

GREENHILL & CO INC  
Form 10-Q  
November 03, 2006

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

FORM 10-Q

(Mark one)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934  
For the quarterly period ended September 30, 2006

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934  
For the transition period from            to

Commission file number 001-32147

Greenhill & Co., Inc.

(Exact name of registrant as specified in its charter)

Delaware  
(State of Incorporation)  
  
300 Park Avenue, 23rd Floor  
New York, New York  
(Address of principal executive offices)

51-0500737  
(I.R.S. Employer  
Identification No.)  
10022  
(Zip Code)

Registrant's telephone number (212) 389-1500

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

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

As of October 30, 2006, there were 28,600,740 shares of the registrant's common stock outstanding.

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AVAILABLE INFORMATION

Greenhill & Co., Inc. files current, annual and quarterly reports, proxy statements and other information required by the Securities Exchange Act of 1934, as amended (the "Exchange Act"), with the SEC. You may read and copy any document we file at the SEC's public reference room located at 450 Fifth Street, N.W., 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., 20 Broad Street, New York, New York 10005, U.S.A.

Our public internet site is <http://www.greenhill-co.com>. We will 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 the Investor Relations Department, are charters for the company's Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee, our Corporate Governance Guidelines and Code of Business Conduct and Ethics governing our directors, officers and employees. You will need to have Adobe Acrobat Reader software installed on your computer to view these documents, which are in PDF format.

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Part I. Financial Information

Item 1. Financial Statements

Greenhill & Co., Inc. and Subsidiaries

Condensed Consolidated Statements of Financial Condition (Unaudited)

	As of	
	September 30, 2006	December 31, 2005
Assets		
Cash and cash equivalents <sup>(1)</sup>	\$ 70,121,484	\$ 83,240,865
Securities	9,573,637	
Financial advisory fees receivable, net of allowance for doubtful accounts of \$0.9 million and \$1.1 million as of September 30, 2006 and December 31, 2005, respectively	33,192,922	27,336,205
Other receivables	2,190,257	933,468
Property and equipment, net of accumulated depreciation and amortization of \$28.0 million and \$27.6 million as of September 30, 2006 and December 31, 2005, respectively	14,903,559	8,638,632
Investments	111,465,436	104,135,337
Due from affiliates	681,093	260,537
Goodwill	17,613,132	—

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Other assets	10,802,145	10,396,077
Total assets	\$ 270,543,665	\$ 234,941,121
Liabilities and Stockholders' Equity		
Compensation payable	\$ 54,198,859	\$ 61,219,698
Accounts payable and accrued expenses	11,650,356	15,984,768
Bank loan payable	12,300,000	—
Taxes payable	45,855,190	38,346,740
Due to affiliates	1,445,044	1,445,044
Total liabilities	125,449,449	116,996,250
Minority interest in net assets of affiliates	2,917,461	3,229,537
Common stock, par value \$0.01 per share; 100,000,000 shares authorized, 31,028,760 and 30,880,024 shares issued and outstanding as of September 30, 2006 and December 31, 2005, respectively	310,286	308,800
Restricted stock units	18,722,249	8,931,618
Additional paid-in capital	115,944,223	109,961,120
Exchangeable shares of subsidiary; 257,156 shares issued and outstanding	15,352,213	
Retained earnings	97,723,301	57,595,530
Accumulated other comprehensive loss	(383,645)	(3,025,186)
Treasury stock, at cost; 2,407,593 and 1,650,496 shares as of September 30, 2006 and December 31, 2005, respectively	(105,491,872)	(59,056,548)
Stockholders' equity	142,176,755	114,715,334
Total liabilities, minority interest and stockholders' equity	\$ 270,543,665	\$ 234,941,121

<sup>(1)</sup>Includes restricted cash of \$4,677,732 as of September 30, 2006. See Note 12.  
See accompanying notes to condensed consolidated financial statements (unaudited).

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Greenhill & Co., Inc. and Subsidiaries  
Condensed Consolidated Statements of Income (Unaudited)

	For the Three Months Ended		For the Nine Months Ended	
	September 30,		September 30,	
	2006	2005	2006	2005
Revenues				
Financial advisory fees	\$ 47,604,625	\$ 35,299,486	\$ 150,725,168	\$ 91,086,984
Merchant banking revenue	9,193,646	29,911,754	65,034,995	46,174,382
Interest income	841,433	820,434	2,144,616	2,160,453
Total Revenues	57,639,704	66,031,674	217,904,779	139,421,819
Expenses				
Employee compensation and benefits	26,471,823	30,707,309	100,048,222	62,360,470
Occupancy and equipment rental	2,418,701	1,801,945	6,668,940	4,765,690

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Depreciation and amortization	856,806	622,941	2,049,631	1,897,102
Information services	1,103,871	894,643	3,270,223	2,702,949
Professional fees	990,890	895,362	2,644,360	3,171,177
Travel related expenses	1,112,856	1,215,157	3,773,733	3,619,541
Other operating expenses	2,529,174	1,358,434	8,385,857	5,140,011
Total Expenses	35,484,121	37,495,791	126,840,966	83,656,940
Income before Tax and Minority Interest	22,155,583	28,535,883	91,063,813	55,764,879
Minority interest in net income of affiliates	92,258	696,409	1,754,788	925,384
Income before Tax	22,063,325	27,839,474	89,309,025	54,839,495
Provision for taxes	7,895,499	10,022,201	33,653,275	20,017,218
Net Income	\$ 14,167,826	\$ 17,817,273	\$ 55,655,750	\$ 34,822,277