

GREENHILL & CO INC  
Form 10-Q  
November 02, 2007

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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, 2007

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.

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(Exact name of registrant as specified in its charter)

Delaware 51-0500737 (State of Incorporation) (I.R.S. Employer Identification No.) 300 Park Avenue, 23rd Floor  
New York, New York 10022 (Address of principal executive offices) (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 November 1, 2007, there were 26,729,293 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.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,					
2007	December 31,				
2006	Assets	Cash and cash equivalents	\$ 116,173,715	\$ 62,386,286	Securities — 38,753,193
		Financial advisory fees receivable, net of allowance for doubtful accounts of \$0.2 million and \$0 million as of September 30, 2007 and December 31, 2006, respectively	33,547,510	21,443,944	Other receivables 3,390,120 2,031,277
		Property and equipment, net of accumulated depreciation and amortization of \$31.2 million and \$28.9 million as of September 30, 2007 and December 31, 2006, respectively	14,597,903	14,260,376	
		Investments	105,334,997	129,431,273	Due from affiliates 2,822,718 708,643
		Other assets	17,691,889	11,021,395	Goodwill 19,846,213
		Total assets	\$ 306,734,571	\$ 297,731,403	Liabilities and Stockholders' Equity
		Compensation payable	\$ 85,496,330	\$ 64,355,140	Accounts payable and accrued expenses 8,740,516 6,283,004
		Bank loan payable	59,100,000	19,500,000	Taxes payable 26,673,251 48,356,002
		Due to affiliates	1,445,044	1,445,044	Total liabilities 181,455,141
		Minority interest in net assets of affiliates	2,343,514	2,230,903	Common stock, par value \$0.01 per share; 100,000,000 shares authorized, 31,221,435 and 31,034,727 shares issued and outstanding as of September 30, 2007 and December 31, 2006, respectively 312,212 310,345
		Restricted stock units	36,638,094	21,205,268	Additional paid-in capital 125,663,409 116,251,930
		Exchangeable shares of subsidiary; 257,156 shares issued and outstanding as of September 30, 2007 and December 31, 2006	15,352,213	15,352,213	Retained earnings 172,805,878 112,052,519
		Accumulated other comprehensive income	9,567,101	2,896,461	Treasury stock, at cost; 4,500,633 and 2,512,437 shares as of September 30, 2007 and December 31, 2006, respectively (237,402,991) (112,507,426)
		Stockholders' equity	122,935,916	155,561,310	Total liabilities, minority interest and stockholders' equity \$ 306,734,571 \$ 297,731,403

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									
September 30,		For the Nine Months Ended							
September 30,	2007	2006	2007	2006	Revenues				
\$ 47,604,625	\$ 279,704,869	\$ 150,725,168			Financial advisory fees	\$ 116,457,989			
19,809,972	65,034,995	Interest income	1,141,797	841,433	Merchant banking revenue	1,753,447	9,193,646		
119,353,233	57,639,704	303,425,009	217,904,779	Expenses	3,910,168	2,144,616	Total Revenues		
and benefits	54,947,307	26,471,823	139,563,036	100,048,222	Employee compensation				
2,595,479	2,418,701	7,082,509	6,668,940	Depreciation and amortization	1,059,673	856,806			
3,097,971	2,049,631	Information services	1,384,237	1,103,871	3,947,424	3,270,223	Professional		
fees	1,097,623	990,890	2,982,554	2,644,360	Travel related expenses	1,247,777	1,112,856		
4,990,595	3,773,733	Other operating expenses	1,952,826	2,381,949	5,751,867	8,122,577	Interest		
expense	834,664	147,225	2,081,156	263,280	Total Expenses	65,119,586	35,484,121		
169,497,112	126,840,966	Income before Tax and Minority Interest	54,233,647	22,155,583	133,927,897				
91,063,813	Minority interest in net income of affiliates	(97,433 )	92,258	27,104	1,754,788	Income			
before Tax	54,331,080	22,063,325	133,900,793	89,309,025	Provision for taxes	19,028,934			
7,895,499	47,150,536	33,653,275	Net Income	\$ 35,302,146	\$ 14,167,826	\$ 86,750,257	\$		
55,655,750	Weighted average shares outstanding:				Basic	28,069,522	29,468,127		
28,847,401	29,575,097	Diluted	28,153,820	29,571,666	28,951,101	29,711,057	Earnings per share		
	Basic	\$ 1.26	\$ 0.48	\$ 3.01	\$ 1.88	Diluted	\$ 1.25	\$ 0.48	\$ 3.00
							\$ 1.87		
	Dividends declared and paid per share	\$ 0.38	\$ 0.19	\$ 0.88	\$ 0.51				

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

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Greenhill & Co., Inc. and Subsidiaries  
Condensed Consolidated Statements of Changes in  
Stockholders' Equity (Unaudited)

## Nine Months Ended

September 30,

2007 Year Ended

December 31,

2006 Common stock, par value \$0.01 per share			Common stock, beginning of the year	\$ 310,345	\$
308,800 Common stock issued	1,867	1,545	Common stock, end of the period	312,212	310,345
Restricted stock units			Restricted stock units, beginning of the year	21,205,268	8,931,618
Restricted stock units recognized	22,572,099	15,834,888	Restricted stock units delivered	(7,139,273)	(3,561,238)
Restricted stock units, end of the period	36,638,094	21,205,268	Additional paid-in capital		Additional
paid-in capital, beginning of the year	116,251,930	109,961,120	Common stock issued	7,352,505	
3,704,731 Tax benefit from the delivery of restricted stock units	2,058,974	2,586,079	Additional paid-in		
capital, end of the period	125,663,409	116,251,930	Exchangeable shares of subsidiary		Exchangeable
shares of subsidiary, beginning of the year	15,352,213	—	Exchangeable shares of subsidiary issued	—	—
15,352,213 Exchangeable shares of subsidiary, end of the period	15,352,213	15,352,213	Retained earnings		
Retained earnings, beginning of the year	112,052,519	57,595,530	Dividends	(25,996,898)	
(21,208,956) Net income	86,750,257	75,665,945	Retained earnings, end of the period	172,805,878	
112,052,519 Other comprehensive income			Other comprehensive income (loss), beginning of the year		
2,896,461 (3,025,186) Currency translation adjustment	6,670,640	5,921,647	Other comprehensive		
income, end of the period	9,567,101	2,896,461	Treasury stock, at cost		Treasury stock, beginning of
the year (112,507,426)	(59,056,548)	(124,895,565)	(53,450,878) Treasury stock, end of		
the period (237,402,991)					