange Act of 1934, as amended (the "Exchange Act"), with the SEC. You may read and copy any document the Company files at the SEC's public reference room located at 100 F Street, N.E., Washington, D.C. 20549, U.S.A. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Our SEC filings are also available to the public from the SEC's internet site at http://www.sec.gov. Copies of these reports, proxy statements and other information can also be inspected at the offices of the New York Stock Exchange, Inc., located at 20 Broad Street, New York, New York 10005, U.S.A.

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

Item 1A. Risk Factors

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

The success of our business depends upon the personal reputation, judgment, integrity, business generation capabilities and project execution skills of our managing directors and senior advisors, particularly our senior managing directors. Our managing directors' personal reputations and relationships with our clients are a critical element in obtaining and maintaining client engagements. Accordingly, the retention of our managing directors, who are not obligated to remain employed with us, is particularly crucial to our future success. Managing directors have left Greenhill in the past and others may do so in the future, and we cannot predict the impact that the departure of any managing director will have on our business. The departure or other loss of Robert F. Greenhill, our founder and Chairman, Scott L. Bok, our Chief Executive Officer, the regional heads of businesses in North America, Europe, Australia, Japan or Brazil, the industry sector heads, or the departure or other loss of other senior managing directors, each of whom manages substantial client relationships and possesses substantial experience and expertise, could materially adversely affect our ability to secure and successfully complete engagements, which could materially adversely affect our results of operations.

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

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

We are entirely focused on the financial advisory business and we earn substantially all of our revenues from advisory fees paid to us by each of our clients, in large part upon the successful completion of the client's transaction, the timing of which is outside of our control. Unlike diversified investment banks, which generate revenues from

commercial lending, securities trading and underwriting, or other advisory firms, which have asset management and other businesses, our generation of revenues from sources other than advisory fees is minimal. As a result, a decline in our advisory engagements, the number and scale of successfully completed client transactions or the market for advisory services generally would have a material adverse effect on our business and results of operations.

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

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

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

Each year, we advise a limited number of clients. Our top ten client engagements accounted for 32% of our total revenues in 2015 and 43% in 2014. There was no single client in 2015 or 2014 that represented greater than 10% of our revenues. We earned $1 million or more from 64 clients in 2015, compared to 63 in 2014, of which 30% of the clients were new to the Firm in 2015 and 32% in 2014. While the composition of the group comprising our largest clients varies significantly from year to year, we expect that our advisory engagements will continue to be limited to a relatively small number of clients, compared to some of our larger competitors, and that an even smaller number of those clients will account for a high percentage of revenues in any particular year. As a result, the adverse impact on our results of operation from lost engagements or the non-completion of transactions on which we are advising can be significant.

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

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

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

We provide various financing advisory and restructuring and related advice to companies in financial distress or to their creditors or other stakeholders. A number of factors affect demand for these advisory services, including general economic conditions, the availability and cost of debt and equity financing, governmental policy and changes to laws, rules and regulations, including those that protect creditors. In addition, providing restructuring advisory services entails the risk that the transaction will be unsuccessful, takes considerable time and can be subject to a bankruptcy court's discretionary power to disallow or discount our fees. If the number of debt defaults, bankruptcies or other factors affecting demand for our restructuring advisory services remains at a low level, our financing advisory and restructuring business would be adversely affected.

Our capital advisory business is dependent on the availability of capital for deployment in primary and secondary alternative asset classes for clients we serve

In our capital advisory business, we provide primary fund placement services, principally for real estate funds, and we advise institutional investors on the sale of alternative assets funds in secondary transactions. Our ability to find suitable engagements and earn fees in this business depends on the availability of private and public capital for investments in illiquid assets such as private equity and real estate funds. Our ability to assist fund managers and sponsors in raising capital from investors or to assist investors in selling their interests in secondary transactions depends on a number of factors, including many that our outside our control, such as the general economic environment, changes in the weight investors give to alternative asset investments as part

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of their overall investment portfolio among asset classes, and market volatility. Following the onset of the 2008 financial crisis, there was a shortage of capital available for investment in such asset classes in the primary market, and far fewer new funds were raised than in the period preceding the crisis. To the extent private and public capital focused on primary or secondary investment in alternative investment opportunities for our clients is limited, the results of our capital advisory business may be adversely affected.

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

Adverse market or economic conditions would likely affect the number, size and timing of transactions on which we provide advice and therefore adversely affect our advisory fees. Furthermore, rapid increases in equity valuations and market volatility can negatively impact merger and acquisition activity. Our clients engaging in mergers and acquisitions often rely on access to the credit and/or equity markets to finance their transactions. The uncertainty of available credit and the volatility of equity markets can adversely affect the size, volume, timing and ability of our clients to successfully complete merger and acquisition transactions and adversely affect our advisory business. Furthermore, market volatility also affects our clients’ ability and willingness to engage in stock-for-stock transactions.

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

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

The investment banking industry is intensely competitive and we expect it to remain so. We compete on the basis of a number of factors, including the quality of our advice and service, innovation, reputation and price. We may experience pricing pressures in the future if some of our competitors seek to obtain market share by reducing prices.

We are a relatively small investment bank, with 350 employees (including managing directors and senior advisors) as of December 31, 2015 and total revenues of $261.6 million for the year ended December 31, 2015. Most of our competitors in the investment banking industry have a far greater range of products and services, greater financial and marketing resources, larger customer bases, greater name recognition, more managing directors to serve clients' needs, greater global reach and broader relationships with current and potential clients than we have. These larger and better capitalized competitors may be better able to respond to changes in the investment banking market, to compete for skilled professionals, to finance acquisitions, to fund internal growth and to compete for market share generally.

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

In addition to our larger competitors, a number of independent investment banks offer independent advisory services and some of these firms are larger and have greater general and industry specific coverage resources than we do. Furthermore, a number of such independent firms are publicly traded and may have greater financial resources than us. Additionally, over the past few years, there has been an increase in the number of newly formed independent advisory firms, some of which provide industry specific advice. Since independent advisory firms require minimal capital to operate, there are few obstacles to forming a new firm. As these independent firms seek to gain market share, our share of the advisory business could diminish and there could be pricing pressure, which would adversely affect our revenues and earnings.

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

The future growth of our business is dependent upon our ability both to recruit new personnel, develop our existing and new personnel and to expand through strategic investments or acquisitions. To successfully increase our

headcount we must identify, attract and hire professionals, or teams of professionals, to join our firm, who not only will be able to function as a trusted advisor to our clients without the support of a large suite of products but also will be able to fit into our collegial culture. The recruitment, development and training of professionals require large commitments of time and resources. It may take a substantial amount of time to determine whether new professionals will be effective and, during that time, we may incur significant expenses on

compensation, integration and business development activities. Furthermore, there can be no certainty that our personnel will develop the skills necessary to advise our client base or that we will be able to retain the high achieving personnel.

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

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

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

When we make strategic investments or acquisitions, such as our acquisitions of Greenhill Australia and Greenhill Cogent, in additional to the risks associated with the integration and retention of personnel, we face numerous risks and uncertainties combining or integrating the relevant businesses and systems, including accounting and data processing systems and management controls.

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

If we expand to new geographic locations, we will incur additional compensation, occupancy, integration, legal and business development costs. Additionally, it may take significant time for us to determine whether new managing directors will be profitable or effective, during which time we may incur significant expenses and expend significant time and resources on compensation, integration and business development. Accordingly, the additional costs and expenses of an expansion may be reflected in our financial results before any offsetting revenues are generated.

Depending upon the extent of our expansion, and whether it is done by recruiting new managing directors, strategic investment or acquisition, the incremental costs of our expansion may be funded from cash from operations or other financing alternatives. There can be no assurance that we will be able to generate or obtain sufficient capital on acceptable terms to fund our expansion needs which would limit our future growth and could adversely affect our share price.

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

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

Our revenue and profits are highly volatile. We can experience significant variations in revenues and earnings during each quarterly period. These variations can generally be attributed to the fact that our revenues are usually earned in large amounts throughout the year upon the successful completion of a transaction, the timing of which is uncertain and is not subject to our control.

Compared to our larger, more diversified competitors in the financial services industry, we generally experience even greater variations in our quarterly revenues and profits. This is due to our dependence on a relatively small number of transactions for a large percentage of our revenues in each quarterly reporting period, with the result that our earnings can be significantly affected by the size and number of transactions closed in any particular quarter.

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

Our advisory fee revenues are subject to risks and uncertainties beyond our control

In many cases, we are not paid for advisory engagements that do not result in the successful consummation of a transaction or restructuring or closing of a fund. As a result, our business is highly dependent on market conditions and the decisions and actions

of our clients and interested third parties. For example, in our mergers and acquisitions business, a client could delay or terminate a transaction because of a failure to agree upon final terms with the counterparty, failure to obtain necessary regulatory consents or board or shareholder approvals, failure to secure necessary financing, or adverse market conditions. In our restructuring business, anticipated bidders for assets of a client in financial distress may not materialize or our client may not be able to restructure its operations or indebtedness due to a failure to reach agreement with its principal creditors. In our capital advisory business, our clients may not raise sufficient capital to start a new fund or may not be able to sell their fund interests in secondary transactions because anticipated investors may decline to invest in such a fund due to lack of liquidity, change in strategic direction of the investor, or other factors. In these circumstances, we may receive limited or no advisory fees, despite having committed substantial time and resources to an engagement. The failure of the parties to complete a transaction on which we are advising, and the consequent loss of revenue to us, could lead to large adverse movements in our revenues and earnings.

Our inability to generate sufficient cash in the future to service our indebtedness, or a significant deterioration in the credit markets or the failure of one or more commercial banking institutions, could adversely affect our liquidity

Our ability to make scheduled payments on or to refinance any current or future debt obligations depends on our financial condition and operating performance. We cannot provide assurance that we will maintain a level of cash flows from operating activities sufficient to permit us to pay the principal of, and interest on, any indebtedness.

As of December 31, 2015, we had cash and cash equivalents of $70.0 million. We have invested these assets in instruments which we believe are highly liquid, and monitor developments relating to the liquidity of these investments on a regular basis. In the event of a significant deterioration of the credit markets or the failure of one or more commercial banking institutions, there can be no assurance that we will be able to liquidate these assets or access our cash. Our inability to access our cash investments could have a material adverse effect on our liquidity and result in our inability to meet our obligations timely, which could have a material adverse effect on the value of our stock.

We have a $50.0 million revolving loan facility with a U.S. commercial bank which currently expires on April 30, 2016. At December 31, 2015, we had $39.8 million drawn down from this facility. We utilize the revolving loan facility to supplement our domestic operating cash flow and to provide primarily for our cash needs such as term debt repayments, dividend payments, share repurchases, income tax payments and other working capital needs. Historically, we have rolled over the maturity date of our revolving loan facility annually. Our inability to extend the maturity date of the loan or renew the facility on acceptable terms with the existing lender could require us to repay all or a portion of the loan balance outstanding at maturity. There is no assurance that our revolving credit facility will continue to be renewed with the current lender and, if not, that we would be able to obtain a new credit facility of a similar size and on similar terms from a different lender.

In addition, we financed the cash portion of the purchase price of Greenhill Cogent with two term loan facilities, each with a principal amount of $22.5 million, and together in the aggregate $45.0 million. One facility has a maturity date of April 30, 2016, of which $11.3 million was outstanding at December 31, 2015, and the other facility has a maturity date of April 30, 2018, and requires semi-annual installments of $5.625 million, with the first installment due on October 31, 2016. There can be no assurance that we will maintain a level of cash flow from operating activities sufficient to make principal payments on the term loan in accordance with the amortization schedule.

In order to repay the outstanding balance of our revolving credit facility and principal payments due on the term loan facility, we could be required to repatriate funds to the U.S., which could require us to pay incremental U.S. tax, or issue debt or equity securities in the public or private markets, in each case on terms which may not be favorable to us. Our inability to repay or refinance the loan facilities when due could have a material adverse effect on our liquidity and result in our inability to meet our obligations, which could have a material adverse effect on our stock price.

Our employees own a significant portion of our common stock and their interests may differ from those of our public shareholders

Our employees and their affiliated entities collectively owned approximately 12% of the total shares of common stock outstanding as of February 15, 2016. Assuming the restricted stock units issued to our employees were fully vested as of February 15, 2016, our employees and their affiliates would have owned approximately 23% of the outstanding shares of our common stock.

As a result of these shareholdings, our employees currently are able to exercise significant influence over the election of our Board of Directors, the management and policies of Greenhill and the outcome of any corporate transaction or other matter submitted to the shareholders for approval, including mergers, the sale of all or substantially all of the assets of Greenhill, and the declaration and payment of dividends.

Sales of substantial amounts of common stock by our managing directors and other employees, or the possibility of such sales, may adversely affect the price of the common stock and impede our ability to raise capital through the issuance of equity securities.

There are no restrictions on the sale of the shares held by our employees, other than prohibitions on sales during “black-out” periods imposed by us between earnings releases and certain stock ownership guidelines applicable to our named executive officers.

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

As part of annual bonus and incentive compensation, we award restricted stock units to managing directors and other employees. We also award restricted stock units as a long term incentive to new hires at the time they join Greenhill. At February 15, 2016, 4,802,842, restricted stock units were outstanding, including 1,999,552 restricted stock units granted to employees in January 2016 as part of the long-term incentive award component of our annual compensation package. Each restricted stock unit represents the holder’s right to receive one share of our common stock or a cash payment equal to the fair value thereof, at our election, following the applicable vesting date. Awards of restricted stock units to our managing directors and other senior employees generally vest either ratably over a five year period, with the first vesting on the first anniversary of the grant date, or do not vest until the third or fifth anniversary of their grant date, when they vest in full, subject to continued employment on the vesting date. Awards of restricted stock to our more junior professionals generally vest ratably over a three to four year period. Shares will be issued in respect of restricted stock units only under the circumstances specified in the applicable award agreements and the equity incentive plan, and may be forfeited in certain cases. Vesting of restricted stock units will be accelerated and immediately vested upon a participant’s death, disability or retirement. Assuming all of the conditions to vesting are fulfilled, shares in respect of the restricted stock units that were outstanding as of February 15, 2016 are scheduled to be issued as follows: 63,418 additional shares in 2016, 1,189,233 shares in 2017, 1,180,391 shares in 2018, 1,070,585 shares in 2019, 929,417 shares in 2020, and 369,798 shares in 2021.

In January 2016, we also awarded 115,473 performance restricted stock units to our Chief Executive Officer for the Firm’s fiscal 2015 performance year. The performance restricted stock units will vest based upon the Firm’s level of achievement of three equally weighted performance metrics measured over a three-year performance period running from January 1, 2016 through December 31, 2018. Subject to the level of achievement of each of the performance metrics, the number of shares issuable at the end of the performance period could be zero to 288,683. Vesting of the performance restricted stock units will be accelerated in the case of death, disability, or retirement after at least one year of service.

We may be unable to mitigate the dilutive effect of equity awards through share repurchases

Upon delivery of restricted stock units at the time they vest, over the past five years we have repurchased from 38% to 43% annually of the awards for the payment of income tax withholding due upon settlement of the awards. Further, we historically have repurchased in the open market a significant number of shares of our common stock. In 2015, although we continued to repurchase shares for the payment of income tax withholding on vested RSUs, we did not repurchase any shares in the open market. Our ability to repurchase shares in the future will be dependent upon our available cash flow and anticipated cash needs, capital requirements, liquidity, debt service obligations, dividend payments and other relevant factors. If we were to cease or were unable to repurchase shares of common stock, or choose to allocate available capital to the repayment of borrowings, payment of dividends or other corporate purposes, the number of shares outstanding would increase over time, diluting the ownership of our existing stockholders.

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

There have been a number of highly publicized cases involving fraud, insider trading or other misconduct by employees in the financial services industry in recent years, and we run the risk that employee misconduct could occur at Greenhill. For example, misconduct by employees could involve the improper use or disclosure of confidential information, which could result in regulatory sanctions and material fines, or insider trading, which could lead to criminal charges. Our advisory business often requires that we deal with highly confidential information of great significance to our clients, the improper use of which may have a material adverse impact on our clients. It is not always possible to deter employee misconduct and the precautions we take to detect and prevent this activity may not be effective in all cases. Any breach of our clients’ confidences as a result of employee misconduct may harm our reputation and impair our ability to attract and retain advisory clients, which could adversely affect our business.

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

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

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

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

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

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

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

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

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

monetary amount, the adverse publicity arising from the imposition of sanctions against us by regulators could harm our reputation and cause us to lose existing clients or fail to gain new clients.

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

From time to time, the United States and other national governments in the countries in which we operate and related regulatory authorities, as well as local governments, may adopt new rules which affect our business. Many of the requirements imposed by our regulators are designed to ensure the integrity of the financial markets and to protect customers and other third parties who deal with us and are not designed to protect our stockholders. Consequently, these regulations may serve to limit our activities,

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including through net capital, customer protection and market conduct requirements. There can be no assurance that regulations will not be imposed which may materially adversely affect our business, financial condition or results of operation.

Recently, several states and municipalities in the United States, such as California, Illinois, Ohio, New York State and New York City have adopted "pay-to-play" and placement agent rules which, in addition to imposing registration and reporting requirements, limit our ability to charge fees in connection with certain of our capital advisory engagements or restrict or prohibit the use of placement agents in connection with investments by public pension funds. These types of measures could materially and adversely impact the fees we earn from our capital advisory engagements.

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

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

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

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

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

A change in relevant income tax laws, regulations, or treaties or an adverse interpretation of these items by tax authorities could result in an audit adjustment or revaluation of our deferred tax assets that may cause our effective tax rate and tax liability to be higher than what is currently presented in the consolidated financial statements

Our effective tax rate and tax liability is based on the application of current income tax laws, regulations, and treaties. These laws, regulations, and treaties are complex, and the manner which they apply to our facts and circumstances is sometimes open to interpretation. Management believes its application of current laws, regulations, and treaties to be correct and sustainable upon examination by the tax authorities. However, the tax authorities could challenge our interpretation resulting in an additional tax liability or adjustment to our income tax provision that could increase our effective tax rate. In addition, tax laws, regulations, or treaties enacted in the future may cause us to revalue our deferred tax assets and have a material change to our effective tax rate.

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

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

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

Our clients typically provide us with sensitive and confidential information. We rely heavily on our technological and communications infrastructure to securely process, transmit and store such information among our locations around the world and with our professional staff, clients, alliance partners and vendors. If any of our technology systems do

not operate properly or are disabled, we could suffer financial loss, a disruption of our businesses, regulatory intervention or reputational damage. Our information systems and technology may not continue to be able to accommodate our growth, and the cost of maintaining such systems may increase from its current level. Such a failure to accommodate growth, or an increase in costs related to such information systems, could have a material adverse effect on us.

We may also encounter cyber-attacks on our critical data and we may not be able to anticipate or prevent all such attacks. We may incur increasing costs in an effort to minimize these risks and could be held liable for any security breach or loss. While we have policies and procedures designed to prevent or limit the effect of the possible failure, interruption or security breach of our information and communication systems, there can be no assurance that any such failure, interruption or security breach will not occur or, if they do occur, that they will be adequately addressed. The occurrence of any failure, interruption or security breach of our information or communication systems could damage our reputation, result in a loss of business, subject us to additional regulatory scrutiny, or expose us to civil litigation and possible financial liability.

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

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

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

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

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

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

We began paying quarterly cash dividends to holders of record of our common stock in June 2004. Since 2007, we have paid quarterly cash dividends of $0.45 per share of our common stock to holders of record. We intend to continue to pay quarterly dividends subject to capital availability, cash flows and periodic determinations that cash dividends are in the best interest of our stockholders. Future declaration and payment of dividends on our common stock is at the discretion of our Board of Directors and depend upon, among other things, general financial conditions, capital requirements and surplus, cash flows, debt service obligations, our recent and future operations and earnings, contractual restrictions and other factors as the Board of Directors may deem relevant. For example, in the event that there is deterioration in our financial performance and/or our liquidity position, a downturn in global economic conditions or disruptions in the credit markets and our ability to obtain financing, our Board of Directors could decide to reduce or even suspend dividend payments in the future. We cannot provide assurance that we will continue to declare dividends at all or in any particular amounts. A reduction in our dividend payments could have a negative effect on our stock price.

Cautionary Statement Concerning Forward-Looking Statements

We have made statements under the captions “Business”, “Risk Factors”, and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and in other sections of this Annual Report on Form 10-K that are

forward-looking statements. In some cases, you can identify these statements by forward-looking words such as “may”, “might”, “will”, “should”, “expect”, “plan”, “outlook”, “potential”, “anticipate”, “believe”, “estimate”, “intend”, “predict”, “po
the negative of these terms and other comparable terminology. These forward-looking statements, which are subject to risks, uncertainties and assumptions about us, may include current views and projections of our operations and future financial performance, growth strategies and anticipated trends in our business. These statements are only predictions based on our current expectations and projections about future events. There are important factors that could cause our actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or

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implied by the forward-looking statements. In particular, you should consider the numerous risks outlined in the foregoing paragraphs of this "Risk Factors" section.

These risks are not exhaustive. Other sections of this Annual Report on Form 10-K may include additional factors which could adversely affect our business and financial performance. Moreover, we operate in a very competitive and rapidly changing environment. New risk factors emerge from time to time and it is not possible for our management to predict all risk factors, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

Although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot give assurances that those expectations will be achieved, nor can we guarantee future results, level of activity, performance or achievements. Moreover, neither we nor any other person assumes responsibility for the accuracy or completeness of any of these forward-looking statements. You should not rely upon forward-looking statements as predictions of future events. We are under no duty to update or review any of these forward-looking statements after the date of this filing to conform our prior statements to actual results or revised expectations whether as a result of new information, future developments or otherwise.

Item 1B. Unresolved Staff Comments

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

Item 2. Properties

Our principal offices, all of which are leased, are as follows:

Location	Owned/Leased	Lease Expiration	Approximate Square Footage as of December 31, 2015
300 Park Avenue New York, New York (Global Headquarters)	Leased	2020	105,000 square feet
Lansdowne House 57 Berkeley Square, London	Leased	2018	19,000 square feet
Neue Mainzer Strasse 52-58 Frankfurt	Leased	2023	7,000 square feet
Av. Brigadeiro Faria Lima, 2277 São Paulo	Leased	2018	5,000 square feet
79 Wellington Street West Toronto	Leased	2019	5,000 square feet
Marunouchi Building Tokyo	Leased	2016	4,000 square feet
Governor Phillip Tower 1 Farrer Place, Sydney	Leased	2025	11,000 square feet
2101 Cedar Springs Rd Dallas, Texas	Leased	2018	15,000 square feet

Most of the lease arrangements listed above provide for renewal options beyond the date of expiration.

We also have seven additional offices with approximately 37,000 of aggregate square footage with terms expiring through 2021.

In addition, we have consolidated the Cogent personnel located in New York and London into our office space and we have subleased approximately 7,000 of aggregate square footage in those locations. The sublease arrangements extend through the terms of the existing leases, which both terminate in 2019.

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Item 3. Legal Proceedings

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

Item 4. Mine Safety Disclosures

Not applicable.

EXECUTIVE OFFICERS AND DIRECTORS

Our executive officers are Scott L. Bok (Chief Executive Officer), Kevin M. Costantino (President), David A. Wyles (President), Christopher T. Grubb (Chief Financial Officer), Patricia Moran (Chief Legal Officer and Secretary) and Harold J. Rodriguez, Jr. (Chief Operating Officer, Chief Compliance Officer and Treasurer). Set forth below is a brief biography of each executive officer.

Scott L. Bok, 56, has served as Chief Executive Officer since April 2010, served as Co-Chief Executive Officer between October 2007 and April 2010, and served as our U.S. President between January 2004 and October 2007. He has also served as a member of our Management Committee since its formation in January 2004. In addition, Mr. Bok has been a director of Greenhill & Co., Inc. since its incorporation in March 2004. Mr. Bok joined Greenhill as a Managing Director in February 1997. Before joining Greenhill, Mr. Bok was a Managing Director in the mergers, acquisitions and restructuring department of Morgan Stanley & Co., where he worked from 1986 to 1997, based in New York and London. From 1984 to 1986, Mr. Bok practiced mergers and acquisitions and securities law in New York with Wachtell, Lipton, Rosen & Katz. Mr. Bok served as Chief Executive Officer and Chairman of the Board of Directors of GHL Acquisition Corp. from 2007 to 2009 and as a member of the Board of Directors of its successor, Iridium Communications Inc., from 2009 to 2013. He has also served as a member of the Board of Directors of Heartland Payment Systems (2001 — 2005) and Republic Group Insurance (2003 — 2007).

Kevin M. Costantino, 39, has served as President since 2015, and also is a member of our Management Committee. Prior to his appointment as President, Mr. Costantino served as Co-Head of our Australian business. Mr. Costantino joined Greenhill more than 10 years ago in our New York office, to which he relocated in July 2015 after a second stay in our Sydney office. He also spent time in our Chicago office following its 2009 opening, and was involved in our expansion to Brazil two years ago. Before joining Greenhill, Mr. Costantino was a mergers and acquisitions lawyer with Wachtell, Lipton, Rosen & Katz in New York.

David A. Wyles, 47, has served as President since 2015, and also is a member of our Management Committee. Prior to his appointment as President, Mr. Wyles served as Co-Head of our European business. Mr. Wyles joined Greenhill 18 years ago as part of the original team from Baring Brothers that founded our London office, and was involved in the opening of our Frankfurt office two years later. He is one of the leading M&A advisors in the UK market, and has also led numerous major transaction assignments in Continental Europe and globally, including most of our assignments involving China.

Christopher T. Grubb, 36, has served as our Chief Financial Officer since May 2012, and also is a member of our Management Committee. Mr. Grubb also serves as Co-Head of our U.S. M&A business. Mr. Grubb joined Greenhill in 2006 and was promoted to Managing Director in January 2014. Prior to joining Greenhill, Mr. Grubb worked in the investment banking group at UBS. Mr. Grubb advises clients on a variety of M&A and restructuring transactions and also is responsible for investor relations and a variety of administrative roles at Greenhill.

Patricia Moran, 56, has served as our Chief Legal Officer and Secretary since April 2014, and also is a member of our Management Committee. Prior to joining Greenhill, Ms. Moran was a partner in the law firm Skadden, Arps, Slate, Meagher & Flom, LLP, where she began her career 30 years ago, focusing on mergers and acquisitions, private equity, restructurings, corporate governance and general corporate and securities law matters.

Harold J. Rodriguez, Jr., 60, has served as our Chief Operating Officer since January 2012, served as Chief Administrative Officer from March 2008 until January 2012 and was Managing Director — Finance, Regulation and Operations from January 2004 to March 2008. Mr. Rodriguez also serves as our Chief Compliance Officer and Treasurer and is a member of our Management Committee. Mr. Rodriguez is the Chief Financial Officer of Greenhill's operating subsidiaries and from November 2000 through December 2003 was Chief Financial Officer of Greenhill. Mr. Rodriguez has served as the Chief Financial Officer of Greenhill Capital Partners LLC since he joined Greenhill in June 2000. Mr. Rodriguez served as Chief Financial Officer of GHL Acquisition Corp. from 2008 to 2009. Prior to joining Greenhill, Mr. Rodriguez was Vice President — Finance and Controller of Silgan Holdings, Inc., a major consumer packaging goods manufacturer, from 1987 to 2000. From 1978 to 1987, Mr. Rodriguez worked at Ernst & Young, where he was a senior manager specializing in taxation.

Our Board of Directors has six members, two of whom are employees (Robert F. Greenhill and Scott L. Bok) and four of whom are independent (Robert T. Blakely, Steven F. Goldstone, Stephen L. Key and Karen P. Robards). In January

2016, our Board of Directors amended our Corporate Governance Guidelines to provide for a "Lead Independent Director" and appointed Mr. Goldstone to this role. A brief biography of each of Messrs. Greenhill, Blakely, Goldstone and Key and Ms. Robards is set forth below.

Robert F. Greenhill, 79, our founder, has served as our Chairman since the time of our founding in 1996 and served as our Chief Executive Officer between 1996 and October 2007. Mr. Greenhill was a member of our Management Committee since its formation in January 2004 until October 2007. In addition, Mr. Greenhill has been a director of Greenhill & Co., Inc. since its incorporation in March 2004. Prior to founding and becoming Chairman of Greenhill, Mr. Greenhill was Chairman and Chief Executive Officer of Smith Barney Inc. and a member of the Board of Directors of the predecessor to the present Travelers Corporation (the parent

of Smith Barney) from June 1993 to January 1996. From January 1991 to June 1993, Mr. Greenhill was president of, and from January 1989 to January 1991, Mr. Greenhill was a vice chairman of, Morgan Stanley Group, Inc. Mr. Greenhill joined Morgan Stanley in 1962 and became a partner in 1970. In 1972, Mr. Greenhill directed Morgan Stanley's newly-formed mergers and acquisitions department. In 1980, Mr. Greenhill was named director of Morgan Stanley's investment banking division, with responsibility for domestic and international corporate finance, mergers and acquisitions, merchant banking, capital markets services and real estate. Also in 1980, Mr. Greenhill became a member of Morgan Stanley's management committee.

Robert T. Blakely, 74, has served on our Board of Directors since April 2009. Since 2008, Mr. Blakely has served as the President of Performance Enhancement Group, a position he previously held from 2002 to 2003. From February 2006 to January 2008, Mr. Blakely served as Executive Vice President of Fannie Mae and from February 2006 to August 2007 as its Chief Financial Officer. From 2003 to 2006, Mr. Blakely served as Executive Vice President and Chief Financial Officer of MCI. From 1999 to 2002 he served as Executive Vice President and Chief Financial Officer of Lyondell Chemical. From 1981 to 1999 he served as Executive Vice President and Chief Financial Officer of Tenneco, Inc. From 1971 to 1981, Mr. Blakely was with Morgan Stanley. Mr. Blakely is a member of the Board of Directors of Westlake Chemical Corporation, Natural Resource Partners L.P. and Ally Financial Inc. (formerly GMAC, Inc.). Mr. Blakely completed a five year term on December 31, 2011 as Vice Chairman of the Board of Trustees of the Financial Accounting Federation, the oversight body for the Financial Accounting Standards Board.

Steven F. Goldstone, 70, has served on our Board of Directors since July 2004, where he has been our Lead Independent Director since January 2016. He currently manages Silver Spring Group, a private investment firm. From 1995 until his retirement in 2000, Mr. Goldstone was Chairman and Chief Executive Officer of RJR Nabisco, Inc. (which was subsequently named Nabisco Group Holdings following the reorganization of RJR Nabisco, Inc.). Prior to joining RJR Nabisco, Inc., Mr. Goldstone was a partner at Davis Polk & Wardwell, a law firm in New York City. He is also the non-executive Chairman of ConAgra Foods, Inc. Mr. Goldstone served as a member of the Board of Directors of Trane, Inc. (f/k/a American Standard Companies, Inc.) from 2002 until 2008 and as a member of the Board of Directors of Merck & Co. from 2008 until 2012. Mr. Goldstone will serve as a member of the Board of Directors of The Chefs' Warehouse, Inc. beginning in March 2016.

Stephen L. Key, 72, has served on our Board of Directors since May 2004. Since 2003, Mr. Key has been the sole proprietor of Key Consulting, LLC. From 1995 to 2001, Mr. Key was the Executive Vice President and Chief Financial Officer of Textron Inc., and from 1992 to 1995, Mr. Key was the Executive Vice President and Chief Financial Officer of ConAgra, Inc. From 1968 to 1992, Mr. Key worked at Ernst & Young, serving in various capacities, including as the Managing Partner of Ernst & Young's New York Office from 1988 to 1992. Mr. Key is a Certified Public Accountant in the State of New York. Mr. Key has served as a member of the Board of Directors of Fairway Group Holdings Corp. since August 2012 and as Chairman of the Audit Committee of the Board of Directors of Fairway Group Holdings Corp. since April 2013. Mr. Key has also served as a member of the Board of Directors of Sitel, Inc. from 2007 until 2008, as a member of the Board of Directors of Forward Industries, Inc. from 2010 until 2012, and as a member of the Board of Directors of 1-800-Contacts, Inc. from 2005 to 2012.

Karen P. Robards, 65, has served on our Board of Directors since April 2013. Since 1987, Ms. Robards has been a partner of Robards & Company, LLC, a financial advisory firm. From 1976 to 1987, Ms. Robards was an investment banker at Morgan Stanley where she served as head of its healthcare investment banking activities. Ms. Robards currently serves as Vice Chair of the Board and Chair of the Audit Committee of BlackRock Closed-End Funds. Ms. Robards is also a member of the Board of Directors of AtriCure, Inc., a medical device company, where she has served since 2000. From 1996 to 2005, Ms. Robards served as a director of Enable Medical Corporation, a developer and manufacturer of surgical instruments, which was acquired by AtriCure, Inc. in 2005. From 2007 to 2010, Ms. Robards also served as a director of Care Investment Trust, a publicly held real estate investment trust focusing on investment opportunities in the healthcare industry.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

The New York Stock Exchange is the principal market on which our common stock (ticker: GHL) is traded. The following tables set forth, for the fiscal quarters indicated, the high and low sales prices per share of our common stock, as reported in the consolidated transaction reporting system, and the quarterly dividends declared.

	Fiscal 2015 Sales Price		Dividends per share of common stock
	High	Low	
First quarter	$43.79	$34.40	$0.45
Second quarter	43.08	38.31	0.45
Third quarter	41.64	28.22	0.45
Fourth quarter	29.10	24.88	0.45

	Fiscal 2014 Sales Price		Dividends per share of common stock
	High	Low	
First quarter	$60.15	$47.93	$0.45
Second quarter	52.92	45.97	0.45
Third quarter	50.56	43.57	0.45
Fourth quarter	48.08	39.78	0.45

As of February 15, 2016, there were 16 holders of record of our common stock. The majority of our shares are held in street name by diversified financial broker dealers which are not counted as "record" holders.

On February 15, 2016, the last reported sales price for our common stock on the New York Stock Exchange was $22.97 per share.

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

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

ASSUMES $100 INVESTED ON DECEMBER 31, 2010
ASSUMES DIVIDEND REINVESTED
FISCAL YEAR ENDING DECEMBER 31, 2015

Share Repurchases in the Fourth Quarter of 2015

Period	Total Number of Shares Repurchased (1)	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased under the Plans or Programs (2) (3)
October 1 – October 31	—	$—	—	$ 75,000,000
November 1 – November 30	—	—	—	75,000,000
December 1 – December 31	—	—	—	75,000,000
Total	—		—	$ 75,000,000

(1) Excludes 1,123 shares we are deemed to have repurchased in the fourth quarter of 2015 at an average price of $26.28 per share, or $0.03 million, from employees in conjunction with the payment of tax liabilities in respect of stock delivered to employees in settlement of restricted stock units.

(2) Shares which may be repurchased under the plan authorized by the Board of Directors on January 28, 2015 for the repurchase of up to $75,000,000 of our common stock during 2015. Effective January 27, 2016, the Board of Directors authorized the repurchase of up to $75,000,000 of our common stock during the period January 1, 2016 through December 31, 2016.

(3) The value of shares repurchased during the year ended December 31, 2015 excludes 341,235 shares we are deemed to have repurchased at an average price of $34.88 per share, or $11.9 million, from employees in conjunction with the payment of tax liabilities in respect of stock delivered to employees in settlement of restricted stock units.

Item 6. Selected Financial Data

	2015	2014	2013	2012	2011
Statement of Income Data:					
Advisory revenues	$260.3	$280.5	$287.0	$291.5	$302.8
Investment revenues	1.3	(5.2)	0.2	(6.4)	(8.8)
Total revenues	261.6	275.3	287.2	285.1	294.0
% change from prior year	(5)%	(4)%	1%	(3)%	6%
Employee compensation and benefits expense	147.2	147.6	155.7	151.8	162.6
Non-compensation expenses	71.1	60.2	60.3	62.8	62.7
Income before taxes	43.3	67.5	71.2	70.5	68.7
Provision for taxes	17.7	24.1	24.5	28.4	24.1
Net income allocated to common stockholders	25.6	43.4	46.7	42.1	44.6
Diluted average shares outstanding	31,200,378	30,357,691	30,160,669	30,561,682	31,034,817
Diluted earnings per share	0.82	1.43	1.55	1.38	1.44
Balance Sheet Data:					
Total assets	$423.8	$337.7	$353.4	$387.0	$460.7
Total liabilities	139.8	81.4	75.7	$83.5	113.2
Stockholders' equity	283.4	255.5	276.7	$302.2	346.2
Noncontrolling interests	0.7	0.7	1.0	$1.3	1.4
Total equity	284.1	256.2	277.7	303.5	347.6
Dividends declared per share	1.80	1.80	1.80	1.80	1.80
Selected Data and Ratios (unaudited)					
Income before taxes as a percentage of revenues	17%	25%	25%	25%	23%
Revenues per employee [(a)]	$799	$882	$893	$891	$920
Employees at year-end [(b)]					
Americas	203	165	176	179	174
Europe	88	84	86	90	81
Asia	21	14	14	14	14
Australia	38	42	43	41	47
Total employees	350	305	319	324	316

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

(b) Includes our managing directors and senior advisors.

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

Overview

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

Substantially all of our revenues are derived from fees paid for our advisory services, and are primarily driven by total deal volume, the number of transactions 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 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, in our capital advisory engagements, revenues are driven in primary capital raising transactions largely by the amount of capital raised and in secondary sale transactions primarily by the value of the interests transferred. We generally earn advisory fees based upon a percentage of capital committed to the fund at each interim closing and at the final closing for the amount of capital committed since the last interim closing.

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 20 years as an independent investment banking firm, we have sought to opportunistically recruit new managing directors with a range of industry and transaction specialties, as well as high-level corporate and other relationships, from major investment banks, independent financial advisory firms and other institutions. We also have sought to expand our geographic reach both through recruiting managing directors in new locations and through strategic acquisitions, such as our 2006 acquisition of Beaufort Partners Limited (now Greenhill Canada) in Canada and our 2010 acquisition of Caliburn Partnership Pty Limited (now Greenhill Australia) in Australia. Additionally, we expanded the breadth of our advisory services through the recruitment of a team of managing directors focused on real estate capital advisory services, through the hiring of managing directors to focus on financing and restructuring advisory services, and through our acquisition in 2015 of Cogent, 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, Brazil and Singapore. 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. We had 74 client facing managing directors as of January 1, 2016.

In 2009, we sold our merchant banking business to focus solely our investment banking advisory services. Since that sale, we have sold substantially all of our investments in previously sponsored merchant banking funds and our previous investment in Iridium. At December 31, 2015, we held remaining investments in merchant banking funds with an estimated fair value of $3.6 million.

Our financial results include the financial results of Greenhill Cogent from April 1, 2015, the date of our acquisition. At the time of our acquisition, Cogent had a total of 41 employees, including eight managing directors, with its principal office in Dallas and additional locations in London, New York, San Francisco and Singapore. Historically, Cogent's operating margins have been strong and we expect that the acquisition will be immediately accretive to our annual financial results. As a result of the acquisition, in addition to the ongoing operating costs for the business, we incurred non-recurring transaction costs, interest expense related to the financing of the acquisition and charges related

to the amortization of identifiable intangibles as determined based on the allocation of the purchase price. See "Liquidity and Capital Resources" below.
At December 31, 2015, we employed 350 people. We strive to maintain a work environment that fosters professionalism, excellence, diversity, and cooperation among our employees worldwide. We utilize a comprehensive evaluation process at the end of each year to measure performance, determine compensation and provide guidance on opportunities for continued development.

Business Environment and Outlook

Economic and global financial market conditions can materially affect our financial performance. In addition, revenues and net income in any period may not be indicative of full-year results or the results of any other period and may vary significantly from year to year and quarter to quarter. See "Risk Factors."

Our advisory revenues were $260.3 million in the year ended December 31, 2015 compared to $280.5 million in the year ended December 31, 2014, a decrease of 7%. This decrease resulted principally from a decrease in transaction completion fees due to fewer large transaction closings in 2015, offset in part by greater capital advisory fees due to the acquisition of Cogent and an increase in transaction announcement and opinion fees. At the same time, the number of worldwide completed M&A transactions in 2015 decreased by 5% as compared to 2014, while the volume of completed transactions (reflecting the sum of all transaction sizes) increased 26%. The number of announced transactions globally decreased by 1% in 2015 as compared to 2014, while the volume of announced transactions rose by 32% in the same period.[(1)]

In 2015, we advised on 26% more announced transactions than in the prior year. As measured by aggregate deal volume, those transactions were considerably larger than the announced deals on which we advised in the prior year and the contractual fees associated with those transactions, a large portion of which had yet to be earned as of year end, also showed a significant increase. Despite all those positives, the fact that the closings of an unusually large number of our largest agreed M&A transactions was delayed into 2016 adversely affected our advisory revenues for 2015.

Also in 2015, we advised on transactions for the first time for such leading companies around the world as Ball Corporation, Blount International, Inc., Croda Europe Limited, Emdeon Inc., Heartland Payment Systems, Inc., Telecity Group plc, and Teva Pharmaceuticals Industries Limited. We also advised on new transactions for historic clients such as Alcoa Inc., Anixter International, Inc., Cerner Corporation, Gannett Co., Inc., GlaxoSmithKline plc, Hitachi Appliances, Inc., Lonmin plc, Masco Corporation, MeadWestvaco Corporation, Recruit Holdings Co., Ltd, and Scholastic Corporation.

By geographic region in 2015, North America, where we generated in excess of 58% of our revenues, remained our largest contributor in 2015. Most of our other 2015 advisory revenues were generated in Europe, where we derived 23% of our revenues, representing a slight decline from the prior year. In Australia, we experienced a slight revenue decline from the prior year principally due to the impact of the strengthening US dollar. The declines in revenue contribution from Europe and Australia were offset by a significant increase in revenue from the rest of the world.

By industry in 2015, improved performance in the general industrial sector generally offset a decline in activity in the consumer & retail, financial services and technology, communications & media sectors.

Looking forward to 2016, the expected closing of some large M&A transactions, announced in 2015 but not yet completed, combined with what we expect to be a continued robust level of activity in the primary and secondary fund placement markets, we believe bodes well for improved revenues in the first half of 2016. While the second half of the fiscal year is, in general, more dependent on transactions yet to be announced, we have seen momentum in terms of significant new client assignments in recent months, which suggests we may have an improved pace of revenue generation, barring a meaningful deterioration in market conditions. The global equity and credit markets have been highly volatile and experienced significant declines in the first weeks of 2016, which creates uncertainty and potentially could result in reduced transaction activity for some period.

Compensation and benefits expense, which we measure as a percentage of revenues, was 56% in 2015, which was slightly higher than the ratio of 54% in both 2014 and 2013. Our non-compensation costs increased in 2015 over prior years, which had remained relatively constant in absolute dollars, primarily due to the addition of expenses related to Greenhill Cogent and certain expenses which we do not expect to recur, such as transaction costs associated with the acquisition of Cogent and foreign exchange losses related to the way we elected to finance our start-up in Brazil. As a percentage of revenues, our non-compensation costs have ranged from 21% to 27% over the past three years, and were 27% in 2015. Our pre-tax margin has ranged from 17% to 25% over the past three years, and was 17% in 2015. Given the relatively fixed nature of our non-compensation expenses and the expected elimination of some of the unusual

items from 2015, if revenue generation is higher in 2016, as we expect, then we expect to see a corresponding improvement in our profit margin. In addition, on an after tax basis, our tax rate for 2015 was 41%, which was higher than the range of 34% to 36% over the preceding two years, and was principally driven by a greater proportion of earnings being generated in the U.S. relative to other jurisdictions in which we operated in 2015 as compared to the prior two years. For 2016 and future periods, our tax rate will, as always, be a function of the jurisdictions in which we generate earnings. Historically, the U.S. has had the highest tax rate of any region where we operate.

(1) Excludes transactions less than $100,000 and withdrawn/canceled deals. Source: Thomson Financial as of February 11, 2016.

Historically, our operating cash flow has allowed us to maintain an annual dividend payout of $1.80 per common share since 2008. In aggregate during 2015, we returned $58.9 million to our shareholders in the form of dividends and since our IPO we have paid out more than $500 million in dividends, which is approximately 15% of our revenue over that period of time. Further, it has been our objective to avoid dilution of shareholders despite using our stock in annual compensation and in acquisitions. Historically, we have sought to repurchase a sufficient number of shares of our common stock to maintain a flat share count. Whenever there have been periods when our share count has increased over the level at the time of our IPO, such as after our Australian acquisition in 2010, we have then sought to revert to the share count at the time of the IPO. While the acquisition of Cogent has again increased our share count over the IPO level, we intend to seek to reduce our share count over time to the level at the time of our IPO. In that regard, our Board has authorized up to $75 million of additional share repurchases in 2016. Our ability to pay dividends and make share repurchases is subject to a number of factors described under "Risk Factors" in this Form 10-K. See "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources".

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 are 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. As a result, our quarterly results vary and our results in one period may not be indicative of our results in any future period. Further, as we experienced in 2015, the timing of transaction completions may also create variations in our annual results.

Results of Operations

The following tables set forth data relating to the Firm’s sources of revenues:

Historical Revenues by Source

	For the Years Ended December 31,				
	2015	2014	2013	2012	2011
	(in millions)				
Advisory revenues	$260.3	$280.5	$287.0	$291.5	$302.8
Investment revenues (losses)	1.3	(5.2)	0.2	(6.4)	(8.8)
Total revenues	$261.6	$275.3	$287.2	$285.1	$294.0

Advisory Revenues

Historical Advisory Revenues by Client Location

	For the Years Ended December 31,				
	2015	2014	2013	2012	2011
North America	58%	59%	52%	60%	48%
Europe	23%	30%	33%	22%	22%
Australia	6%	9%	12%	14%	22%
Asia, Latin America & Other	13%	2%	3%	4%	8%

Historical Advisory Revenues by Industry

	For the Year Ended December 31,				
	2015	2014	2013	2012	2011
Technology, Communications & Media	9 %	13 %	15 %	20 %	9 %
Consumer Goods & Retail	4 %	16 %	14 %	8 %	13 %
Energy & Utilities	5 %	7 %	7 %	11 %	8 %
Financial Services	6 %	11 %	13 %	7 %	22 %
Healthcare	12 %	15 %	16 %	9 %	12 %
Real Estate, Lodging & Leisure	4 %	2 %	4 %	5 %	6 %
General Industrial & Other	39 %	25 %	20 %	31 %	21 %
Capital Advisory (Fund Placement)	21 %	11 %	11 %	9 %	9 %

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

A majority of our revenues are contingent upon the closing of a merger, acquisition, financing, restructuring, capital fund transaction or other advisory transaction. A transaction can fail to be completed for many reasons, including failure to agree upon final terms with the counterparty, failure to secure necessary board or shareholder approvals, failure to secure necessary financing, failure to achieve necessary regulatory approvals and adverse market conditions. While fees payable upon the successful conclusion of a transaction generally represent the largest portion of our advisory fees, we also earn on-going retainer and strategic advisory fees, 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.

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

2015 versus 2014. Advisory revenues were $260.3 million for the year ended December 31, 2015 compared to $280.5 million for the year ended December 31, 2014, a decrease of 7%. The decrease in our 2015 advisory revenues, as compared to 2014, resulted from a decrease in transaction completion fees due to fewer large transaction closings, offset in part by greater capital advisory fees due to the acquisition of Cogent and an increase in transaction announcement and opinion fees.

Prominent advisory assignments completed in 2015 include:

- the acquisition by Alcoa Inc. of RTI International Metals, Inc.;

- the acquisition by Anixter International Inc. of HD Supply's Power Solutions business;

- the sale of Azelis Group to funds advised by Apax Partners;
- the acquisition by Cerner Corporation of Siemens AG's health information technology business unit, Siemens Health Services;
- the spin-off by Gannett Co., Inc. of its Publishing business and resulting creation of two separate media companies;

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- the sale by GlaxoSmithKline Consumer Healthcare of a portfolio of OTC brands to Perrigo Company plc;
- the representation of Henderson Equity Partners ("HEP") in connection with the initial public offering of John Laing plc, a company wholly owned by funds managed by HEP;
- the representation of Lonmin Plc on its c.$777 million recapitalization;
- the spin-off by Masco Corporation of its Installation Services business; and
- the sale by Scholastic Corporation of its Educational Technology and Services business to Houghton Mifflin Harcourt Company.

During 2015, our capital advisory group advised real estate fund general partners on six final closings of primary capital commitments from institutional investors in such funds, and advised institutional investors on 60 closings of sales of limited partnership interests in secondary market transactions. Capital advisory fees for 2015 increased to $55.0 million, an increase of $23.6 million, or 75%, compared to $31.4 million for 2014, which principally resulted from additional revenues generated from Greenhill Cogent. For 2015, we generated 21% of our advisory revenues from capital advisory fees.

We earned advisory revenues from 197 different clients in 2015 and 135 different clients in 2014, with the increase resulting from our acquisition of Cogent and the resulting increase in institutional investor clients selling limited partnership interests in the secondary market. Of this group of clients, 44% (excluding historical Cogent clients) were new to us in 2015. We earned fees of $1 million or more from 64 clients in 2015, up 2% compared to 63 clients in 2014. The ten largest fee-paying clients contributed 32% of our total revenues in 2015 and 43% in 2014, and two of the top ten largest fee-paying clients in 2015 had in a prior year been among our ten largest fee-paying clients. There was no single client in 2015 or 2014 that represented greater than 10% of our revenues.

2014 versus 2013. Advisory revenues were $280.5 million for the year ended December 31, 2014 compared to $287.0 million for the year ended December 31, 2013, a decrease of 2%. The slight decrease in our 2014 advisory revenues, as compared to 2013, resulted from a decrease in transaction completion fees, which were generally smaller in scale than in 2013, and lower retainer fees, largely offset by an increase in transaction announcement and opinion fees. Prominent advisory assignments completed in 2014 include:

- the representation of the management buy-in team of the acquisition by leading institutional investors of AA Limited from Acromas and simultaneous listing on the London Stock Exchange;
- the acquisition by Actavis, Inc. of Forest Laboratories Inc.;
- the acquisition by Alcoa Inc. of Firth Rixson Limited;
- the sale of AT&T's wireline operations in the State of Connecticut to Frontier Communications;
- the combination of Crosstex Energy, Inc. and Crosstex Energy, L.P. with substantially all of Devon Energy Corporation's U.S. midstream assets to create EnLink Midstream, LLC and EnLink Midstream Partners, LP;
- the sale of Flint Group to a consortium consisting of Goldman Sachs Merchant Banking and Koch Industries;
- the global licensing and supply agreement of MannKind Corporation with Sanofi for Afrezza;
- the merger of QR Energy, LP with Breitburn Energy Partners LP;

- the representation of Tesco plc on the formation of a joint venture with China Resources Enterprise Ltd.; and

- the merger by TUI AG with TUI Travel Plc.

During 2014, our capital advisory group served as global placement agent on behalf of real estate and private equity funds for eight final closings of the sale of limited partnership interests in such funds. Capital advisory fees for 2014 were $31.4 million compared to $30.9 million for 2013, reflecting an increase of $0.5 million, or 2%. For 2014, we generated 11% of our advisory revenues from capital advisory fees, which was consistent with the prior year.

We earned advisory revenues from 135 different clients in 2014 and 143 different clients in 2013. Of this group of clients, 39% were new to us in 2014, compared to 35% in 2013. We earned fees of $1 million or more from 63 clients in 2014, up 9% compared to 58 in 2013. The ten largest fee-paying clients contributed 43% of our total revenues in 2014 and 2013, and four of the top ten largest fee-paying clients in 2014 had in a prior year been among our ten largest fee-paying clients. There were no clients in 2014 who represented greater than 10% of our revenues, while one client in 2013 (advice to Coventry Health Care, Inc. in connection with its sale to Aetna) represented approximately 10% of our total revenues.

By geographic region in 2014, our advisory revenues were relatively well dispersed throughout the regional markets in which we operate with an increased contribution from North America, where we generated in excess of 59% of our revenues, which is consistent with the increase in transaction activity generally in that region. Most of our other 2014 advisory revenues were generated in Europe, where we derived 30% of our revenues, which was a slight decline from the strong 2013 level of contribution. In Australia, the scale of transactions on which we advised declined from 2013.

Investment Revenues

Since our exit from the merchant banking business in 2009, we have sought to realize value from our remaining principal investments, which principally consisted of investments in previously sponsored merchant banking funds and Iridium. While the majority of those sales occurred in 2011 and 2012, in 2013 we sold an interest in a merchant banking fund for approximately $2.0 million, which represented the book value of the investment. Also in 2013, we completed our liquidation of Iridium with the sale of common shares valued at $34.3 million, and recognized a slight gain. During 2014, we substantially completed our goal of fully exiting our historic merchant banking investments.

During the years ended December 31, 2014 and 2013, we generated investment revenues principally from gains (or losses) on the existing investments in the merchant banking funds and Iridium as these investments were liquidated. In 2015, with the liquidation of our principal investment portfolio substantially complete, our investment income primarily consisted of interest income.

At December 31, 2015, our remaining investments consisted of a small group of diverse investments held in previously sponsored and other merchant banking funds, which in aggregate had an estimated fair value of $3.6 million. The remaining merchant banking fund investments are expected to be liquidated in multiple small steps over the next few years as the relevant managers seek to realize value from each underlying investment. We have no remaining commitments to make principal investments, and we do not intend to make any going forward.

The following table sets forth information relating to our investment revenues:

	For the Years Ended December 31,		
	2015	2014	2013
	(In millions)		
Net realized and unrealized gains (losses) in investments in merchant banking funds	$0.2	$(6.6)	$(1.9)
Net realized and unrealized gain (loss) in Iridium	—	—	0.8
Sale of certain merchant banking assets	$—	$0.2	$0.2
Interest income	1.1	1.2	1.1
Total investment revenues (losses)	$1.3	$(5.2)	$0.2

We recognize revenue on investments in merchant banking funds based on our allocable share of realized and unrealized gains (or losses) reported by such funds on a quarterly basis. Investments held by merchant banking funds are recorded at estimated fair value. The size and timing of changes in the fair value are tied to a number of different factors, including the performance of the particular portfolio companies, general economic conditions in the debt and equity markets and other factors which affect the industries in which the funds are invested. Because of the inherent uncertainty of valuations as well as the discounts applied, the estimated fair value of investments in privately held companies may differ significantly from the values that would have been used had a ready market for the securities existed. We recognized unrealized gains or losses from our investment in Iridium by marking to market our holdings at the end of each period and recognizing any realized gains or losses on sales of Iridium during the period of sale based on the change in price from our mark for the previous reported period.

As a result of the sale of substantially all of our investments, we do not expect to report significant investment revenues in future periods. However, we will continue to record realized and unrealized changes in the fair value of our investments on a quarterly basis until such investments are fully liquidated. Adverse changes in general economic conditions, commodity prices, credit and public equity markets could negatively impact the amount of investment revenues we record in any period.

2015 versus 2014. For the year ended December 31, 2015, we recorded an investment gain of $1.3 million compared to an investment loss of $5.2 million for the year ended December 31, 2014. The investment gain for 2015 primarily resulted from interest income. The investment loss for 2014 principally resulted from the sale at a loss of portfolio company investments in our merchant banking fund investments.
2014 versus 2013. For the year ended December 31, 2014, we recorded an investment loss of $5.2 million compared to an investment gain of $0.2 million for the year ended December 31, 2013. The investment loss for 2014 principally resulted from the sale at a loss of portfolio company investments in our merchant banking fund investments. The net investment gain for 2013 principally resulted from interest income and an increase in the quoted market value of our investment in Iridium, offset in part by an investment loss related to our merchant banking fund investments.

Operating Expenses
We classify operating expenses as employee compensation and benefits expense and non-compensation expenses. Operating expenses include travel, office space, communications, information services, depreciation, professional services and interest expense. A portion of certain costs are reimbursed by clients under the terms of client engagements.

For the year ended December 31, 2015, total operating expenses were $218.3 million compared to $207.8 million in 2014. The increase of $10.5 million, or 5%, related to an increase in our non-compensation and benefits expenses, primarily as a result of the acquisition of Cogent, as described in more detail below. Our pre-tax income margin was 17% for 2015 as compared to 25% for 2014.

For the year ended December 31, 2014, total operating expenses were $207.8 million