GREENHILL & CO INC
Form S-1/A
May 05, 2004
As filed with the Securities and Exchange Commission on May 5, 2004

Registration No. 333-113526

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

AMENDMENT NO. 5 TO
FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

GREENHILL & CO., INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	6199	51-0500737
(State or Other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

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

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

JOHN D. LIU
Chief Financial Officer
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APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: As soon as practicable after the effective date of this Registration Statement.

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

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

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

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

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

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

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

Subject to Completion. Dated , 2004.

5,000,000 Shares

Greenhill & Co., Inc.

Common Stock

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

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

See "Risk Factors" beginning on page 7 to read about factors you should consider before buying shares of the common stock.

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

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

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

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

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

Goldman, Sachs & Co.

Lehman Brothers

UBS Investment Bank

Keefe, Bruyette & Woods | Wachovia Securities

Prospectus dated , 2004.

PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus. This summary does not contain all of the information you should consider before investing in our common stock. You should read this entire prospectus carefully, especially the risks of investing in our common stock discussed under "Risk Factors" on pages 7 - 13.

Greenhill

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

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

We have demonstrated strong financial results, producing revenue and earnings growth in a variety of economic and market conditions, including a prolonged period in which global merger and acquisition activity declined significantly. Our revenue grew from $36.9 million in 1997 (our first full year of operation) to $126.7 million in 2003, representing a compound annual growth rate of 22.8%. Our revenue growth rate each year during this period ranged from a decline of 10.3% in 2001 compared to 2000, to an increase of 120.4% in 1999 compared to 1998. Our income before minority interests and taxes in that same period grew from $28.4 million to $80.7 million, representing a compound annual growth rate of 19.0%.

Principal Sources of Revenue

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

Financial Advisory

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

Merchant Banking Fund Management

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

Competitive Strengths

- **Independence** – We are an independent firm owned and managed by our managing directors, free of many of the conflicts that can arise at larger, diversified financial institutions.
- **Focus on Advisory Activities** – We are focused on advising clients, particularly large and mid-size corporations, rather than on a broad range of securities businesses. We believe this focus has helped and will continue to help us attract clients and recruit financial advisory professionals who want to work in a firm where their activities are the central focus.
- **Breadth of Advisory Capabilities** – While our origin was as an advisor on mergers and acquisitions, we have developed considerable experience and capabilities in financial restructuring situations.
- **International Capabilities** – Unlike many small investment banking firms, we have aggressively sought to develop a broad geographic scope rather than focusing on any one particular market. From 1999 through 2003, 53.2% of our advisory revenues were derived from clients based outside the United States, primarily from the United Kingdom and, to a lesser extent, continental Europe, Latin America and Canada.
- **Experience** – Our 23 managing directors have an average of 22 years of relevant experience. Prior to joining Greenhill, 18 of those individuals were managing directors at other leading financial advisory firms or occupied comparably senior roles in leading private equity firms, law firms or corporations.
- **Strong Corporate Culture** – While Greenhill is relatively young, we have developed a strong corporate culture. We are united by our desire to build a firm where client advisory activities are at the core, and by our commitment to excellence in those activities. Only one managing director has departed in more than 7 years, and 10 of the 23 current managing directors have more than five years' tenure at Greenhill.

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

Strategy

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

Reorganization of Greenhill

We currently conduct our business through a limited liability company, Greenhill & Co. Holdings, LLC, and its affiliates. On the date the underwriters deliver the shares against payment to consummate this offering, we will complete a number of transactions in order to have Greenhill & Co., Inc. succeed to the business of Greenhill & Co. Holdings, LLC and its affiliates and to have our members become shareholders of Greenhill & Co., Inc. For further details on these transactions, see "Certain Relationships and Related Transactions—Incorporation Transactions".

References in this prospectus to "our members" are to both the members of Greenhill & Co. Holdings, LLC and the partners in its controlled affiliated U.K. partnership, Greenhill & Co. International LLP. Each of our individual members and Mr. Robert F. Greenhill are and will be, following our conversion to corporate form, our managing directors.

SUMMARY CONSOLIDATED FINANCIAL DATA

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

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

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

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

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

(d) Historical income before tax has been adjusted to reflect (i) compensation and benefits on a pro forma basis equal to 50% of total revenues and (ii) the elimination on a pro forma basis of minority interests held by the European managing directors in our controlled U.K. affiliate, Greenhill & Co. International LLP. In conjunction with this offering, the interests held in Greenhill & Co. International LLP will be exchanged for equity interests in Greenhill. See "Unaudited Pro Forma Consolidated Financial Information" for more information on how these amounts were calculated with respect to 2003. The pro forma data for 1999, 2000, 2001 and 2002 have been calculated based on equivalent assumptions. Because our historical earnings do not fully reflect our managing director compensation expense and include minority interests that will be

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

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

First Quarter Results

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

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

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

Our Headquarters

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

THE OFFERING

Common stock offered	5,000,000 shares
Common stock to be outstanding after this offering	30,000,000 shares
Underwriters' option to purchase additional shares	750,000 shares
Voting rights	One vote per share.
Initial public offering price	$. Prior to this offering, there has been no public market for the shares. The initial public offering price will be negotiated between Greenhill and Goldman, Sachs & Co., as representative of the underwriters. Among the factors to be considered in determining the initial public offering price of the shares, in addition to prevailing market conditions, will be our historical performance, estimates of our business potential and earnings prospects, an assessment of our management and the consideration of the above factors in relation to market valuation of companies in related businesses.
Use of proceeds	We will receive net proceeds from this offering of approximately $65.8 million, assuming an initial public offering price of $15.00 per share, the midpoint of the range set forth on the cover page of this prospectus, and after deducting underwriting discounts and commissions and estimated expenses payable in connection with this offering and the related transactions. We expect to use the net proceeds for general corporate purposes, including (i) the repayment of $16.0 million of bank debt, (ii) the funding of our existing $20.3 million of commitments to Greenhill Capital Partners and (iii) the establishment of new merchant banking funds in which we, through our controlling interest in the general partner of the funds, expect to make certain principal investments. Pending specific application of the net proceeds, we expect to use them to purchase U.S. Government securities, other short-term, highly-rated debt securities and money market funds.
Dividend policy	We currently intend to declare quarterly dividends on all outstanding shares of common stock and expect the quarterly dividend to be approximately $0.08 per share. The first quarterly dividend will be for the second quarter of 2004 and will be prorated for the portion of the second quarter of 2004 subsequent to the closing of this offering. The declaration of this and any other dividends and, if declared, the amount of any such dividend, will be subject to our actual future earnings and capital requirements and

	to the discretion of our board of directors, which will

5

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	include a majority of independent directors, three of whom have not yet been appointed. For a discussion of the factors that will affect the determination by our board of directors to declare dividends, see "Dividend Policy".
New York Stock Exchange symbol	GHL

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

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

6

RISK FACTORS

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

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

Our ability to obtain and successfully execute the advisory mandates that generate substantially all our revenues depends upon the personal reputation, judgment, business generation capabilities and project execution skills of our 23 managing directors, particularly the members of our Management Committee (which consists of Robert F. Greenhill, Scott L. Bok, Simon A. Borrows, Robert H. Niehaus, Timothy M. George, Michael A. Kramer, James R. C. Lupton and Colin T. Roy). Founded in 1996, our business has a limited operating history and, as a result, 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 is particularly crucial to our future success. The departure or other loss of Mr. Greenhill, our founder, Chairman and Chief Executive Officer, or the departure or other loss of any other member of our Management Committee or any other managing director, 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 would 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. There is no guarantee that the compensation arrangements, non-competition agreements and lock-up agreements we have entered into with our managing directors 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. See "Management—Employment, Non-Competition and Pledge Agreements" and "Management—Transfer Rights Agreements".

Our conversion to corporate form may adversely affect our ability to recruit, retain and motivate key employees

Our performance is largely dependent on the talents and efforts of highly skilled individuals. Competition for qualified employees in the financial services industry is intense. Our continued ability to compete effectively in our business depends on our ability to attract new employees and to retain and motivate our existing employees.

In connection with the conversion of Greenhill from a limited liability company to corporate form, our managing directors and their affiliated entities will receive 100% of the common stock of Greenhill & Co., Inc. (or 25,000,000 shares) in exchange for their membership interests. Following the offering, our managing directors and their affiliated entities will own 83.3% of the Company, or 81.3% if the underwriters' option is exercised in full. Ownership of and the ability to realize equity value from our common stock, unlike that of membership interests in Greenhill, will not be dependent upon a managing director's continued employment and our managing directors will no longer be restricted from leaving Greenhill by the potential loss of all of the value of their ownership interests. These shares of common stock will be subject to certain restrictions on transfer and a portion will be pledged to secure the liquidated damages provision in each managing director's non-competition and pledge agreement. However, these agreements will survive for only a limited period after termination of services to Greenhill (one year in most cases) and will permit our managing directors to leave

Greenhill without losing any of their shares of common stock if they comply with these agreements. Consequently, the steps we have taken to encourage the continued service of these individuals after this offering may not be effective. In addition, after this offering our managing directors may receive substantially less aggregate compensation than prior to this offering. The impact of our conversion to corporate form on our employee retention and recruitment is uncertain. For a description of the compensation plan for our senior professionals to be implemented after this offering, see "Management—Employment, Non-Competition and Pledge Agreements" and "Management—The Equity Incentive Plan".

In connection with this offering and conversion of Greenhill from a limited liability company to corporate form, employees will receive grants of restricted stock units. The incentives to attract, retain and motivate employees provided by these awards or by future arrangements may not be as effective as the opportunity, which existed prior to conversion, to become a member of Greenhill. See "Management—The Employee Initial Public Offering Awards" for a description of these awards.

Our revenues derive almost exclusively from advisory fees

We have historically earned our revenues almost exclusively from advisory fees paid to us by our clients, in large part upon the successful completion of the client's transaction or restructuring. Financial advisory revenues represented 95.8% and 95.4% of our total revenues in 2003 and 2002, respectively. Unlike diversified investment banks, we do not have significant alternative sources of revenue, such as securities trading or underwriting. We expect that our reliance on advisory fees will continue for the foreseeable future and a decline in our advisory engagements or the market for advisory services generally would have a material adverse effect on our business and results of operations.

Our merger and acquisition and restructuring advisory engagements are singular in nature and do not provide for subsequent engagements

Our clients generally retain us on a non-exclusive, short-term, engagement-by-engagement basis in connection with specific merger or acquisition transactions or restructuring projects, rather than under exclusive long-term contracts. As these transactions are singular in nature and our engagements are not likely to recur, 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 or any other period. In addition, when an engagement is terminated, whether due to the cancellation of a transaction due to market reasons or otherwise, we may earn limited or no fees and may not be able to recoup the costs that we incurred prior to that termination.

A high percentage of our total revenues are derived from a few 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 clients accounted for over 50% of our total revenues in each of the last three years and our largest client accounted for 17.3% of our total revenues in 2003. 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 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 of one lost mandate or the failure of one transaction or restructuring on which we are advising to be completed can be significant.

There will not be a consistent pattern in our financial results from quarter to quarter, which may result in increased volatility of our stock price

We experience significant variations in revenues and profits during the year. These variations can generally be attributed to the fact that our revenues are earned in large amounts throughout the

year upon the successful completion of a transaction or restructuring, 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 revenues and profits. This is due to our dependence on a relatively small number of transactions for most of our revenues, with the result that our earnings can be significantly affected if any particular transaction is not completed successfully, and to the fact that we lack other, more stable sources of revenue in material amounts, 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 steady earnings growth on a quarterly basis, which could adversely affect our stock price.

In addition, in many cases we are not paid for advisory engagements that do not result in the successful consummation of a transaction or restructuring. 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, a client could delay or terminate an acquisition 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, adverse market conditions or because the target's business is experiencing unexpected financial problems. Anticipated bidders for assets of a client during a restructuring transaction 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 these circumstances, in many cases we do not receive any advisory fees, other than the reimbursement of certain out-of-pocket expenses. 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 stock price. For more information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Summary of Quarterly Performance".

Difficult market conditions could adversely affect our business in many ways

Difficult market and economic conditions and geopolitical uncertainties from 2000 to 2003 had a negative impact on our mergers and acquisitions advisory activity. Continued adverse market or economic conditions would likely affect the number and size of transactions on which we provide mergers and acquisitions advice and therefore adversely affect our financial advisory fees. As our operations in the United States and the United Kingdom have historically provided most of our revenues and earnings, our revenues and profitability are particularly affected by economic conditions in these countries.

In the past, we have derived a substantial share of our revenues from providing investment banking advisory services to the communications and media, consumer goods, retail and financial services sectors. Any slowdown of activity in these sectors could have an adverse effect on our earnings.

Adverse market or economic conditions as well as a slowdown of activity in the sectors in which the portfolio companies of our merchant banking funds operate could have an adverse effect on the earnings of those portfolio companies, and therefore, our earnings, especially in the future as we seek to increase our merchant banking fund management revenues.

If the number of debt defaults, bankruptcies or other factors affecting demand for our restructuring advisory services declines, our revenues and profitability could suffer

During the recent period when mergers and acquisitions activity declined and debt defaults increased, we increasingly relied on the provision of restructuring and bankruptcy advisory services as a source of new business. We provide various restructuring and restructuring-related advice to companies in financial distress or their creditors or other stakeholders. A number of factors affect demand for these advisory services, including general economic conditions and the availability and cost of debt and equity financing.

If demand for our restructuring services decreases, we could suffer a decline in revenues, which could lower our overall profitability.

We are seeking to expand our merchant banking fund management business, which will entail increased levels of investments in high-risk, illiquid assets

We are seeking to expand our merchant banking fund management business by establishing new merchant banking funds. Our revenues from this business are primarily derived from management fees calculated as a percentage of assets under management and profit overrides, which are earned if investments are profitable over a specified threshold. Our ability to form new merchant banking funds is subject to a number of uncertainties, including adverse market or economic conditions, competition from other fund managers, and the ability to negotiate terms with major investors.

In addition, we, through our controlling interest in the general partner of the funds, expect to make certain principal investments in our new funds. We expect to use a portion of the proceeds of this offering for that purpose. The kinds of investments made by these funds are generally in relatively high-risk, illiquid assets. Contributing capital to these funds is risky and we may lose some or all of the principal amount of our investments, and because it may take several years before attractive investment opportunities are identified, some or all of the capital committed by us to these funds is likely to be invested in U.S. government securities, other short-term, highly-rated debt securities and money market funds that have traditionally offered investors relatively lower returns until we identify attractive investment opportunities. In addition, the investments in these funds are adjusted for accounting purposes to fair market value at the end of each quarter and our allocable share of these gains or losses will affect our revenue even though such market fluctuations may have no cash impact, which could increase the volatility of our quarterly earnings. It takes a substantial period of time to identify attractive merchant banking opportunities, to raise all the funds needed to make an investment and then to realize the cash value of our investment through resale. Even if a merchant banking investment proves to be profitable, it may be several years or longer before any profits can be realized in cash. While we intend to use a portion of the proceeds from this offering to make merchant banking investments, we do not expect those proceeds to be fully invested for several years. Until those funds are invested, we will invest them in relatively low-yielding investments in government, corporate and money-market securities.

We face strong competition from far larger firms in part due to a trend toward consolidation

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 believe we may experience pricing pressures in our areas of operation in the future as some of our competitors seek to obtain market share by reducing prices. We are a small investment bank, with 107 employees (including managing directors) on December 31, 2003 and total revenues of approximately $126.7 million in 2003. 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 their clients' needs, greater global reach and more established relationships with their customers 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.

The scale of our competitors has increased in recent years as a result of substantial consolidation among companies in the investment banking industry. In addition, a number of large commercial banks, insurance companies and other broad-based financial services firms have established or acquired financial advisory practices and broker-dealers or have merged with other financial institutions. These firms have the ability to offer a wide range of products, from loans, deposit-taking and insurance to brokerage, asset management and investment banking services, which may enhance their competitive position. They also have the ability to support investment banking with commercial banking, insurance and other financial services revenues in an effort to gain market share, which 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

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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.

Greenhill will be controlled by its managing directors whose interests may differ from those of other shareholders

Upon completion of this offering, our managing directors and their affiliated entities will collectively own 83.3% of the total shares of common stock outstanding (or 81.3% if the underwriters' option to purchase additional shares is exercised in full). Assuming an initial public offering price of $15.00 per share, the midpoint of the range set forth on the cover page of this prospectus, Robert F. Greenhill and members of his family will beneficially own 26.4% of our common stock (or 25.7% if the underwriters' option to purchase additional shares is exercised in full) and the other members of our Management Committee will own 43.0% of our common stock (or 42.0% if the underwriters' option to purchase additional shares is exercised in full).

As a result of these shareholdings, the members of our Management Committee initially will be able to elect our entire board of directors, control the management and policies of Greenhill and, in general, determine without the consent of the other shareholders the outcome of any corporate transaction or other matter submitted to the shareholders for approval, including mergers, consolidations and the sale of all or substantially all of the assets of Greenhill. Our managing directors initially will be able to prevent or cause a change in control of Greenhill.

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

There have been a number of highly publicized cases involving fraud or other misconduct by employees in the financial services industry in recent years and we run the risk that employee misconduct could occur at our company. For example, misconduct by employees could involve the improper use or disclosure of confidential information, which could result in regulatory sanctions and serious reputational or financial harm. Our advisory business often requires that we deal with client confidences of the greatest significance to our clients, improper use of which may have a material adverse impact on our clients. Any breach of our clients' confidences as a result of employee misconduct may impair our ability to attract and retain advisory 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.

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

As an 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. Moreover, 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 securities class actions against us. In recent years, the volume of claims and amount of damages claimed in litigation and regulatory proceedings against financial intermediaries have been increasing. 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. 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 are subject to extensive regulation in the financial services industry

We, as a participant in the financial services industry, are subject to extensive regulation in the United States and elsewhere. We face the risk of significant intervention by regulatory authorities in all jurisdictions in which we conduct our business. Among other things, we could be fined, prohibited from engaging in some of our business activities or subject to limitations or conditions on our business activities. In addition, as a result of recent highly publicized financial scandals, the regulatory environment in which we operate may be subject to further regulation. New laws or regulations or changes in the enforcement of existing laws or regulations applicable to our clients may also adversely affect our business.

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.

Our share price may decline due to the large number of shares eligible for future sale

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. See "Shares Eligible for Future Sale" for a discussion of possible future sales of common stock.

Upon consummation of this offering, there will be 30,000,000 shares of common stock outstanding (or 30,750,000 shares if the underwriters' option to purchase additional shares is exercised in full). Of these shares, the 5,000,000 shares of common stock sold in this offering (or 5,750,000 shares if the underwriters' option to purchase additional shares is exercised in full) will be freely transferable without restriction or further registration under the Securities Act of 1933. Subject to certain exceptions described under "Shares Eligible for Future Sale", the remaining 25,000,000 shares of common stock may not be sold until five years after the consummation of this offering except in one or more underwritten public offerings approved by our underwritten offering committee which will be named by our board of directors and will initially consist of Robert F. Greenhill (who will chair the committee), Scott L. Bok and Simon A. Borrows. Approval of an underwritten offering by the committee will require approval of either the chair of the committee or the joint approval of the other two members of the committee, provided that in the first year after consummation of this offering the number of shares so sold may not exceed 15% of the shares initially held by our managing directors (and are also subject to the lock-up restrictions imposed by the underwriting agreement for this offering until not less than 180 days nor more than 210 days after the consummation of this offering, unless waived by the representative of the underwriters). Accordingly, Robert Greenhill alone, or Scott Bok and Simon Borrows together, may permit a sale of shares of our common stock that could adversely affect the market price of our common stock. After five years, there will be no remaining contractual restrictions on resale. In addition, 9,220,490 shares of common stock held by Robert F. Greenhill through his affiliated entities, Lord James Blyth and Harvey R. Miller will be subject to the underwriters' lock-up described in "Underwriting" and will be eligible for resale pursuant to Rule 144 after two years. See "Shares Eligible for Future Sale" for a discussion of the shares of common stock that may be sold into the public market in the future.

Our common stock may trade at prices below the initial public offering price

The price of the common stock after this offering 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. The common stock may trade at prices significantly below the initial public offering price. Declines in the price of our stock may adversely affect our ability to recruit and retain key employees, including our managing directors.

The historical and unaudited pro forma consolidated financial information in this prospectus may not permit you to predict our costs of operations

The historical consolidated financial information in this prospectus does not reflect the added costs that we expect to incur as a public company or the resulting changes that have occurred in our

capital structure and operations. Because we historically operated through partnerships and limited liability companies prior to our transition to corporate form, we paid little or no taxes on profits and paid limited salaries to our managing directors. In preparing our unaudited pro forma consolidated financial information, we deducted and charged to earnings estimated income taxes based on an estimated tax rate, which may be different from our actual tax rate in the future, and estimated salaries, payroll taxes and benefits for our managing directors. The estimates we used in our unaudited pro forma consolidated financial information may not be similar to our actual experience as a public corporation. For more information on our historical financial statements and unaudited pro forma consolidated financial information, see "Unaudited Pro Forma Consolidated Financial Information" and our historical consolidated financial statements and their notes included elsewhere in this prospectus.

We may be required to make substantial payments under certain indemnification agreements

In connection with this offering and our conversion to corporate form, we will enter into agreements that provide for the indemnification of our members, managing directors, directors, officers and certain other persons authorized to act on our behalf against certain liabilities of our managing directors relating to the time they were members or partners of Greenhill & Co. Holdings, LLC or its affiliates, and certain tax liabilities of our members that may arise in respect of periods prior to this offering when we operated as a limited liability company. We may be required to make substantial payments under these indemnification agreements, which could adversely affect our financial condition. For more information on our indemnification arrangements, see "Certain Relationships and Related Transactions—Incorporation Transactions", "Certain Relationships and Related Transactions—Managing Director Indemnification" and "Certain Relationships and Related Transactions—Tax Indemnification Agreement and Related Matters".

You will experience immediate and substantial dilution in the book value of your common stock

The initial public offering price of our common stock will be substantially higher than the pro forma net tangible book value per share of our common stock. Pro forma net tangible book value represents the amount of our tangible assets on a pro forma basis, less our pro forma total liabilities. As a result, we currently expect that you will incur immediate dilution of $12.38 per share based upon an assumed initial public offering price of $15.00 per share. For more information, see "Dilution".

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

We have made statements under the captions "Prospectus Summary", "Risk Factors", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business" and in other sections of this prospectus 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", "anticipate", "believe", "estimate", "predict", "potential" or "continue", the negative of these terms and other comparable terminology. These forward-looking statements, which are subject to risks, uncertainties and assumptions about us, may include projections of our future financial performance, based on our growth strategies and anticipated trends in our business. These statements are only predictions based on our current expectations and projections about future events. There are important factors that could cause our actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied by the forward-looking statements. In particular, you should consider the numerous risks outlined under "Risk Factors".

These risks are not exhaustive. Other sections of this prospectus may include additional factors which could adversely impact 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 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 any of these forward-looking statements after the date of this prospectus to conform our prior statements to actual results or revised expectations.

Forward-looking statements include, but are not limited to, the following:

- the discussion of significant growth and profit opportunities for firms like ours in the United States and abroad in "Business—Industry Trends";
- the statements about (i) our expectation that our total compensation and benefits, including that payable to our managing directors, will not exceed 50% of total revenues in "Summary Consolidated Financial Data", "Selected Consolidated Financial and Other Data", "Unaudited Pro Forma Consolidated Financial Information" and "Management's Discussion and Analysis of Financial Condition and Results of perations—Results of Operations—Operating Expenses" and (ii) our expectation to make certain principal investments and our expectation of revenues from a profit override and from gains on investments of our capital beginning in 2004 in "Prospectus Summary—Principal Sources of Revenue—Merchant Banking Fund Management", "Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations—Merchant Banking Fund Management and Other Revenues" and "Business—Principal Sources of Revenue—Merchant Banking Fund Management";
- the statement about our expectation of benefits from a sustained increase in M&A volume in "Management's Discussion and Analysis of Financial Condition and Results of Operations—Business Environment";
- the statement about our expectation of a decline in financial distressed-driven business in 2004 and thereafter in "Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations—Financial Advisory Revenues";
- the statement about our intention to declare quarterly dividends of $0.08 per share on all outstanding shares of common stock under "The Offering" and "Dividend Policy";
- the statements about our belief that a firm focused on advisory activities can be highly profitable and grow rapidly in "Business—Overview";

- the statements about our expectation of a 50% share of profit overrides for investments made by Greenhill Capital Partners beginning in 2004 in "Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations—Merchant Banking Fund Management and Other Revenues" and our expectation of a 50% share of profit overrides earned on the third fund to be raised by Barrow Street Capital in "Business—Principal Sources of Revenue—Merchant Banking Fund Management" and "Certain Relationships and Related Transactions—Relationship with Barrow Street Capital";
- the discussion of our ability to meet liquidity needs without maintaining significant cash balances in "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources"; and
- all the statements in "Business—Strategy" and "Prospectus Summary—Strategy" about our plans, goals, intentions and expectations concerning expanding the depth and breadth of our advisory business, expanding the size of our merchant banking fund management activities, maintaining a balance of activities across geographic regions and increasing the stability of our earnings, and the statement in "Business—Strategy" about our belief that this offering will enhance our profile and recognition as an investment bank and aid our recruiting and business development efforts.

USE OF PROCEEDS

We will receive net proceeds from this offering of approximately $65.8 million, or approximately $76.2 million if the underwriters exercise their option to purchase additional shares in full, assuming an initial public offering price of $15.00 per share, the midpoint of the range set forth on the cover page of this prospectus, and after deducting underwriting discounts and commissions and estimated expenses payable in connection with this offering and the related transactions. We expect to use the net proceeds for general corporate purposes, including, but not limited to (i) the repayment of $16.0 million of debt incurred under our $16.0 million unsecured revolving credit facility, (ii) the funding of our existing $20.3 million of commitments to Greenhill Capital Partners, and (iii) the establishment of new merchant banking funds in which we, through our controlling interest in the general partner of the funds, expect to make certain principal investments. We expect our investments in new funds to be made over a period of several years. Pending specific application of the net proceeds, we expect to use the net proceeds to purchase U.S. Government securities, other short-term, highly-rated debt securities and money market funds.

Our $16.0 million unsecured revolving credit facility matures on June 30, 2005, and the interest rate on borrowings under the facility is, at our option, either LIBOR plus 2.5% or the prime rate. Proceeds of the $16.0 million in borrowings have been and will be applied to investments in Greenhill Capital Partners and expansion of our office space in New York.

DIVIDEND POLICY

We currently intend to declare quarterly dividends on all outstanding shares of common stock and expect the quarterly dividend to be approximately $0.08 per share. The first quarterly dividend will be for the second quarter of 2004 and will be prorated for the portion of the second quarter of 2004 subsequent to the closing of this offering.

The declaration of this and any other dividends and, if declared, the amount of any such dividend, will be subject to our actual future earnings and capital requirements and to the discretion of our board of directors, which will include a majority of independent directors, three of whom have not yet been appointed. Our board of directors will take into account such matters as general business conditions, our financial results, capital requirements, contractual, legal and regulatory restrictions on the payment of dividends by us to our shareholders or by our subsidiaries to us, and such other factors as our board of directors may deem relevant.

16

DILUTION

The pro forma net tangible book value of Greenhill as of December 31, 2003 was approximately $12.9 million, or approximately $0.52 per share of common stock. Pro forma net tangible book value per share is determined by dividing the pro forma tangible net worth of Greenhill, total pro forma tangible assets less total pro forma liabilities, by the aggregate number of shares of common stock outstanding on a pro forma basis, in each case after giving effect to adjustments for (i) cash distributions to Greenhill's U.S. and U.K. members of $29.5 million of undistributed 2003 earnings and (ii) the merger and related transactions pursuant to which Greenhill & Co., Inc. will succeed to the business of Greenhill & Co. Holdings, LLC, as more fully described in the Unaudited Pro Forma Consolidated Balance Sheet and the notes thereto under "Unaudited Pro Forma Consolidated Financial Information". Prior to the closing of this offering, Greenhill will make a further distribution to its members of any 2004 earnings up to the closing date, including the $15.4 million of earnings, less state and local tax, earned in the first quarter of 2004.

After giving effect to the sale by Greenhill of the 5,000,000 shares of common stock in this offering, at an assumed initial public offering price of $15.00 per share, the midpoint of the range set forth on the cover page of this prospectus, and after deducting the underwriting discounts and commissions and estimated expenses payable in connection with this offering and the related transactions and the receipt and application of the net proceeds, Greenhill's pro forma net tangible book value as of December 31, 2003 would have been approximately $78.7 million, or approximately $2.62 per share. This represents an immediate increase in pro forma net tangible book value to existing stockholders of $2.10 per share and an immediate dilution to new investors of $12.38 per share. The following table illustrates this per share dilution:

Assumed initial public offering price per share		$15.00
Pro forma net tangible book value per share as of December 31, 2003	$0.52	
Increase in pro forma net tangible book value per share attributable to the sale of common stock in this offering	2.10	
Pro forma net tangible book value per share after this offering		2.62
Dilution per share to new investors		$12.38

Dilution is determined by subtracting pro forma net tangible book value per share after this offering from the initial public offering price per share.

17

CAPITALIZATION

The following table sets forth our capitalization as of December 31, 2003:

- on a historical basis;
- on a pro forma basis after giving effect to adjustments for (i) cash distributions to Greenhill's U.S. and U.K. members of $29.5 million of undistributed 2003 earnings and (ii) the merger and related transactions pursuant to which Greenhill & Co., Inc. will succeed to the business of Greenhill & Co. Holdings, LLC, as more fully described in the Unaudited Pro Forma Consolidated Balance Sheet and the notes thereto under "Unaudited Pro Forma Consolidated Financial Information". Prior to the closing of this offering, Greenhill will make a further distribution to its members of any 2004 earnings up to the closing date, including the $15.4 million of earnings, less state and local tax, earned in the first quarter of 2004; and
- on a pro forma as adjusted basis to reflect the sale by us of 5,000,000 shares of common stock pursuant to this offering, assuming an initial public offering price of $15.00 per share, the midpoint of the range set forth on the cover page of this prospectus, and after deducting the underwriting discounts and commissions and estimated expenses payable in connection with this offering and the related transactions.

This table should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Unaudited Pro Forma Consolidated Financial Information" and the consolidated financial statements and notes thereto appearing elsewhere in this prospectus.

	As of December 31, 2003		
	Historical	Pro Forma	Pro Forma as Adjusted for this Offering
	(in thousands, except share and per share data)		
Short-term borrowings	$ 1,500	$ 1,500	$ —(e)
Minority interest	10,172	— (a)	—
Members' equity	32,257	— (b)(c)	—
Stockholders' equity:			
Common stock, $0.01 par value per share, 100,000,000 shares authorized, 25,000,000 shares issued and outstanding on a pro forma basis, and 30,000,000 shares issued and outstanding on a pro forma basis as adjusted for this offering	—	250 (a)(c)(d)	300
Restricted stock units, 625,000 units issued and outstanding on a pro forma basis as adjusted for this offering	—	—	—(f)
Additional paid-in capital	—	17,509 (a)(c)(d)	83,209
Accumulated deficit	—	(4,820)(b)(d)	(4,820)
Total minority interest, members' equity and stockholders' equity	$42,429	$12,939	$78,689
Total capitalization	$43,929	$14,439	$78,689

(a)Pro forma minority interest reflects the payment of a $10.2 million cash distribution in respect of our U.K. members' partnership interests in our controlled U.K. affiliate, Greenhill & Co. International LLP, or GCI, in the first quarter of 2004. Prior to the consummation of this offering, our managing directors who were the partners in GCI will exchange their ownership interests in GCI, through a series of consecutive exchanges, for equity interests in Greenhill & Co., Inc. immediately following the merger of Greenhill & Co. Holdings, LLC into Greenhill & Co., Inc. As

18

more fully described in Note 2 to the consolidated financial statements appearing elsewhere in this prospectus, our U.S. and European members operated under common governance and economic participation arrangements, and as such, the exchange is reflected at book value.

(b)Historical members' equity reflects contributed capital of $17.8 million, undistributed 2003 earnings of $19.3 million, and an accumulated deficit of $4.8 million. The accumulated deficit represents distributions to members with respect to prior periods in excess of book income for those periods. This deficit arose because, prior to January 1, 2002, Greenhill distributed earnings to its members based on their allocable share of taxable income, which exceeded book income in some periods. Pro forma members' equity reflects an adjustment for a $19.3 million cash distribution made to our U.S. members in the first quarter of 2004, as well as the adjustments described in note (d).

(c)Reflects an adjustment for the issuance of 25,000,000 shares of common stock to our members in exchange for their respective interests in Greenhill & Co. Holdings, LLC in the merger of Greenhill & Co. Holdings, LLC into Greenhill & Co., Inc. and, after a series of intermediate exchanges, their respective interests in GCI.

(d)Reflects the contribution to Greenhill & Co., Inc. prior to the consummation of this offering and after the cash distribution described in note (b) of our original contributed capital of $17.8 million and an accumulated deficit of $4.8 million.

(e)Reflects an adjustment for repayment of $1.5 million under our revolving credit facility with a portion of the proceeds of this offering. We anticipate the outstanding balance under our revolving credit facility to be $16.0 million at the time of this offering, all of which will be repaid with a portion of the proceeds from this offering.

(f)Reflects the issuance by us of 625,000 restricted stock units to employees at the initial public offering price at the time of this offering which will vest over five years.

19

UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

Because Greenhill has been a limited liability company, payments for services rendered by our managing directors generally have been accounted for as distributions of members' capital (or, in the case of our European managing directors who were partners of Greenhill & Co. International LLP, minority interest) rather than compensation expense. As a result, our compensation and benefits expense has not reflected a large portion of payments for services rendered by our managing directors and therefore understates the expected operating costs to be incurred by us after this offering. Following this offering, we expect that our total compensation and benefits, including that payable to our managing directors, will not exceed 50% of total revenues each year (although we retain the ability to change this policy in the future).

Likewise, as a limited liability company, Greenhill was not subject to U.S. federal or state income taxes, and our controlled U.K. affiliate, Greenhill & Co. International LLP, as a limited liability partnership for 2002 and 2003, was not generally subject to U.K. income taxes. However, Greenhill was subject to New York City Unincorporated Business Tax on its U.S. earnings, which will no longer be applicable to it following its conversion to corporate form. As a result, Greenhill's reported tax expense understates the level of taxes to be paid by us after this offering.

In order to reflect our expected post-offering compensation, tax, minority interest and equity structure, the Unaudited Pro Forma Consolidated Financial Information gives effect to the following items:

- the incorporation transactions and the related transactions described under "Certain Relationships and Related Transactions—Incorporation Transactions";
- total compensation and benefits expenses equivalent to 50% of our total revenues;
- the provision for corporate income taxes at a 42.0% effective rate;
- the elimination of minority interests, which represents the membership interests in Greenhill & Co. International LLP held directly by our managing directors based in Europe; and
- cash distribution of pre-incorporation profits to our members.

These items are collectively referred to as the "Pro Forma Adjustments". In addition, the Unaudited Pro Forma Consolidated Balance Sheet Information gives effect to the proceeds from this offering.

The Pro Forma Adjustments are based upon available information and certain assumptions that management believes are reasonable. The Unaudited Pro Forma Consolidated Financial Information and accompanying notes should be read in conjunction with the consolidated financial statements and related notes.

The following Unaudited Pro Forma Consolidated Financial Information is based upon the historical consolidated financial statements of Greenhill. The Unaudited Pro Forma Consolidated Statement of Income Information for the year ended December 31, 2003 was prepared as if the incorporation transactions and the related transactions described under "Certain Relationships and Related Transactions—Incorporation Transactions" and this offering had taken place on January 1, 2003 but does not give effect to any application of the proceeds of this offering. The Unaudited Pro Forma Balance Sheet Information was prepared as if those transactions had occurred as of December 31, 2003. As permitted by the rules and regulations of the Securities and Exchange Commission, the Unaudited Pro Forma Consolidated Financial Information is presented on a condensed basis.

The Unaudited Pro Forma Consolidated Financial Information presented is not necessarily indicative of the results of operations or financial position that might have occurred had the Pro Forma Adjustments actually taken place as of the dates specified, or that may be expected to occur in the future.

Unaudited Pro Forma Consolidated Statement of Income Information

	Year Ended December 31, 2003				
	Historical	Pro Forma Adjustments	Pro Forma	Adjustment for this Offering	Pro Forma as Adjusted for this Offering

	(in thousands, except per share data)				
Total Revenues	$126,679	$ —	$126,679	$ —	$126,679
Compensation and benefits	27,094	36,246(a)	63,340		63,340
Other expenses	18,924	—	18,924		18,924
Total expenses	46,018	36,246	82,264	—	82,264
Income before tax and minority interest	80,661	(36,246)	44,415		44,415
Minority interest in net income of subsidiary	32,223	(32,223)(b)	—		—
Income before tax	48,438	(4,023)	44,415	—	44,415
Local tax expense and foreign income tax expense, net	3,038	15,616(c)	18,654		18,654
Net income	$ 45,400	$ (19,639)	$ 25,761	$ —	$ 25,761
Shares outstanding:					
Basic			25,144(d)(e)	5,000(f)	30,144
Diluted			25,144(d)(e)	5,000(f)	30,144
Net income per share:					
Basic			$ 1.02		$ 0.85
Diluted			1.02		0.85

The accompanying notes are an integral part of the Unaudited Pro Forma Consolidated Financial Information.

Unaudited Pro Forma Consolidated Balance Sheet Information

	As of December 31, 2003				
	Historical	Pro Forma Adjustments	Pro Forma	Adjustment for This Offering	Pro Forma as Adjusted for This Offering
	(in thousands, except per share data)				
Cash and cash equivalents	$26,599	$(26,599)(g)	$ —	$64,250(j)	$64,250
Other assets	34,039	(2,891)(g)	31,148		31,148
Total assets	$60,638	$ (29,490)	$31,148	$64,250	$95,398
Compensation payable	$11,899	$ —	$11,899	$ —	$11,899
Other liabilities	6,310		6,310	(1,500)(j)	4,810
Total liabilities	18,209		18,209	(1,500)	16,709
Minority interest	10,172	(10,172)(b)	—	—	—
Members' equity	32,257	(32,257)(h)	—	—	—
Common stock, par value $0.01 per share		250(b)(d)(i)	250	50(f)	300
Restricted stock units		—	—		

Additional paid-in capital		17,509(b)(d)(i)	17,509	65,700(f)(j)	83,209
Accumulated deficit		(4,820)(h)(i)	(4,820)		(4,820)
Total stockholders' equity	—	12,939	12,939	65,750	78,689
Total liabilities, minority interest, members' equity and stockholders' equity	$60,638	$ (29,490)	$31,148	$64,250	$95,398
Book value per share			$ 0.52		$ 2.62

The accompanying notes are an integral part of the Unaudited Pro Forma Consolidated Financial Information.

22

NOTES TO UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL I