Transocean Ltd.
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April 11, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

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(Name of Registrant as Specified In Its Charter)
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HOMEPAGE

The Future of RIG Value

Transocean's Board of Directors is focused on driving long-term value through the execution of the company's disciplined capital allocation strategy. The Board's plan includes maintaining a strong, flexible balance sheet, characterized by an investment grade rating on our debt; disciplined, high-return investment in the business; and the distribution of excess cash to shareholders.

ABOUT

Transocean's Board of Directors is committed to acting in the best interests of the company and its stakeholders to drive long-term shareholder value. With the support of the Board, the company will continue to focus on executing its business strategy and key initiatives, including improving revenue efficiency, improving project management, enhancing the fleet, deepening customer relationships and reducing operational costs.

Transocean's approach to corporate governance is to regularly infuse fresh perspective into an experienced and knowledgeable Board. In this regard, six of the 13 directors have been added to the Board in the last two years. Furthermore, the company believes that the addition of Frederico F. Curado will benefit the Board's decision-making process as a result of his significant senior management experience at a global aerospace corporation, including his experience with Brazilian business and governmental sectors - an important region of operations for the company.

CONTACT

Please contact us with any questions you might have.

A HISTORY OF VALUE AND SUCCESS

Our track record of success over the past decade in generating shareholder value by returning excess cash to shareholders speaks for itself. Since 2000, and including its currently proposed dividend and cash distributed in connection with the 2007 merger with GlobalSantaFe Corporation, Transocean will have returned approximately than $21 billion in cash to shareholders in the form of distributions and share repurchases, including a $5 billion distribution to GlobalSantaFe shareholders.

A HISTORY OF VALUE AND SUCCESS: Consistent Capital Allocation

Transocean has a well-established capital allocation strategy which is focused on driving long-term shareholder value while appropriately managing the risks in our business. Priorities for capital deployment are, and have been, maintaining a sound balance sheet characterized by an investment grade rating on our debt; profitably reinvesting in the business by increasing our exposure to high specification assets; and returning excess cash to our shareholders.

Transocean's management and the Board are constantly assessing the company's strategy and are willing to contemplate additional ways of creating value for shareholders. This is evidenced by the recently proposed $2.24 per share dividend, accelerated debt repayment plan and announcement that the company will continue its evaluation of alternative corporate and financing structures. The Board does not intend to take steps that will threaten the company's operating flexibility and sound balance sheet, reflected by an investment grade credit rating.
Transocean_Dist. to Shrhldrs_2(4.10.13)

*$15 billion GlobalSantaFe merger distribution includes $5 billion distribution to GlobalSantaFe shareholders

"The company is firmly on the offensive as it battles Icahn and his chicanery. It is our belief that management has done an admirable job considering the circumstances over the past 32 months. The team that was in charge of operations in the aftermath of Macondo, the ensuing downtime due to technology and operating changes post-Macondo and then the Shelf Drilling spinoff, is now tasked with addressing the cost of restructuring the organization. We are expecting a clearly defined plan and a high probability of successful execution."

- Brian Uhlmer, Global Hunter Securities

"We view the introduction of '14 downtime as a stark reminder of variability in offshore FCF as the industry manages through unpaid downtime. In recognition of this, we would expect RIG to advocate pursuing its balance sheet improvement strategy, rather than locking-in a ~$1.4bn dividend cash outlay in FY13."

- Justin Sander, RBC Capital Markets

"We expect investors will look to RIG's move toward a dividend strategy as a positive for the company and the industry."

- Darren Gacicia, Guggenheim

"At some point the offshore drilling market will enter into a cyclical downturn. A higher dividend than what is being proposed could put Transocean on the defensive and impact their ability to buy rigs and win business from weaker competitors. The question is whether the company will be the hunter or the hunted."

- Stuart Miller, Moody's

A HISTORY OF VALUE AND SUCCESS: Optimizing the Fleet

With the guidance of the Board, Transocean has made meaningful progress towards its objective of optimizing its fleet by increasing its exposure to high specification drilling assets. This includes divesting 38 shallow water drilling rigs in the fourth quarter of 2012 and completing numerous single-asset sales of non-core floaters and jackups over the past several years. As a result of executing on this strategy, in 2011 and 2012 Transocean received net sales proceeds of over $440 million and $947 million, respectively.

In late 2012, Transocean announced it would build four industry-leading, state-of-the-art, high specification, ultra-deepwater drillships for Shell. These fully-contracted assets represent 40-rig years of work and an unprecedented $7.6 billion of long-dated backlog for the company and, together with the remaining two newbuild high-specification jackups to be delivered in 2013, reflect the company's objective to achieve profitable growth and enhance its leadership position in high specification floaters and jackups.

"Even if Icahn is successful in extracting a $4/sh dividend from RIG (an upside risk), we believe this would leave RIG significantly disadvantaged in terms of its ability to re-capitalize its fleet and/or participate in M&A."

- Mike Urban, Deutsche Bank

"It is alright if a stakeholder demands a dividend payout but $4 per share is stretching it too far. The company should instead be investing that money to build additional rigs and for further expansion."

- Philip Weiss, Argus Research

"A company dividend isn't an outlandish proposition. However, given the attractive opportunities available for newbuild rigs today, which should generate returns in the high-teens, as well as Transocean's need to invest more heavily in its fleet to keep pace with peers, we'd prefer to see the excess cash invested in rigs."

- Stephen Ellis, Morningstar Equity Research

A HISTORY OF VALUE AND SUCCESS: Improving Performance

In addition to maintaining a disciplined capital allocation philosophy and executing our asset optimization strategy, with the support and involvement of the Board, we have been successful in improving key financial and operating metrics. For the full-year 2012, Transocean's revenue increased nearly 15%, adjusted earnings per share increased more than 160%, and cash flow from operating activities increased approximately 50%. Other positive trends include:

Improving Revenue Efficiency

Revenue efficiency has remained a top priority for Transocean. It has shown signs of strong improvement in 2012, up about six percentage points since the third quarter of 2011 to 94.7% at year-end 2012. Revenue efficiency for our ultra-deepwater rigs reached 95.9% and 95.5% in the third and fourth quarters, respectively. Continued progress is expected to be gradual and non-linear.

Improving Utilization

In 2012, our fleet utilization increased and the number of out of service days decreased as a result of a more rigorous approach to project work scope development, closer cooperation with our vendors to improve capacity planning, quality control, and more timely equipment delivery, and the implementation of a unit exchange program. We will continue to refine our project planning and execution to achieve the most efficient and cost effective process possible. Reflecting this focus on projects and out-of-service time, utilization of our fleet increased to 78% in 2012 from 69% in 2011.

Deep Customer Relationships

The confidence and trust that our customers place in Transocean is reflected in the company's growing backlog, including the $7.6B backlog increase as a result of the 10-year contracts signed for four state-of-the-art, ultra-deepwater newbuilds. Through the exceptional efforts of our marketing team, in 2012 we added $16.8 billion in new contracts and reported the first increase in backlog since 2008. At February 14, 2013, contract backlog was approximately $28.8 billion. Transocean is committed to growing its backlog of contracting drilling work to ensure further profitability and drilling opportunities.

Focus on Cost Reduction

Maintaining a strict cost discipline is critical to our ability to compete and generate shareholder value. We are committed to reducing our cost structure and will identify ways to pursue this without compromising the integrity and safety of our operations. The recent divestiture of our shallow water rig fleet serves as a catalyst for this cost reduction initiative with the objective of generating meaningful, sustainable savings.

OUR STORY

Transocean's management and its Board are focused on driving long-term value through the execution of the company's disciplined and balanced capital allocation strategy, while appropriately managing the risks in the business. Transocean's Board is committed to acting in the best interests of all shareholders, and firmly believes its strategies will better position the company to maximize long-term value and generate superior returns.

The company is confident that its current Board of Directors is comprised of professionals with the essential financial, operational, managerial, and corporate governance expertise necessary to continue to successfully oversee the execution of the company's operating and capital allocation strategies. The Board does not intend to take steps that will threaten the company's long-term performance, operating flexibility and investment grade credit rating.

OUR STORY: Our Capital Allocation Policy

In the context of a cyclical and capital-intensive industry, the Board is focused on creating value through the execution of the company's disciplined and balanced capital allocation strategy. The Board believes that this prudent, balanced approach to capital allocation will maximize long-term value creation by providing an immediate and direct return to shareholders; enhancing the resilience of the company's balance sheet; and enabling us to continue to execute a disciplined strategy of making high-return investments in our offshore drilling fleet to ensure the long-term competitiveness of the business.

As a result of this strategy, Transocean has improved its balance sheet and maintained its investment grade rating throughout a challenging period following the April 2010 Macondo incident. The company has also strengthened its industry-leading position in high spec floaters through the construction of four industry-leading, state-of-the-art, high specification, ultra-deepwater drillships for Shell. These fully-contracted assets represent 40-rig years of work and an unprecedented $7.6 billion of long-dated backlog for the company. Together with the remaining two newbuild high-specification jackups to be delivered in 2013, these drillships reflect the company's objective to enhance its leadership position in high-specification assets. Furthermore, the distribution of excess cash to shareholders, in the form of dividends and share repurchases, is a key component of our capital allocation strategy and we will continue to deploy excess capital in ways that generate the best return for shareholders.

Specifically, the Board remains confident that its proposed $2.24 per share dividend, or approximately $800 million in the aggregate, will maximize long-term value creation and, importantly, establishes a base that is sustainable and supports future increases as business conditions warrant. Further, the company's proposed dividend resulted from the careful consideration of numerous factors relevant to the company's business, including operating in a cyclical and capital-intensive industry as well as the remaining uncertainties related to the Macondo well incident, the Frade field incident in Brazil, and the ongoing tax litigation in Norway.

Mr. Icahn's assertion that Transocean “should target a permanent dividend that approaches a minimum of 85% of net income” is misguided in that it does not recognize the asset-intensive and cyclical nature of the offshore drilling industry. While Transocean's $2.24 per share dividend proposal would represent one of the industry's highest payout ratios and dividend yields, Mr. Icahn's dividend proposal significantly deviates from a responsible level - as evidenced by the lower payout ratios throughout the industry - and is not consistent with the company's goal of maintaining a strong balance sheet, represented by an investment grade credit rating, while continuing to pay down debt.

“The $4-per-share proposal may limit the company's efforts to enter into strategic transactions to improve its fleet.”

- James West, Barclays Plc

“The Dividend proposal was better than we were thinking at $2.24 (4% yield) - but short of the $4 proposed by Icahn. We favor a balanced mix of cash distribution and growth (fleet renewal) - management's proposal leaves room for both. This was highlighted by a potential newbuild drillship (2015) transaction backed by a contract ~$0.25 annually to EPS.”

- Gregory Lewis, Credit Suisse

“If the company were to accede to Icahn's demand, it would saddle Transocean with increased interest expense, limit access to capital and might require it to sell assets to meet its liquidity targets. Icahn is looking for a relatively quick payday and not looking at the long-term health of the company. It troubles me that he specifically calls out the debt reduction plan in his response. The real risk with being downgraded is that if the sector turns, it is much more difficult to raise capital if you are a high-yield company with a constrained balance sheet.”

- Harry Mateer, Barclays Credit Research

"We view the (Icahn dividend) proposal as being 'too much, too fast', as it would likely exhaust all available FCF for RIG going forward and lock RIG into a ~$1.4bn annual call on cash. However, we do view the payout as financially feasible."

- Justin Sander, RBC Capital Markets

OUR STORY: Our Board of Directors

Transocean's Board is comprised of 13 highly-qualified directors with diverse perspectives on the industry. They are all proven business leaders with a broad and deep range of leadership experience in, variously, oilfield and offshore drilling services, finance, manufacturing, law, health, safety and environment, or other areas crucial to the company's business.

Transocean's approach to corporate governance is to regularly infuse fresh perspective into an experienced and knowledgeable Board. In this regard, six of the 13 directors have been added to the Board in the last two years. Furthermore, the company believes that the addition of Frederico F. Curado will benefit the Board's decision-making process as a result of his significant senior management experience at a global aerospace corporation, including his experience with Brazilian business and governmental sectors - an important region of operations for the company.

"RIG has transformed itself materially over the last 12-18 months, divesting non-strategic assets, focusing on ultra-deepwater markets, improving its operational efficiency, and now announcing dividend payments. We think these efforts have paid off - importantly operational efficiency improved from 89.6% at the beginning of 2012 to 94.7% by year-end."

- David Phillips, HSBC

"Little changed 2013 cost guidance provides us more comfort, management's grasp around the core operations is improving (and some upside from lower costs may exist)… Added certainty, financial flexibility and building operational consistency have yet to be fully reflected, in our view. Net, net the turnaround story is well underway with plenty left to achieve."

- Alan Laws, BMO Capital Markets

"RIG reported a third consecutive quarter of solid operating performance. Along with improved fleet quality via assets sales and newbuilds and the DOJ settlement removing a major overhang, RIG continues to make strides in remedying some of the challenges of the prior two years."

- John Keller, Stephens

OUR STORY: Our Corporate Structure

In the interest of driving long-term value, Transocean continuously evaluates alternative corporate and financing structures with the goal of optimizing its cost of capital. The company has a proven track record of executing value-enhancing structures, including its re-domestication to Switzerland, the largest-ever convertible debenture, and a secured revolver and asset-backed financing. The company will continue to consider alternative corporate and financing options, including Master Limited Partnerships (MLP) or MLP-like structures. Transocean's operating strategy, the impact of the industry cycle over time and capital structure are important considerations in assessing the relative applicability and attractiveness of potential financing alternatives. Additional considerations include the mobile nature of the company's assets, Transocean's multi-layered and sophisticated tax structure, the potential for conflicts of interest, and other issues. Transocean's management and the Board include individuals with substantial expertise in devising and implementing appropriate corporate and financing structures.

"While an MLP equity carve out may be investigated, we place a low probability on its creation due to the lack of tax efficiency improvement, the realization that payout is driving the multiple difference across the group, questionable appropriateness of MLPs within contract drilling, and potential conflicts of interest with the parent."

- Scott Gruber, Bernstein Research

"While we believe that Transocean, like most other offshore drillers, will evaluate this structure, we don't believe that there is high likelihood of adoption in 2013. Transocean's rig fleet and capital needs are different, and it is unclear how Transocean would fare through a complete drilling cycle in an MLP structure"

- Waqar Syed, Goldman Sachs

"An MLP structure [provides] a quick boost to shares of the parent company in the beginning, [but it is] ultimately a cop out because the structure may take away some of the best assets from the larger company."

- Laurence Balter, Oracle Investment Research

VISION FOR THE FUTURE

Transocean's management team and Board of Directors are fully committed to acting in the best interests of the company and all its stakeholders to create value. This includes pursuing a capital allocation strategy based on maintaining a strong, flexible balance sheet, characterized by an investment grade rating on our debt; disciplined, high-return investment in the business; and a sustainable return of capital with the goal of future increases in distributions as business conditions warrant.

VISION FOR THE FUTURE: Returning Capital to Shareholders

In the interest of all of its stakeholders, the Board will remain focused on driving value through the execution of the company's long-standing, disciplined capital allocation strategy. Importantly, the Board is confident that, in the context of a cyclical and capital-intensive industry and remaining uncertainties, the proposed dividend of $2.24 per share, or approximately $800 million in the aggregate, appropriately returns a sustainable level of cash to shareholders - with the goal of future increases in distributions as business conditions warrant. Adherence to this strategy is critical to the long-term success of the company.

Additionally, as part of its prudent, balanced capital allocation strategy, to facilitate continued progress towards achieving its articulated gross debt target of $7 billion to $9 billion, Transocean intends to accelerate repayment of its debt with the objective of retiring approximately $1 billion of debt in excess of existing repayment obligations by the end of 2014.

VISION FOR THE FUTURE: Funding the Future

Our capital allocation philosophy, including the proposed dividend, provides the company the financial flexibility necessary to continue to grow the business and bolsters our leading position in high-spec ultra-deepwater and high-spec harsh environment market segments as well as a competitive position in the high-spec jackup market.

Continuing to invest in our fleet is critical to enhancing our long-term competitive position, and given the attractive opportunities available for newbuild rigs today, it is important that Transocean maintain financial flexibility to invest in the fleet opportunistically. Our recent newbuild contracts with Shell reflect our ability to build high-spec capacity. The newbuilds are also designed with the flexibility to accommodate future technical capabilities they become available. These fully contracted assets will add 40-rig years of work and an unprecedented $7.6 billion of long-dated backlog for the company, and reflect our objective to achieve profitable growth. These rigs are expected to return approximately 140% simple payback over the initial contract period and generate returns well in excess of our cost of capital over the 35 year life of the assets.

Mr. Icahn has also suggested that the company's investment in its fleet is an inappropriate allocation of capital. This suggestion highlights Mr. Icahn's destructive short-term objectives. The profitable addition of new, state-of-the-art drilling rigs is essential for the long-term competitiveness of the company and represents its primary source of growth and future operating income. Discontinuing disciplined investment in high-return assets would compromise the company's long-term viability.

Transocean is poised to succeed in the years ahead. We have an excellent foundation for growth, as evidenced by almost $30 billion in contract backlog, and a focused strategy for delivering value to our shareholders through our well-articulated policy for deploying capital. This policy includes maintaining a strong balance sheet characterized by an investment grade rating; identifying opportunities that meet our disciplined criteria for reinvesting profitably in our business; and our priority of returning excess cash to our shareholders. This will enable us to execute our operating strategy in pursuit of financial excellence.

VISION FOR THE FUTURE: Board Commitment to Generating Value

Transocean's Board of Directors is committed to acting in the best interests of the company and its stakeholders to drive long-term value. The Board will continue to focus on the company's execution of its business strategy and key initiatives, including improving revenue efficiency and project management while reducing operating costs, enhancing the fleet and deepening customer relationships.

The offshore drilling industry is dynamic and continually presents challenges and opportunities. Reflecting the ever-changing nature of our business and the unique circumstances in which the company operates, we spend considerable time evaluating the composition of the Board to ensure we have a panel of Directors with the experience, skills and capabilities necessary to represent the best interest of our shareholders; i.e., to create value. In this regard, Transocean's approach to corporate governance is to regularly infuse fresh perspectives into an already extraordinarily experienced and knowledgeable Board. Indeed, six of the company's 13 directors have been added to the Board within the last two years. Transocean's Board of Directors is comprised of professionals with the expertise necessary to continue to guide the execution of the company's successful operating and capital allocation strategies.

OUR CANDIDATES

Transocean's Board of Directors and management team are fully committed to acting in the best interests of the company and all its stakeholders to create value. This includes pursuing a capital allocation strategy based on maintaining a strong, flexible balance sheet, which includes an investment grade rating on our debt; disciplined, high-return investment in the business; and a sustainable return of capital with the goal of future increases in distributions as business conditions warrant.

The Board is comprised of professionals with the essential financial, operational, managerial, and corporate governance expertise necessary to continue to successfully oversee the execution of the company's operating and capital allocation strategies. Transocean's Board includes 13 highly-qualified directors with diverse perspectives on the industry that are proven business leaders with a broad and deep range of leadership experience in, variously, oilfield and offshore drilling services, finance, manufacturing, law, health, safety and environment, or other areas crucial to the company's business. The Board of Directors recommends that the company's shareholders approve the following nominees for election to the Board at the company's May 17th Annual General Meeting:

OUR CANDIDATES: Thomas W. Cason

Former Senior Vice President and Chief Financial Officer
Baker Hughes Incorporated

Thomas W. Cason has served as a director of the Company since 2007. He served as a director of GlobalSantaFe Corporation from 2001 until 2007 and of Global Marine, Inc. from 1995 to 2001. Mr. Cason owned and managed five agricultural equipment dealerships until his retirement in 2006. He served as interim President and Chief Operating Officer of Key Tronic Corporation during 1994 and 1995 and was a partner in Hiller Key Tronic Partners, L.P. Mr. Cason previously held various financial and operating positions with Baker Hughes Incorporated, including senior executive positions with Baker Hughes' Drilling Group, serving most recently as Senior Vice President and Chief Financial Officer of Baker Hughes Incorporated. Mr. Cason started his career as a public accountant with Arthur Young & Company. Mr. Cason served as a member of the Board of Directors of Mirant Corporation from 2006 until December 2010 and was chairman of its Audit Committee from 2006 until 2009. Mr. Cason received his Bachelor of Science degree in Accounting in 1970 from Louisiana State University.

Mr. Cason is an accountant with extensive professional experience in the financial services area of the oilfield services industry. Mr. Cason formerly served as chairman of the Audit Committee for GlobalSantaFe Corporation and has also previously served as chairman of the Audit Committee for the Company and remains a committee member. This overlap in experience, combined with his education, professional experience and institutional knowledge of a legacy company are assets to the Board's decision making process.

OUR CANDIDATES: Frederico F. Curado

President and CEO
Embraer

Frederico F. Curado has served as President and Chief Executive Officer of Embraer S.A. (NYSE: ERJ) since 2008. Mr. Curado joined Embraer in 1984 and has served in a variety of management positions during his career, including Executive Vice President, Airline Market from 1998 to 2007 and Executive Vice President, Planning and Organizational Development from 1997 to 1998. Mr. Curado is also the President of the Brazilian Chapter of the Brazil-United States Business Counsel and a member of Brazil's National Council for Industrial Development. Mr. Curado received his Bachelor of Science degree in Mechanical-Aeronautical Engineering from the Instituto Tecnólogico de Aeronáutica in Brazil, a post-graduate degree in foreign trade from the Getúlio Vargas Foundation, Brazil and an executive Masters in Business Administration from the University of São Paulo, Brazil. The Board of Directors believes Mr. Curado's significant senior management experience in operating an international corporation, including experience with Brazilian business and governmental sectors will benefit the Board's decision-making process.

OUR CANDIDATES: J. Michael Talbert

Chairman of the Board
Transocean Ltd.

J. Michael Talbert has served as a director of the Company since 1994. He has served as the non-executive Chairman of the Board since 2011 and previously served as non-executive Vice Chairman of the Board from 2010 to 2011, non-executive Chairman of the Board from 2004 to 2007 and executive Chairman of the Board from 2002 to 2004. Mr. Talbert also served as Chief Executive Officer from 1994 until 2002, Chairman of the Board of Directors from 1994 until 1999, and as President from 1999 until 2001. Prior to assuming his duties with us, Mr. Talbert was President and Chief Executive Officer of Lone Star Gas Company, a natural gas distribution company and a division of Ensearch Corporation. He was a director of El Paso Corporation from 2003 to 2012, when that company was acquired by Kinder Morgan, Inc. Within the past ten years, Mr. Talbert was also a director and the chairman of TODCO. Mr. Talbert received his Bachelor of Science degree in chemical engineering in 1970 from the University of Akron and his MBA in 1975 from Loyola of the South.

Mr. Talbert holds an engineering degree and an MBA and has extensive executive experience in the energy sector including serving as a senior executive in exploration and production and as the former CEO of Transocean. As a result, he brings a valuable perspective to the Board based upon his in-depth knowledge of the Company and understanding of the business. His knowledge from the customer perspective and his knowledge of the culture of the Company are helpful in analyzing the future direction of the Company. Mr. Talbert also has relevant experience in merger and acquisition activity, including negotiating transactions as well as the integration of combined companies and boards.

OUR CANDIDATES: Robert M. Sprague

Former Regional Business Director
Royal Dutch/Shell

Mr. Robert M. Sprague has served as a director of the Company since 2004. Mr. Sprague is the retired Regional Business Director of Shell EP International BV, a position in which he served from 1997 until 2003. Mr. Sprague served as Director of Strategy & Business Services for Shell EP International BV from 1996 until 1997 and as Exploration & Production Coordinator of Shell International Petroleum BV from 1994 to 1995. Mr. Sprague joined the Royal Dutch/Shell group of companies in 1967 and served in a variety of positions in the United States and Europe during his career, including as a director of Shell Canada Limited, a publicly traded company, from 2000 to 2003. Mr. Sprague received his Bachelor of Science degree in 1966 and his Masters in Electrical Engineering degree in 1967 from Cornell University.

Mr. Sprague is an engineer by education and spent many years serving in senior management in the energy business with one of the Company's customers and thus brings a helpful perspective to the Board. In addition, most of his professional career was spent serving in the oil and gas industry outside the United States, thus bringing an important international perspective to the Board.

OUR CANDIDATES: Steven L. Newman

President and Chief Executive Officer
Transocean Ltd.

Steven L. Newman is President and Chief Executive Officer, and a member of the Board of the Company since 2010. Before being named as Chief Executive Officer in March 2010, Mr. Newman served as President and Chief Operating Officer from 2008 to 2009 and subsequently as President. Mr. Newman's prior senior management roles included Executive Vice President, Performance (2007 to 2008), Executive Vice President and Chief Operating Officer (2006 to 2007), Senior Vice President of Human Resources and Information Process Solutions (2006 to 2006), Senior Vice President of Human Resources, Information Process Solutions and Treasury (2005 to 2006), and Vice President of Performance and Technology (2003 to 2005). He also has served as Regional Manager for the Asia and Australia Region and in international field and operations management positions, including Project Engineer, Rig Manager, Division Manager, Region Marketing Manager and Region Operations Manager. Mr. Newman joined the Company in 1994 in the Corporate Planning Department. Mr. Newman received his Bachelor of Science degree in Petroleum Engineering in 1989 from the Colorado School of Mines and his MBA in 1992 from the Harvard University Graduate School of Business. Mr. Newman is also a member of the Society of Petroleum Engineers.

The Board of Directors believes that it is important for the Company's Chief Executive Officer to serve on the Board. The Chief Executive Officer provides a link between the Board and senior management, and the Board believes that this perspective is important in making decisions for the Company. In addition, Mr. Newman brings an industry and competitive context perspective to the Board which assists the Board in making strategic decisions.

AGM AND VOTING DETAILS

The 2013 annual general meeting of Transocean Ltd. will be held on Friday, May 17, 2013 at 5:00 p.m., Swiss time, at the Theater Casino Zug, Artherstrasse 2-4, CH-6300 Zug, Switzerland.

A copy of the proxy materials, including a WHITE proxy and admission card, has been sent to you if you are registered in Transocean Ltd.'s share register as of March 20, 2013. If your shares were purchased after March 20, 2013, and you are registered in Transocean Ltd.'s share register on April 30, 2013, you will receive a copy of the proxy materials after April 30, 2013.

If you vote your shares, but then dispose of them prior to the April 30 voting record date, your vote will not be counted. You do not need to take any further action under such circumstances. Accordingly, we urge you to vote your shares as soon as possible, even if you do subsequently decide to dispose of them.

If you are registered in Transocean Ltd.'s share register as of April 30, 2013 (the Record Date), you have the right to attend the annual general meeting and vote your shares, or you may grant a proxy to vote on each of the proposals in the proxy statement.

At the annual general meeting, we will ask you to: (1) approve our 2012 Annual Report; (2) approve the appropriation of available earnings for fiscal year 2012; (3) approve our distribution of a USD 2.24 per share dividend out of qualifying additional paid-in capital to shareholders; (4) approve our proposed authorized share capital; (5) elect our new director candidate and reelect four directors; (6) approve the appointment of Ernst & Young LLP as our independent registered public accounting firm and the reelection of Ernst & Young Ltd. as our auditor pursuant to the Swiss Code of Obligations, each for the fiscal year 2013; and (7) consider an advisory vote to approve the compensation of our named executive officers.

Your Board of Directors is recommending a highly qualified, experienced and diverse slate of director nominees for election to the Board of Directors at the annual general meeting. Additionally, your Board of Directors is recommending a dividend payment to shareholders of USD 2.24 per outstanding share of the company out of qualifying additional paid-in capital that will return cash to shareholders while continuing to position the company to enhance long-term value and to make disciplined, high-return investments in the business through value-enhancing opportunities.

The manner in which your shares may be voted depends on how your Transocean Ltd. common shares are held. Many of our shareholders hold their shares in more than one account and may receive separate proxy cards or voting instruction forms for each of those accounts. To ensure that all of your shares are represented at the annual general meeting, we recommend that you vote every WHITE proxy card you receive.

Any proxy card must be received by us no later than 8:00 a.m. Eastern Daylight Time (EDT), 2:00 p.m. Swiss time, on May 17, 2013. Votes indicated in proxy cards received after such date and time will not be voted at the 2013 annual general meeting.

Any proxy card must include: full name and address of, and number of shares held by, the holder of record signing the proxy card as it appears in Transocean Ltd.'s share register. Proxy cards that do not include such information will be considered invalid.
If you have any questions or need assistance in voting, please contact our proxy solicitor, Innisfree M&A Incorporated, at:

1-877-456-3507 (toll-free from the US and Canada)
+1 412-232-3651 (from other countries).

Shareholders in Europe may also call Lake Isle M&A Incorporated, Innisfree's UK subsidiary, free-phone at 00-800-7710-9970, or direct at +44-20-7710-9960.

Whether or not you plan to attend the Transocean annual general meeting, please take a few minutes of time to submit your proxy now using the WHITE proxy card or voting instruction form, to ensure that your shares are represented.

YOUR VOTE IS IMPORTANT-NO MATTER HOW MANY OR HOW FEW SHARES YOU MAY OWN.

PLEASE RETURN YOUR WHITE PROXY CARD TODAY!

NEWS AND RESOURCES

- LETTER TO SHAREHOLDERS - APRIL 4, 2013
- PROXY MATERIALS AND LETTER TO SHAREHOLDERS - APRIL 4, 2013
- 2012 Annual Report
- Transocean Ltd. Proxy Statement
- Analyst Commentary - Howard Weil, Barclays

Transocean Ltd. $51.66 (SP): Taking a Stand on the Dividend

Quick Take: We agree with RIG management that the proposal of a $4.00/share dividend is not ultimately in the best of interest of shareholders. Based on near-term uncertainties, we believe it is too much, too soon and question whether given our projections, the dividend at that level is sustainable. We certainly believe future growth would be a stretch from this proposed level. While there could be some quick share appreciation from a $4.00 dividend, we feel it would be short-lived as questions of sustainability, growth, and lack of financial flexibility in light of legal uncertainties would soon begin to weigh on the stock on a relative basis. For the time being we remain on the sidelines with the name, noting the operational improvements over the past couple of quarters and potential cost-saving initiatives are likely going to be overshadowed by the uncertainty surrounding the proxy fight over dividend levels and BoD positions.

Near-term Uncertainties Suggest a More Balanced Approach: We have not always seen eye-to-eye with the Company on the subject of newbuilds even acknowledging some of the merits of their stance not to “build on spec” given the cyclical nature of this business. We think the root of difference boils down to the length and change in the cycle, but that aside we do concur that there are too many uncertainties near-term to justify a higher dividend level. By proposing a $2.24/share dividend, we feel the Company has acknowledged the appetite investors have for returning cash to them, but at the same time not overly committing to something that could hamstring them financially down the road. The uncertain legal matters of Macondo, Frade field Brazil, and Norwegian taxes could result in monetary payments; therefore, we think it is prudent to have some cash in reserves to potentially address these issues.

Stock Rating/Industry View: Overweight/Positive
Price Target: USD 71.00
Price (22-Mar-2013): USD 51.66
Potential Upside/Downside: +37%
Tickers: RIG

On the Road with Transocean: Last week, we were on the road with Transocean's new CFO, Esa Ikäheimonen, and Thad Vayda, VP of Investor Relations. This was Mr. Ikäheimonen's first non-deal roadshow with Transocean since joining the company four months ago (following 2.5 years as CFO of Seadrill). The message was clear in our view: Ikäheimonen intends to oversee a substantial improvement in Transocean's cost structure while optimizing the company's financial position in an effort to be a more flexible and opportunistic high-specification offshore driller. We think Ikäheimonen's experience as CFO of Seadrill, where he oversaw a number of transactions and financings (and acted as an initial driving force behind the SDLP IPO), bodes well for helping return Transocean to its industry leading position.

Solid Cost Improvement Potential: We expect management to outline various initiatives it will take to improve its cost structure on the company's 1Q conference call, (performance metrics should be unveiled on the 2Q conference call). We anticipate these measures to take 18-24 months to fully implement and to move the organizational structure to “line of site” from a “matrix” (where regional offices act as stand-alone entities). We think this will bring Transocean's operating margins closer in-line with peers (we

currently estimate 2014 margins of 32% Vs the group average of 38%). We estimate every 100bps of operational margin improvement will add $0.20-$0.25 to EPS annually.

We Support Management's Proposal: We reiterate our support for management's $2.24/sh dividend proposal versus Carl Icahn's $4.00/sh proposal. We think a strong balance sheet is imperative for Transocean to maintain the financial flexibility necessary to capitalize on consolidation opportunities in a cyclical industry. Further, we think there will be ample scope for management to gradually increase the dividend as the cycle unfolds and as Macondo is fully resolved (protecting the investment grade rating). We believe these longer-term considerations will resonate with investors in front of the shareholder vote on May 17th.

- DRY HOLE: ICAHN'S PAYOUT PLAN COULD PUT DRILLER IN A HOLE

BreakingViews
By Christopher Swann
March 19, 2013

Carl Icahn's payout plan could put U.S. oil and gas driller Transocean into a hole. The billionaire activist is pushing the company for a $1.4 billion dividend. That's nearly half the outfit's annual cash flow and could preclude upgrades to its aging rig fleet. The company's counter of an $800 million payout should appease investors while keeping operations humming.

The activist has recently been a force for good in the energy sector. After Icahn took a chunky stake in gas driller Chesapeake Energy, misbehaving boss Aubrey McClendon - who treated the company like a personal fiefdom - was booted out. Transocean, however, seems less in need of the Icahn treatment.

True, the company has occasionally blundered - most notably by issuing new stock at the end of 2011, when shares traded at multi-year lows. It also entered decade-long deals to rent out its deepwater rigs for below market prices. But the company seems poised to right itself under the new and highly respected chief financial officer, Esa Ikaheimonen, poached from Norwegian rival Seadrill.

Icahn's prescription, on the other hand, threatens to destroy long-term value. His proposed payout would amount to 45 percent of 2013 operating cash flow, according to Argus Research, and about 85 percent of forecast net earnings. Even a minor mishap could force the company to cut the dividend - a bugbear for investors.

What's more, credit rating agencies have already put Transocean on the lowest investment-grade level, and paying an industry-high dividend wouldn't help matters. The company shouldn't risk a ratings downgrade that would boost the cost of servicing its $11 billion of long-term debt.

The proposed $800 million payout is plenty generous. At 25 percent of the $3.2 billion operating cash flow forecast by Argus Research for 2013, it would be on the high side for the industry. Yet it leaves a reasonable margin for necessary capital investment.

That's an area in which Transocean needs to improve. The company shelled out only 17 percent of revenue on new gear in 2012, far less than competitors. Though it plans to spend more this year, it can't afford to fall further behind. Under Icahn's plan, it would risk doing just that.

- TRANSOCEAN ICAHN DEFENSE SEEN WITH DEAL FOCUS

Bloomberg
March 19, 2013
By Brooke Sutherland

Transocean Ltd. (RIG), the offshore oil driller under pressure from billionaire Carl Icahn to boost its dividend, would be better off using some of its extra cash on acquisitions to shore up lagging growth.

Transocean, owner of the Deepwater Horizon rig that exploded three years ago in the Gulf of Mexico, is projected to increase revenue more slowly through 2016 than 87 percent of similar-sized peers, according to data compiled by Bloomberg. Transocean should use its $5.1 billion in cash (RIG) - the most in at least 22 years - to pursue a deal that would upgrade its fleet and improve sales growth (RIG), rather than accede to Icahn's demand for a larger dividend, Iberia Capital Partners LLC said.

“If you're trying to do things for your shareholders, growth is an important part of that story,” Brad Handler, a New York-based analyst at Jefferies Group LLC, said in a telephone interview. An acquisition, along with Transocean's planned dividend, is “a better long-term solution,” he said.

Transocean, which has a market value of $19 billion, could obtain more modern rigs and faster revenue growth by buying Ocean Rig UDW Inc. (ORIG) or Pacific Drilling SA, said Cowen Group Inc. The Vernier, Switzerland-based company could pay as much as $5.8 billion in cash and stock for a takeover without jeopardizing its credit rating, and even a smaller purchase of a company such as Vantage Drilling Co. would boost earnings, said Handler.

Icahn Stake

Guy Cantwell, a spokesman for Transocean, declined to comment on the company's interest in acquisitions beyond statements made at an energy conference in New Orleans this week by Chief Executive Officer Steven Newman.

“We're open to building or buying, whatever makes the most economic sense,” Newman said at the conference.
357,614 351,174

Contingent convertible preferred stock, par value $0.01 per share

Contingent convertible preferred stock, beginning of the year

46,950,226

Contingent convertible preferred stock issued

46,950,226

Contingent convertible preferred stock, end of the period

46,950,226 46,950,226

Restricted stock units

Restricted stock units, beginning of the year	89,365,292	81,219,868
Restricted stock units recognized	33,656,634	43,214,505
Restricted stock units delivered	(41,545,638)	(35,069,081)
Restricted stock units, end of the period	81,476,288	89,365,292

Additional paid-in capital

Additional paid-in capital, beginning of the year

368,090,229 237,716,672

Common stock issued

41,694,790 125,850,372

Restricted stock units cash settlement

(1,010,273)

Tax benefit from the delivery of restricted stock units

397,679 5,533,458

Additional paid-in capital, end of the period

410,182,698 368,090,229

Exchangeable shares of subsidiary

Exchangeable shares of subsidiary, beginning of the year

6,578,403 7,937,414

Exchangeable shares of subsidiary delivered

(1,359,011)

Exchangeable shares of subsidiary, end of the period	6,578,403	6,578,403
Retained earnings		
Retained earnings, beginning of the year	184,621,197	206,974,630
Dividends	(42,622,538)	(56,879,344)
Net income allocated to common stockholders	28,466,417	34,525,911

Retained earnings, end of the period	170,465,076	184,621,197
Accumulated other comprehensive income (loss)		
Accumulated other comprehensive income (loss), beginning of the year	5,127,132	(8,737,728)
Currency translation adjustment, net of tax	(8,585,644)	13,864,860
Accumulated other comprehensive (loss) income, end of the period	(3,458,512)	5,127,132

Treasury stock, at cost; par value $0.01 per share		
Treasury stock, beginning of the year	(330,602,168)	(293,391,405)
Repurchased	(55,615,568)	(37,210,763)
Treasury stock, end of the period	(386,217,736)	(330,602,168)
Total stockholders equity	326,334,057	370,481,485

Noncontrolling interests

Noncontrolling interests, beginning of the year	2,381,024	1,501,214
Net income allocated to noncontrolling interests	6,302	4,894,833
Contributions from noncontrolling interests		163,761
Distributions to noncontrolling interests	(958,277)	(4,178,784)
Noncontrolling interests, end of the period	1,429,049	2,381,024

Total equity	$327,763,106	$372,862,509

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

Table of Contents

Greenhill & Co., Inc. and Subsidiaries

Condensed Consolidated Statements of Cash Flows (unaudited)

	For the Nine Months Ended September 30,	
	2011	**2010**
Operating activities:		
Consolidated net income	$ 28,472,719	$ 36,953,689
Adjustments to reconcile consolidated net income to net cash provided by (used in) operating activities:		
Non-cash items included in consolidated net income:		
Depreciation and amortization	5,959,633	4,123,991
Net investment (gains) losses	19,190,469	(9,164,756)
Restricted stock units recognized and common stock issued	33,812,203	41,376,736
Deferred taxes	(5,870,377)	1,476,660
Deferred gain on the sale of certain merchant banking assets	(608,265)	(824,797)
Changes in operating assets and liabilities:		
Advisory fees receivable	(6,186,260)	(20,359,512)
Due from affiliates	(141,236)	(457,697)
Other receivables and assets	95,674	2,708,279
Compensation payable	(7,340,266)	(22,875,687)
Accounts payable and accrued expenses	389,197	328,578
Taxes payable	10,047,957	8,246,671
Settlement of restricted stock units in cash	(2,092,596)	
Net cash provided by operating activities	75,728,852	41,532,155
Investing activities:		
Purchases of merchant banking investments	(716,874)	(11,536,627)
Purchases of other investments	(150,315)	(208,026)
Proceeds from sale of merchant banking investments	49,384,344	
Caliburn acquisition, net of cash received		(3,029,527)
Distributions from investments	4,201,779	7,138,275
Purchases of property and equipment	(2,539,261)	(3,836,779)
Net cash provided by (used in) investing activities	50,179,673	(11,472,684)
Financing activities:		
Proceeds of revolving bank loan	74,900,000	84,875,000
Repayment of revolving bank loan	(116,600,000)	(59,500,000)
Contributions from noncontrolling interests		151,387
Distributions to noncontrolling interests	(958,277)	(1,514,225)
Dividends paid	(42,622,538)	(42,234,879)
Purchase of treasury stock	(55,615,568)	(36,854,826)
Net tax benefit from the delivery of restricted stock units and payment of dividend equivalents	397,678	8,319,445
Net cash used in financing activities	(140,498,705)	(46,758,098)
Effect of exchange rate changes on cash and cash equivalents	(1,524,769)	(1,008,369)
Net decrease in cash and cash equivalents	(16,114,949)	(17,706,996)
Cash and cash equivalents, beginning of the period	78,227,209	74,473,459
Cash and cash equivalents, end of the period	$ 62,112,260	$ 56,766,463
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 1,543,010	$ 1,832,767

Cash paid for taxes, net of refunds	$ 6,998,942	$ 3,071,595

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

Greenhill & Co., Inc. and Subsidiaries

Notes to Condensed Consolidated Financial Statements (unaudited)

Note 1 Organization

Greenhill & Co., Inc., a Delaware corporation, together with its subsidiaries (collectively, the Company), is a leading independent investment bank focused on providing financial advice on significant mergers, acquisitions, restructurings, financings and capital raising to corporations, partnerships, institutions and governments. The Company acts for clients located throughout the world from offices located in New York, London, Frankfurt, Sydney, Tokyo, Toronto, Chicago, Dallas, Houston, Los Angeles, Melbourne and San Francisco.

The Company s activities as an investment banking firm constitute a single business segment, with two principal sources of revenue:

Advisory, which includes engagements relating to mergers and acquisitions, financing advisory and restructuring, and private equity and real estate capital advisory services; and

Merchant banking, which includes the Company s principal investments in certain merchant banking funds, Iridium Communications Inc. (Iridium) and other investments. Prior to 2011, merchant banking also included the management of outside capital invested in affiliated merchant banking funds.

The Company s wholly-owned subsidiaries that provide advisory services include Greenhill & Co., LLC (G&Co), Greenhill & Co. International LLP (GCI), Greenhill & Co. Europe LLP (GCEI), Greenhill & Co. Japan Ltd. (GCJ), Greenhill & Co. Canada Ltd. (GCC), and Greenhill Caliburn Pty Limited (Greenhill Caliburn).

G&Co is engaged in investment banking activities principally in the U.S. G&Co is registered as a broker-dealer with the Securities and Exchange Commission (SEC) and the Financial Industry Regulatory Authority (FINRA), and is licensed in all 50 states and the District of Columbia. G&Co is also registered as a municipal advisor with the SEC and the Municipal Securities Rulemaking Board.

GCI and GCEI are engaged in investment banking activities in the U.K. and Europe, respectively, and are subject to regulation by the U.K. Financial Services Authority (FSA). GCJ and GCC are engaged in investment banking activities in Japan and Canada, respectively. GCJ is registered with the Kanto Local Finance Bureau in Japan.

On April 1, 2010, Greenhill acquired all of the outstanding capital stock of Caliburn Partnership Pty Limited (Caliburn , which was renamed Greenhill Caliburn Pty Limited), an Australian-based independent financial advisory firm. The Company, through Greenhill Caliburn, engages in investment banking activities in Australia and New Zealand. Greenhill Caliburn is licensed and subject to regulation by the Australian Securities and Investment Commission (ASIC). See Note 3 Acquisition .

Greenhill Aviation Co., LLC (GAC), a wholly-owned subsidiary of the Company, owns and operates an aircraft, which is used for the exclusive benefit of the Company s employees and their immediate family members.

The Company separated from the merchant banking business on December 31, 2010. Prior to that time, the merchant banking activities consisted primarily of the management of and the investment in Greenhill s affiliated merchant banking funds: Greenhill Capital Partners (GCP I), Greenhill Capital Partners II (GCP II), Greenhill Capital Partners Europe (GCP Europe), and Greenhill SAV Partners (GSAVP , together with GCP I, GCP II, and GCP Europe, the Merchant Banking Funds), which are families of merchant banking funds.

The Company s U.S and international wholly-owned subsidiaries that invest in merchant banking funds include Greenhill Capital Partners, LLC (GCPLLC) and Greenhill Venture Partners, LLC (GVP). The Company also owns a majority of the interests in Greenhill Capital Partners II, LLC (GCPII LLC), which currently has no operations. Greenhill Capital Partners Europe LLP (GCPE) was a wholly-owned subsidiary of the Company, however, as a result of the separation from the merchant banking business, as of December 31, 2010, GCPE is no longer included in the condensed consolidated results.

GCPLLC is an investment adviser registered under the Investment Advisers Act of 1940 (IAA). Prior to 2011, GCPLLC provided investment advisory services to GCP I and GCP II, the U.S. based private equity funds that invest in a diversified portfolio of private equity and

equity-related investments. During 2010 GCPII LLC acted as manager for GCP I, GCP II and GSAVP.

Prior to 2011, GVP provided investment advisory services to GSAVP, a venture fund that invests in early growth stage companies in the tech-enabled and business information services industries.

The majority of the investors in GCP I, GCP II and GSAVP are unaffiliated third parties; however, the Company and its employees have also made investments in such entities. See Note 4 Investments Affiliated Merchant Banking Funds .

The Company also owns an interest in Iridium and certain other investments. See Note 4 Investments Other Investments .

Note 2 Summary of Significant Accounting Policies

Basis of Financial Information

These condensed consolidated financial statements are prepared in conformity with accounting principles generally accepted (GAAP) in the United States, which require management to make estimates and assumptions regarding future events that affect the amounts reported in our financial statements and these footnotes, including investment valuations, compensation accruals and other matters. Management believes that the estimates used in preparing its condensed consolidated financial statements are reasonable and prudent. Actual results could differ materially from those estimates. Certain reclassifications have been made to prior year information to conform to current year presentation.

The condensed consolidated financial statements of the Company include all consolidated accounts of Greenhill & Co., Inc. and all other entities in which the Company has a controlling interest after eliminations of all significant inter-company accounts and transactions. In accordance with the accounting pronouncements related to the consolidation of variable interest entities, the Company consolidates the general partners of the Merchant Banking Funds which it controls. The general partners account for their investments in the Merchant Banking Funds under the equity method of accounting. As such, the general partners record their proportionate shares of income (loss) from the underlying Merchant Banking Funds. As the Merchant Banking Funds follow investment company accounting, and generally record all their assets and liabilities at fair value, the general partners investment in the Merchant Banking Funds represents an estimation of fair value. The Company does not consolidate the Merchant Banking Funds since the Company, through its general partner and limited partner interests, does not have a majority of the economic interest in such funds and the limited partners have certain rights to remove the general partner by a simple majority vote of unaffiliated third-party investors.

These condensed consolidated financial statements are unaudited and should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended December 31, 2010 included in the Company s Annual Report on Form 10-K filed with the Securities and Exchange Commission. The condensed consolidated financial information as of December 31, 2010 has been derived from audited consolidated financial statements not included herein. The results of operations for interim periods are not necessarily indicative of results for the entire year.

Noncontrolling Interests

The Company records the noncontrolling interests of other consolidated entities as equity in the condensed consolidated statements of financial condition. Additionally, the condensed consolidated statements of income separately present income allocated to both noncontrolling interests and common stockholders.

The portion of the consolidated interests in the general partners of the Merchant Banking Funds not held by the Company is presented as noncontrolling interest in equity. See Note 4 Investments Affiliated Merchant Banking Funds .

GCP Capital Partners Holdings LLC (GCP Capital), an entity not controlled by the Company, had a preferred economic interest in the 2010 profits of GCPII LLC. During 2010 the excess of management fees revenues over amounts paid for compensation and other operating costs associated with the management of the Merchant Banking Funds accrued to the benefit of GCP Capital and was recorded as noncontrolling interest.

Revenue Recognition

Financial Advisory Fees

The Company recognizes financial advisory fee revenue for mergers and acquisitions or financing advisory and restructuring engagements when the services related to the underlying transactions are completed in accordance with the terms of the engagement letter. The Company recognizes private equity and real estate capital advisory fees at the time of the client s acceptance of capital or capital commitments in accordance with the terms of the engagement letter. Retainer fees are recognized as financial advisory fee revenue over the period in which the related service is rendered.

The Company s clients reimburse certain expenses incurred by the Company in the conduct of financial advisory engagements. Expenses are reported net of such client reimbursements. Client reimbursements totaled $1.3 million and $1.6 million for the three months ended September 30, 2011 and 2010, respectively and $4.4 million and $3.6 million for the nine months ended September 30, 2011 and 2010,

respectively.

Merchant Banking and Other Investment Revenues

Merchant banking revenues consist of (i) management fees derived from merchant banking activities (for periods prior to January 1, 2011), (ii) gains (or losses) on the Company s investments in Merchant Banking Funds, Iridium and other principal investment activities, and if any, (iii) profit overrides from the Merchant Banking Funds. See Note 4 Investments Affiliated Merchant Banking Funds .

Management fees earned from merchant banking activities are recognized over the period of related service.

The Company recognizes revenue on its investments in the Merchant Banking Funds based on its allocable share of realized and unrealized gains (or losses) reported by such funds. Investments held by the Merchant Banking Funds and certain other investments are recorded at estimated fair value. The value of Merchant Banking Fund investments in privately held companies is determined by the general partner of the fund after giving consideration to the cost of the security, the pricing of other sales of securities by the portfolio company, the price of securities of other companies comparable to the portfolio company, purchase multiples paid in other comparable third-party transactions, the original purchase price multiple, market conditions, liquidity, operating results and other qualitative and quantitative factors. Discounts may be applied to the funds privately held investments to reflect the lack of liquidity and other transfer restrictions. Investments in publicly traded securities are valued using quoted market prices discounted for any legal or contractual restrictions on sale. Because of the inherent uncertainty of valuations as well as the discounts applied, the estimated fair values 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. The values at which the Company s investments are carried on its condensed consolidated statements of financial condition are adjusted to estimated fair value at the end of each quarter and the volatility in general economic conditions, stock markets and commodity prices may result in significant changes in the estimated fair value of the investments from period to period.

If certain financial returns are achieved over the life of the fund, the Company recognizes merchant banking profit overrides at the time that certain financial returns are achieved. Profit overrides are generally calculated as a percentage of the profits over a specified threshold earned by each fund on investments managed on behalf of unaffiliated investors except the Company. When applicable, the profit overrides earned by the Company are recognized on an accrual basis throughout the year. In accordance with the relevant guidance, the Company records as revenue the amount that would be due pursuant to the fund agreements at each period end as if the fund agreements were terminated at that date. Overrides are generally calculated on a deal-by-deal basis but are subject to investment performance over the life of each merchant banking fund. The Company may be required to repay a portion of the overrides it realized in the event a minimum performance level is not achieved by the fund as a whole (we refer to these potential repayments as clawbacks). The Company would be required to establish a reserve for potential clawbacks if it were to determine that the likelihood of a clawback is probable and the amount of the clawback can be reasonably estimated. As of September 30, 2011, the Company believes it is more likely than not that the amount of profit overrides recognized as revenue in prior periods, which relates solely to its interest in GCP I, will be realized and accordingly, the Company has not reserved for any clawback obligations under applicable fund agreements. See Note 4 Investments Affiliated Merchant Banking Funds for further discussion of the merchant banking revenues recognized.

Investments

The Company s investments in the Merchant Banking Funds are recorded under the equity method of accounting based upon the Company s proportionate share of the fair value of the underlying merchant banking fund s net assets. The Company s other investments, which consider the Company s influence or control of the investee, are recorded at fair value or under the equity method of accounting based, in part, upon the Company s proportionate share of the investee s net assets.

Gains and losses on investment positions held, which arise from sales or changes in the fair value of investments are not predictable and can cause periodic fluctuations in net income and therefore subject the Company to market and credit risk.

Advisory Fees Receivables

Receivables are stated net of an allowance for doubtful accounts. The estimate for the allowance for doubtful accounts is derived by the Company by utilizing past client transaction history and an assessment of the client s creditworthiness. The Company recorded bad debt expense of $0.1 million and $0.2 million for the nine month periods ended September 30, 2011 and 2010, respectively.

Restricted Stock Units

The Company accounts for its share-based compensation payments under which the fair value of restricted stock units granted to employees with future service requirements is recorded as compensation expense and are generally amortized over a five-year service period following the date

of grant. Compensation expense is determined based upon the fair market value of the Company s common stock at the date of grant. As the Company expenses the awards, the restricted stock units recognized are recorded within equity. The

restricted stock units are reclassified into common stock and additional paid-in capital upon vesting. The Company records as treasury stock the repurchase of stock delivered to its employees in settlement of tax liabilities incurred upon the vesting of restricted stock units. The Company records dividend equivalent payments, net of estimated forfeitures, on outstanding restricted stock units as a dividend payment and a charge to equity.

Earnings per Share

The Company calculates basic earnings per share (EPS) by dividing net income allocated to common stockholders by the weighted average number of shares outstanding for the period. Diluted EPS includes the determinants of basic EPS plus the dilutive effect of the common stock deliverable pursuant to restricted stock units for which future service is required as a condition to the delivery of the underlying common stock.

Under the treasury method, the number of shares issuable upon the vesting of restricted stock units included in the calculation of diluted EPS is the excess, if any, of the number of shares expected to be issued, less the number of shares that could be purchased by the Company with the proceeds to be received upon settlement at the average market closing price during the reporting period. The denominator for basic EPS includes the number of shares deemed issuable due to the vesting of restricted stock units for accounting purposes.

See Note 8 Earnings per Share for further discussion of the calculation of EPS.

Foreign Currency Translation

Assets and liabilities denominated in foreign currencies have been translated at rates of exchange prevailing at the end of the periods presented in accordance with the accounting guidance for foreign currency translation. Income and expenses transacted in foreign currencies have been translated at average monthly exchange rates during the period. Translation gains and losses are included in the foreign currency translation adjustment which is included as a component of other comprehensive income (loss) in the condensed consolidated statements of changes in equity. Foreign currency transaction gains and losses are included in the condensed consolidated statements of income.

Goodwill

Goodwill is the cost of acquired companies in excess of the fair value of identifiable net assets at acquisition date. The Company tests its goodwill for impairment at least annually. An impairment loss is triggered if the estimated fair value of an operating unit is less than estimated net book value. Such loss is calculated as the difference between the estimated fair value of goodwill and its carrying value.

Goodwill is translated at the rate of exchange prevailing at the end of the periods presented in accordance with the accounting guidance for foreign currency translation. Any translation gain or loss is included in the foreign currency translation adjustment included as a component of other comprehensive income (loss) in the condensed consolidated statement of changes in equity.

Business Combinations

Business combinations are accounted for in accordance with the guidance for business combinations. The Company uses a fair value approach to measure the assets acquired and the liabilities assumed in a business combination. Assets acquired and liabilities assumed in a business combination are valued at fair value, regardless of the purchaser s cost of acquisition. Any associated transaction costs are expensed as incurred.

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation and amortization. Depreciation is computed using the straight-line method over the life of the assets. Amortization of leasehold improvements is computed using the straight-line method over the lesser of the life of the asset or the remaining term of the lease. Estimated useful lives of the Company s fixed assets are generally as follows:

Aircraft 7 years

Equipment 5 years

Furniture and fixtures 7 years

Leasehold improvements the lesser of 10 years or the remaining lease term

12

Provision for Taxes

The Company accounts for taxes in accordance with the accounting guidance for income taxes which requires the recognition of tax benefits or expenses on the temporary differences between the financial reporting and tax bases of its assets and liabilities.

The Company follows the guidance for income taxes in recognizing, measuring, presenting and disclosing in its financial statements uncertain tax positions taken or expected to be taken on its income tax returns. Income tax expense is based on pre-tax accounting income, including adjustments made for the recognition or derecognition related to uncertain tax positions. The recognition or derecognition of income tax expense related to uncertain tax positions is determined under the guidance.

Deferred tax assets and liabilities are recognized for the future tax attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in earnings in the period of change. Management applies the more-likely-than-not criteria when determining tax benefits.

Cash and Cash Equivalents

The Company s cash and cash equivalents consist of (i) cash held on deposit with financial institutions, (ii) cash equivalents and (iii) restricted cash.

At September 30, 2011 and December 31, 2010, the Company had $62.1 million and $78.2 million, respectively, of cash and cash equivalents. The Company considers all highly liquid investments with a maturity date of three months or less, when purchased, to be cash equivalents. Cash equivalents primarily consist of money market funds and overnight deposits. At September 30, 2011 and December 31, 2010, the carrying value of the Company s cash equivalents amounted to $5.6 million and $9.4 million, respectively, which approximated fair value, and are included in total cash and cash equivalents.

Also included in the total cash and cash equivalents balance at September 30, 2011 and December 31, 2010 was $7.2 million and $7.7 million, respectively (including $3.1 million and $3.3 million at September 30, 2011 and December 31, 2010, respectively, restricted for the payout of the Greenhill Caliburn deferred compensation plan), of restricted cash. See Note 3 Acquisition .

The Company maintains its cash and cash equivalents with financial institutions with high credit ratings. The Company maintains deposits in federally insured financial institutions in excess of federally insured (FDIC) limits. However, management believes that the Company is not exposed to significant credit risk due to the financial position of the depository institutions in which those deposits are held.

Financial Instruments and Fair Value

The Company accounts for financial instruments measured at fair value in accordance with accounting guidance for fair value measurements and disclosures which establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under the pronouncement are described below:

Basis of Fair Value Measurement

Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly; and

Level 3 Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. In determining the appropriate levels, the Company performs an analysis of the assets and liabilities that are subject to these disclosures. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs or instruments which trade infrequently and therefore have little or no price transparency are classified as Level 3. Transfers between levels are

recognized as of the end of the period in which they occur.

Table of Contents

Derivative Instruments

The Company accounts for warrants under the guidance for accounting for derivative instruments and hedging activities. In accordance with that guidance, the Company records warrants at estimated fair value in the condensed consolidated statements of financial condition with changes in estimated fair value during the period recorded in merchant banking and other investment revenues in the condensed consolidated statements of income. The Iridium $11.50 warrants, which were held by the Company prior to their conversion to shares of Iridium common stock on June 22, 2011, were not designated as hedging instruments.

Subsequent Events

The Company evaluates subsequent events through the date on which financial statements are issued.

Accounting Developments

In January 2010, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2010-06, Improving Disclosures about Fair Value Measurements . ASU No. 2010-06 provides amended disclosure requirements related to fair value measurements and specifically requires entities to disclose: i) the amounts of significant transfers between Level 1 and Level 2 of the fair value hierarchy and the reasons for the transfers; ii) the reasons for any transfers in or out of Level 3; and iii) information in the reconciliation of recurring Level 3 measurements about purchases, sales issuances and settlements on a gross basis. Since these amended principles require only additional disclosures concerning fair value measurements, adoption did not affect the Company s condensed consolidated financial statements.

Note 3 Acquisition

On April 1, 2010, the Company acquired 100% ownership of Caliburn from its founding partners (the Acquisition). The Acquisition has been accounted for using the purchase method of accounting and the results of operations for Greenhill Caliburn have been included in the condensed consolidated statements of income from the date of acquisition.

The total purchase price was allocated to the assets acquired and liabilities assumed based on their estimated fair values as of April 1, 2010. The excess of the purchase price over the fair value of net assets acquired was recorded as goodwill. The fair value of the identifiable intangible assets acquired, which consisted of the trade name, the backlog of investment banking client assignments that existed at the time of the closing, and customer relationships, is amortized on a straight-line basis over the estimated remaining useful life of each asset over periods ranging between 2 to 3 years. For the three months ended September 30, 2011 and 2010, the Company recorded $0.9 million and $0.8 million of amortization expense, respectively, in respect of these assets. For the nine months ended September 30, 2011 and 2010, the Company recorded $2.6 million and $1.5 million of amortization expense, respectively, in respect of these assets.

In connection with the Acquisition, the Company assumed amounts due under Caliburn s deferred compensation plan and acquired a corresponding amount of investments. Under this plan a portion of certain employees compensation was deferred and invested in cash or, at the election of each respective employee, in certain mutual fund investments. The cash and mutual fund investments will be distributed to those employees of Greenhill Caliburn, who were employed on the date of acquisition, over a 7 year period ending in 2016. The invested assets relating to this plan have been recorded on the condensed consolidated statements of financial condition as components of both cash and cash equivalents and other investments. A deferred compensation liability relating to the plan of $5.4 million as of September 30, 2011 has been recorded on the condensed consolidated statements of financial condition as a component of compensation payable. Subsequent to the Acquisition the Company has discontinued future participation in the plan. See Note 2 Summary of Significant Accounting Policies Cash and Cash Equivalents and Note 4 Investments Other Investments .

Set forth below are the Company s summary unaudited consolidated results of operations for the nine months ended September 30, 2011 and the Company s summary unaudited pro forma results of operations for the nine months ended September 30, 2010. The unaudited pro forma results of operations for the nine months ended September 30, 2010 include the historical results of the Company and give effect to the Acquisition as if it had occurred on January 1, 2010. These pro forma results include the actual Caliburn results from January 1, 2010 through March 31, 2010.

The unaudited pro forma results of operations do not purport to represent what the Company s results of operations would actually have been had the Acquisition occurred as of January 1, 2010, or to project the Company s results of operations for any future period. Actual future results may vary considerably based on a variety of factors beyond the Company s control.

14

Table of Contents

	For the Nine Months Ended September 30,	
	2011	2010
	(in millions, unaudited)	
	(actual)	(pro forma)
Revenues	$ 199.5	$ 220.8
Income before taxes	43.6	57.4
Net income allocated to common stockholders	28.5	32.6
Diluted earnings per share	$ 0.92	$ 1.06

The pro forma results include: (i) an adjustment to Caliburn s compensation expense to Greenhill s historical ratio of compensation expense to revenue for the period presented, (ii) the elimination of professional fees of $1.4 million incurred by Caliburn in connection with the Acquisition in the three months ended March 31, 2010, and (iii) the recording of income tax expense resulting from the pro forma adjustments before tax at the Australian effective tax rate of 30%. The calculation of pro forma diluted earnings per share does not include the contingent convertible preferred shares issued to the founding partners of Caliburn in connection with the Acquisition. These shares may be converted in aggregate to 1,099,877 common shares in the event that Greenhill Caliburn achieves certain three and five year revenue targets.

Note 4 Investments

Affiliated Merchant Banking Funds

In December 2009, the Company sold certain assets related to the merchant banking business, including the right to raise subsequent merchant banking funds and a 24% ownership interest in GCPII LLC, to GCP Capital, an entity not controlled by the Company. The Company retained a 76% interest in GCPII LLC. Under the terms of the separation agreement, the general partners of the Merchant Banking Funds delegated to GCPII LLC their obligation to manage and administer the affiliated funds during a transition period, which ended on December 31, 2010. Effective January 1, 2011, the Company no longer manages the Merchant Banking Funds.

As consideration for the sale of the merchant banking business, in December 2009 the Company received 289,050 shares of its common stock with a value of $24.4 million. The Company recognized a gain of $21.8 million in 2009 and deferred $2.6 million of gains on the sale related to non-compete and trademark licensing agreements, which will be amortized over a 5 year period ending in 2014. For the three month periods ended September 30, 2011 and September 30, 2010, deferred gains of $0.2 million and $0.3 million, respectively, were recognized. For the nine month periods ended September 30, 2011 and September 30, 2010, deferred gains of $0.6 million and $0.8 million, respectively, were recognized.

During 2010, the Company recorded the revenues and expenses related to the management of the Merchant Banking Funds in its consolidated results. However, during that period GCP Capital had a preferred economic interest in the first $10.0 million of profits of GCPII LLC and accordingly, the excess of management fee revenue over amounts incurred for compensation and other operating expenses during 2010 that accrued to the benefit of GCP Capital was presented as noncontrolling interest expense, which reduced net income allocated to common stockholders.

Prior to 2011, the Company s management fee income consisted of fees paid by the Merchant Banking Funds and other transaction fees paid by the portfolio companies. Effective January 1, 2011, the Company no longer receives any management fees and it delegated the management of the Merchant Banking Funds to GCP Capital.

In June 2011, the Company sold substantially all of its capital interests in GCP II and its affiliated funds to certain unaffiliated third parties and certain principals of GCP Capital for an aggregate purchase price of $44.8 million, which represented the Company s carrying value of such capital interest as of March 31, 2011. The transaction agreement provided that the purchasers have the right, exercisable only in December 2012, to cause the Company to repurchase each of the capital account interests attributable to two specified portfolio companies of GCP II at a specified aggregate price of $14.3 million, subject to adjustments for distributions or capital calls (the Put Options). The transfer of the GCP II capital interests, which were not associated with the Put Options, was accounted for as a sale in accordance with accounting guidance for financial asset transfers. The GCP II capital account interests associated with the Put Options did not meet the requirements of sale accounting and therefore have been accounted for as secured borrowings in accordance with accounting guidance for financial asset transfers. In accordance with that guidance, the Company continues to record these capital interests subject to the Put Options as a component of investments in merchant banking funds on the condensed consolidated statements of financial condition and will recognize its proportional share of earnings or loss related to the capital interests subject to the Put Options on the condensed consolidated statements of income. The Company also recorded a

15

Table of Contents

corresponding liability for the consideration received, which has been included as a financing liability on the condensed consolidated statements of financial condition. For the three months ending September 30, 2011 the Company did not record earnings or loss related to the capital interests subject to the Put Options. For the nine months ended September 30, 2011 the Company recorded a loss related to the capital interests subject to the Put Options of $1.4 million, which has been included as a component of merchant banking and other revenues on the condensed consolidated statements of income.

In June 2011, the Company also sold substantially all of its capital interests in GSAVP and its affiliated funds to an unaffiliated third party for a purchase price of $3.7 million, which represented the Company s carrying value of such capital interests as of March 31, 2011. On September 30, 2011, the Company sold its remaining capital interests in GSAVP and its affiliated funds to the same unaffiliated third party for a purchase price of $0.6 million, which also represented the Company s carrying value of such capital interests. The transfer of all the capital interests related to GSAVP has been accounted for as a sale in accordance with accounting guidance for financial asset transfers, with no associated gain or loss recorded during the three and nine months ending September 30, 2011.

Prior to 2011 the Company was the general partner of the Merchant Banking Funds. In addition to recording its direct investments in the affiliated funds, the Company consolidated each general partner in which it has a majority economic interest. In conjunction with the sale of the merchant banking business effective in 2011 the Company transferred ownership of the general partner of GCP Europe to GCP Capital. Further, in conjunction with the sale of its capital interests in GSAVP and its affiliated funds ownership of the general partner of GSAVP was transferred to an unaffiliated third party. As of September 30, 2011 the Company continues to retain control only of the general partner of GCP I and GCP II and consolidates the results of each such general partner.

Investment gains or losses from merchant banking and other investment activities are comprised of investment income, realized and unrealized gains or losses from the Company s investment in the Merchant Banking Funds, Iridium and certain other investments, and the consolidated earnings of the general partner in which it has control, offset by allocated expenses of the funds. That portion of the earnings or losses of the general partner which is held by employees and former employees of the Company is recorded as net income allocated to noncontrolling interests.

The Company controls investment decisions for those merchant banking funds where it acts as general partner and is entitled to receive from those funds a portion of the override of the profits realized from investments. The Company recognizes profit overrides related to the Merchant Banking Funds at the time certain performance hurdles are achieved.

The Company s merchant banking and other investment revenues, by source, are as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2011	2010	2011	2010
	(in thousands, unaudited)			
Management fees	$	$ 2,618	$	$ 10,682
Net realized and unrealized gains on investments in merchant banking funds	74	1,155	901	1,676
Net realized and unrealized merchant banking profit overrides		(6)	(49)	84
Net unrealized gain (loss) on investment in Iridium	(23,573)	(17,223)	(20,130)	7,679
Other realized and unrealized investment income (loss)	52	115	88	(275)
Recognition of deferred gain on sale of merchant banking assets	203	275	608	825
Total merchant banking and other investment revenues	$ (23,244)	$ (13,066)	$ (18,582)	$ 20,671

The carrying value of the Company s investments in the Merchant Banking Funds are as follows:

	As of September 30, 2011	As of December 31, 2010

	(in thousands, unaudited)	(in thousands, audited)
Investment in GCPE	$ 19,907	$ 18,271
Investment in GCP II	1,852	46,533
Investment in GCP II subject to Put Options	12,900	
Investment in GSAVP	76	4,726
Investment in other merchant banking funds	3,454	4,002
Total investments in the Merchant Banking Funds	$ 38,189	$ 73,532

16

Table of Contents

The Company s investment in other merchant banking funds are principally comprised of the remaining investments in GCP and GCP III.

The investment in GCP I included $0.3 million at both September 30, 2011 and December 31, 2010 related to the noncontrolling interests in the managing general partner of GCP I held directly by the limited partners of its general partner. The investment in GCP II included $1.1 million at both September 30, 2011 and December 31, 2010 related to the noncontrolling interests in the general partner of GCP II.

Approximately $0.3 million of the Company s compensation payable related to profit overrides for unrealized gains of the Merchant Banking Funds at both September 30, 2011 and December 31, 2010. This amount may increase or decrease depending on the change in the fair value of the Merchant Banking Funds portfolio, and is payable, subject to clawback, at the time cash proceeds are realized.

At September 30, 2011, the Company had unfunded commitments of $22.9 million, which included unfunded commitments to GCP Europe of $19.0 million (or £12.2 million) and GCP III of $3.9 million, which may be drawn through December 2012 and November 2015, respectively. For each of the funds, up to 15% of the commitment amount may be drawn for follow-on investments over the two year period after the expiration of the commitment period.

Other Investments

The Company has other investments including investments in Iridium, Barrow Street Capital III, LLC (Barrow Street III) and certain deferred compensation plan investments related to the Caliburn Acquisition. The Company s other investments are as follows:

	As of September 30, 2011 (in thousands, unaudited)	As of December 31, 2010 (in thousands, audited)
Iridium Common Stock	$ 60,785	$ 73,623
Iridium $11.50 Warrants		7,280
Barrow Street III	2,336	2,383
Deferred compensation plan investments	1,680	4,087
Total other investments	$ 64,801	$ 87,373

Iridium

At December 31, 2010, the Company owned 8,924,016 shares of Iridium Common Stock and warrants to purchase 4,000,000 additional shares of Iridium Common Stock at $11.50 per share (Iridium $11.50 Warrants). At December 31, 2010, the Company s fully diluted share ownership in Iridium was approximately 12%.

At September 30, 2011, the Company owned 9,804,016 shares of Iridium Common Stock and had a fully diluted share ownership in Iridium of approximately 13%. In June 2011, the Company participated in Iridium s tender offer to exchange its Iridium $11.50 Warrants, which permitted any holder of such warrants to receive one common share of Iridium Common Stock for every 4.55 warrants validly tendered. The Company tendered 4,000,000 Iridium $11.50 Warrants in exchange for 880,000 shares of Iridium Common Stock.

At September 30, 2011 and December 31, 2010, the carrying value of the investments in Iridium Common Stock was valued at its closing quoted market price. During the period that the Iridium $11.50 Warrants were outstanding an active trading market did not exist. Accordingly, for each period the Iridium $11.50 Warrants were outstanding the Company used an internally developed model to value such warrants, which took into account various standard option valuation methodologies, including Black Scholes modeling. Selected inputs for the Company s model include: (i) the terms of the warrants, including exercise price, exercisability threshold and expiration date; and (ii) externally observable factors including the trading price of Iridium shares, yields on U.S. Treasury obligation and various equity volatility measures, including historical volatility of broad market indices.

Barrow Street Capital III

The Company committed $5.0 million to Barrow Street III, a real estate investment fund, of which $0.1 million remains unfunded at September 30, 2011. The unfunded amount may be called at any time prior to the expiration of the fund in 2013 to preserve or enhance the value of existing investments.

17

Table of Contents

Other Investments

In connection with the Acquisition, the Company acquired certain mutual fund investments related to Caliburn s deferred compensation plan. See Note 3 Acquisition .

Fair Value Hierarchy

The following tables set forth, by level, the assets and liabilities measured at fair value on a recurring basis. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

Assets Measured at Fair Value on a Recurring Basis as of September 30, 2011

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of September 30, 2011
		(in thousands, unaudited)		
Assets				
Iridium Common Stock	$ 60,785	$	$	$ 60,785
Deferred compensation plan investments		1,680		1,680
Total investments	$ 60,785	$ 1,680	$	$ 62,465

Assets Measured at Fair Value on a Recurring Basis as of December 31, 2010

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of December 31, 2010
		(in thousands, unaudited)		
Assets				
Iridium Common Stock	$ 73,623	$	$	$ 73,623
Iridium $11.50 Warrants			7,280	7,280
Deferred compensation plan investments		4,087		4,087
Total investments	$ 73,623	$ 4,087	$ 7,280	$ 84,990

Level 3 Gains and Losses

The Company did not hold any Level 3 investments during the three months ended September 30, 2011.

The following table sets forth a summary of the changes in the fair value of the Company s Level 3 investments for the nine months ended September 30, 2011.

	Beginning Balance January 1, 2011	Realized Gains or (Losses)	Unrealized Gains or (Losses)	Purchases, Sales, Other Settlements and Issuances, net	Net Transfers in and/or out of Level 3	Ending Balance September 30, 2011
			(in thousands, unaudited)			
Assets						
Iridium $11.50 Warrants	$ 7,280	$	$ 680	$	$ (7,960)	$
Total Level 3 investments	$ 7,280	$	$ 680	$	$ (7,960)	$

Effective June 2011, the Company exchanged the Iridium $11.50 Warrants for shares of Iridium Common Stock. The Iridium $11.50 Warrants were historically valued using an internally developed model and classified as a Level 3 investment. Upon exchange, the shares are valued using quoted market prices and classified as a Level 1 investment.

Table of Contents

The following table sets forth a summary of changes in the fair value of the Company s Level 3 investments for the three months ended September 30, 2010.

	Beginning Balance July 1, 2010	Realized Gains or (Losses)	Unrealized Gains or (Losses)	Purchases, Sales, Other Settlements and Issuances, net	Net Transfers in and/or out of Level 3	Ending Balance September 30, 2010
			(in thousands, unaudited)			
Assets						
Iridium $11.50 Warrants	$ 10,280	$	$ (2,840)	$	$	$ 7,440
Total Level 3 investments	$ 10,280	$	$ (2,840)	$	$	$ 7,440

The following table sets forth a summary of the changes in the fair value of the Company s Level 3 investments for the nine months ended September 30, 2010.

	Beginning Balance January 1, 2010	Realized Gains or (Losses)	Unrealized Gains or (Losses)	Purchases, Sales, Other Settlements and Issuances, net	Net Transfers in and/or out of Level 3	Ending Balance September 30, 2010
			(in thousands, unaudited)			
Assets						
Iridium $11.50 Warrants	$ 8,015	$	$ (575)	$	$	$ 7,440
Total Level 3 investments	$ 8,015	$	$ (575)	$	$	$ 7,440

Note 5 Related Parties

At September 30, 2011 and December 31, 2010, the Company had payables of $3,129 and $144,365, respectively, due to the Merchant Banking Funds, which relate to general operating expenses, and are included in due to affiliates on the condensed consolidated statements of financial condition.

In conjunction with the sale of certain assets of the merchant banking business, the Company agreed to sublease office space to GCP Capital for a period of three to five years beginning in January 2011. The Company also subleases airplane and office space to a firm owned by the Chairman of the Company. The Company recognized rent reimbursements of $0.4 million and $17,430 for the three months ended September 30, 2011 and 2010, respectively, and $1.1 million and $52,290 for the nine months ended September 30, 2011 and 2010, respectively, as a reduction of occupancy and equipment rental on the condensed consolidated statements of income.

Note 6 Revolving Bank Loan Facility

At September 30, 2011, the Company had a $50.0 million revolving loan facility from a U.S. banking institution to provide for working capital needs and for other general corporate purposes. The revolving loan facility is secured by any cash distributed in respect of the remainder of our interests in the U.S. based merchant banking funds and cash distributions from G&Co, and is subject to a borrowing base limitation. The facility has a maturity date of April 30, 2012. Interest on borrowings is based on the higher of the Prime Rate or 4.0% and is payable monthly. In addition, the revolving loan facility has a prohibition on the incurrence of additional indebtedness without the prior approval of the lenders and

the Company is required to comply with certain financial and liquidity covenants. The weighted average daily borrowings outstanding under the loan facility were approximately $51.2 million and $57.2 million for the nine months ended September 30, 2011 and 2010, respectively. The weighted average interest rate was 4.0% for both periods ended September 30, 2011 and 2010. At September 30, 2011, the Company was compliant with all loan covenants.

Note 7 Equity

On September 21, 2011, a dividend of $0.45 per share was paid to stockholders of record on September 7, 2011. During both the nine months ended September 30, 2011 and 2010, dividend equivalents of $3.8 million, were paid on the restricted stock units that are expected to vest.

During the nine months ended September 30, 2011, 641,635 restricted stock units vested and were issued as common stock of which the Company is deemed to have repurchased 279,290 shares at an average price of $67.67 per share in conjunction with the payment of tax liabilities in respect of stock delivered to its employees in settlement of restricted stock units. In addition, during the nine months ended September 30, 2011, the Company repurchased in open market transactions 809,817 shares of its common stock at an average price of $45.34.

During the nine months ended September 30, 2010, 724,869 restricted stock units vested and were issued as common stock of which the Company is deemed to have repurchased 312,870 shares at an average price of $78.21 per share in conjunction with the

Table of Contents

payment of tax liabilities in respect of stock delivered to its employees in settlement of restricted stock units. In addition, during the nine months ended September 30, 2010, the Company repurchased in open market transactions 181,550 shares of its common stock at an average price of $68.21.

Note 8 Earnings per Share

The computations of basic and diluted earnings per share are set forth below:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2011	2010	2011	2010
	(in thousands, except per share amounts, unaudited)			
Numerator for basic and diluted EPS net income allocated to common stockholders	$ 8,564	$ 14,470	$ 28,466	$ 32,532
Denominator for basic EPS weighted average number of shares	30,693	30,755	31,064	30,546
Add dilutive effect of:				
Weighted average number of incremental shares issuable from restricted stock units		46	1	64
Denominator for diluted EPS weighted average number of shares and dilutive potential shares	30,693	30,801	31,065	30,610
Earnings per share:				
Basic	$ 0.28	$ 0.47	$ 0.92	$ 1.07
Diluted	$ 0.28	$ 0.47	$ 0.92	$ 1.06

The weighted number of shares and dilutive potential shares do not include the contingent convertible preferred shares issued to the founding partners of Caliburn in connection with the Acquisition. Such shares will potentially convert to shares of the Company s common stock in tranches of 659,926 and 439,951 shares on the third and fifth anniversary of the closing of the Acquisition, respectively, if certain revenue targets are achieved. At the time a revenue target is achieved such shares will be included in the Company s share count. If the revenue targets for a tranche are not achieved, the contingent convertible preferred shares in that tranche will be cancelled.

Note 9 Income Taxes

The Company s effective tax rate will vary depending on the source of the income. Investment and certain foreign sourced income are taxed at a lower effective rate than U.S. trade or business income.

Based on the Company s historical taxable income and its expectation for taxable income in the future, management expects that the deferred tax asset, which relates principally to compensation expense deducted for book purposes but not yet deducted for tax purposes, will be realized as offsets to: (i) the realization of its deferred tax liabilities and (ii) future taxable income. Included in other receivables in the condensed consolidated statements of financial condition are income tax receivables of $1.9 million as of December 31, 2010.

Any gain or loss resulting from the translation of deferred taxes for foreign affiliates is included in the foreign currency translation adjustment incorporated as a component of other comprehensive income, net of tax, in the condensed consolidated statements of changes in equity.

The Company s income tax returns are routinely examined by the U.S. federal, U.S. state, and international tax authorities. The Company regularly assesses its tax positions with respect to applicable income tax issues for open tax years in each respective jurisdiction in which the Company operates. As of September 30, 2011, the Company does not believe the resolution of any current ongoing income tax examinations will have a material adverse impact on the financial position of the Company.

Note 10 Regulatory Requirements

Certain subsidiaries of the Company are subject to various regulatory requirements in the United States, the United Kingdom and Australia, which specify, among other requirements, minimum net capital requirements for registered broker-dealers.

G&Co is subject to the SEC s Uniform Net Capital requirements under Rule 15c3-1 (the Rule), which specifies, among other requirements, minimum net capital requirements for registered broker-dealers. The Rule requires G&Co to maintain minimum net capital of the greater of $5,000 or 1/15 of aggregate indebtedness, as defined in the Rule. As of September 30, 2011, G&Co s net

Table of Contents

capital was $4.1 million, which exceeded its requirement by $3.6 million. G&Co s aggregate indebtedness to net capital ratio was 1.78 to 1 at September 30, 2011. Certain distributions and other capital withdrawals of G&Co are subject to certain notifications and restrictive provisions of the Rule.

GCI and GCEI are subject to capital requirements of the FSA. Greenhill Caliburn is subject to capital requirements of the ASIC. As of September 30, 2011, GCI, GCEI and Greenhill Caliburn were in compliance with local capital adequacy requirements.

Note 11 Business Information

The Company s activities as an investment banking firm constitute a single business segment, with two principal sources of revenue:

Advisory, which includes engagements relating to mergers and acquisitions, financing advisory and restructuring, and private equity and real estate capital advisory services; and

Merchant banking, which includes the Company s principal investments in the Merchant Banking Funds, Iridium and other investments. Prior to 2011, merchant banking also included the management of outside capital invested in affiliated merchant banking funds.

The following provides a breakdown of our revenues by source for the three and nine month periods ended September 30, 2011 and 2010, respectively:

	For the Three Months Ended			
	September 30, 2011		September 30, 2010	
	Amount	% of Total	Amount	% of Total
	(in millions, unaudited)			
Advisory fees	$ 83.2	138%	$ 97.0	115%
Merchant banking and other investment revenues	(22.8)	(38)%	(12.9)	(15)%
Total revenues	$ 60.4	100%	$ 84.1	100%

	For the Nine Months Ended			
	September 30, 2011		September 30, 2010	
	Amount	% of Total	Amount	% of Total
	(in millions, unaudited)			
Advisory fees	$ 217.3	109%	$ 195.5	90%
Merchant banking and other investment revenues	(17.8)	(9)%	20.9	10%
Total revenues	$ 199.5	100%	$ 216.4	100%

As described in Note 4 Investments Affiliated Merchant Banking Funds , the Company completed the sale of certain assets related to our merchant banking business in December 2009. Effective December 31, 2010, the Company no longer manages the Merchant Banking Funds; following the transactions described above, the Company will continue to act as the general partner of certain of these funds. In reporting to management, the Company distinguishes the sources of its investment banking revenues between advisory and merchant banking and other investment revenues. However, management does not evaluate other financial data or operating results such as operating expenses, profit and loss or assets by its financial advisory and merchant banking activities. See Note 4 Investments Affiliated Merchant Banking Funds .

Note 12 Subsequent Events

On October 4, 2011, the Company announced that it had entered into a 10b5-1 sales plan to sell its entire interest in Iridium over a period of approximately two years.

On October 19, 2011, the Board of Directors of the Company declared a quarterly dividend of $0.45 per share. The dividend will be payable on December 21, 2011 to the common stockholders of record on December 7, 2011.

Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations

In this Management s Discussion and Analysis of Financial Condition and Results of Operations, we , our , firm and us refer to Greenhill & Co Inc.

This Management s Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with our Annual Report on Form 10-K for the fiscal year ended December 31, 2010 and subsequent Forms 8-K.

Cautionary Statement Concerning Forward-Looking Statements

The following discussion should be read in conjunction with our condensed consolidated financial statements and the related notes that appear elsewhere in this report. We have made statements in this discussion 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 , intend , pr 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 in our 2010 Annual Report on Form 10-K.

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 filing to conform our prior statements to actual results or revised expectations.

Overview

Greenhill is a leading independent investment bank focused on providing financial advice related to significant mergers, acquisitions, restructurings, financings and capital raising to corporations, partnerships, institutions and governments. We act for clients located throughout the world from our offices in New York, London, Frankfurt, Sydney, Tokyo, Toronto, Chicago, Dallas, Houston, Los Angeles, Melbourne and San Francisco.

Our revenues are principally derived from providing advisory services on mergers and acquisitions, or M&A, financings and restructurings, and are primarily driven by total deal volume and size of individual transactions. Additionally, our private capital and real estate capital advisory groups provide fund placement and other capital raising advisory services, where revenues are driven primarily by the amount of capital raised.

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 steadily, recruiting a number of managing directors from major investment banks (as well as senior professionals from other institutions), with a range of geographic, industry and transaction specialties as well as different sets of corporate management and other relationships. As part of this expansion, we opened a London office in 1998, opened a Frankfurt office in 2000 and began offering financial restructuring advice in 2001. On May 11, 2004, we converted from a limited liability company to a corporation, and completed an initial public offering of our common stock. We opened our Dallas office in 2005 and our Toronto office in 2006. In 2008, we opened offices in Chicago, San Francisco and Tokyo, and we entered the private capital advisory business, which provides capital raising and related services to private equity and real estate funds. We opened our Houston and Los Angeles offices in 2009. On April 1, 2010, we acquired the Australian advisory firm Caliburn. Caliburn s operating results are included in our financial results effective as of the date of acquisition.

Prior to 2011, we also managed merchant banking funds and similar vehicles. We raised our first private equity fund in 2000, our first venture capital fund in 2006 and our first European merchant banking fund in 2007. We completed the initial public offering of our special purpose acquisition company, GHL Acquisition Corp., in 2008, and that entity merged with Iridium Communications, Inc. (Iridium) in 2009. Effective December 31, 2010, we exited the merchant banking business in order to focus entirely on our advisory business. In 2011 we also began the liquidation of a substantial portion of our principal investments in our merchant banking funds and Iridium. In June 2011, we sold substantially all of our interest in two merchant banking funds (Greenhill Capital Partners II (GCP II) and Greenhill SAV Partners (GSAVP)) that we sponsored prior to our exit from that business in 2010. In September 2011, we sold our remaining interest in GSAVP. As of September 30, 2011 our investments principally consisted of our investments in Iridium and our European merchant banking fund.

22

Table of Contents

In September 2011, we adopted a Rule 10b5-1 trading plan to sell our entire interest in Iridium over a period of approximately two years. The first sale under such plan occurred in October 2011, and subsequent sales will continue systematically under the plan until all of our interests in Iridium have been sold.

Business Environment

Economic and global financial market conditions can materially affect our financial performance. See Risk Factors in our 2010 Annual Report on Form 10-K filed with the Securities and Exchange Commission. 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.

Our advisory revenues decreased by 14% to $83.2 million in the third quarter of 2011 compared to $97.0 million in the third quarter of 2010. For the nine months ended September 30, 2011 advisory revenues were $217.3 million compared to $195.5 million for the comparable period in 2010, representing an increase of 11%. During the nine months ended September 30, 2011 as compared to the same period in the prior year, worldwide completed M&A volume increased by 30%, from $1,360.7 billion to $1,763.5 billion. [1]

While M&A transaction activity has increased in 2011 as compared to 2010, the level of activity is still far below historic levels. We are observing an increase in North American activity, continued strength in Australia and the beginnings of a rebound from an extended difficult transaction period in Europe.

We generally experience significant variations in revenues and profits 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 or restructuring or closing of a fund, the timing of which is uncertain and is not subject to our control. Moreover, the value of our principal investments may vary significantly from period to period and depends on a number of factors beyond our control, including most notably credit and public equity markets and general economic conditions. As a result, our quarterly results vary and our results in one period may not be indicative of our results in any future period.

1 Global M&A completed transaction volume for the nine months ended September 30, 2011 as compared to the nine months ended September 30, 2010. Source: Thomson Financial as of October 4, 2011.

Results of Operations

Summary

Our revenues of $60.4 million for the third quarter of 2011 compare with revenues of $84.1 million for the third quarter of 2010, which represents a decrease of $23.7 million, or 28%. Advisory revenues for the third quarter of 2011 were $83.2 million compared to $97.0 million for the same period in 2010, representing a decrease of $13.8 million, or 14%. The decline in total revenues for the third quarter was significantly impacted by a mark to market loss of $23.6 million from our investment in Iridium. On a year-to-date basis, revenues were $199.5 million compared to $216.4 million for the comparable period in 2010, representing a decrease of $16.9 million, or 8%. Advisory revenues for the nine months ended September 30, 2011 were $217.3 million compared to $195.5 million, up 11% over the same year-to-date period in 2010. Total year-to-date 2011 revenues declined due to the recognition of a mark to market loss in the value of Iridium as compared to the recognition of a mark to market gain in Iridium in the same period in 2010.

Our third quarter 2011 net income allocable to common stockholders of $8.6 million and diluted earnings per share of $0.28 compare to net income allocable to common stockholders of $14.5 million and diluted earnings per share of $0.47 in the third quarter of 2010. For the nine months ended September 30, 2011 we earned net income available to common stockholders of $28.5 million and diluted earnings per share of $0.92 as compared to net income available to common stockholders of $32.5 million and diluted earnings per share of $1.06, respectively for the same period in 2010.

Our quarterly revenues and net income can fluctuate materially depending on: the number and size of completed transactions on which we advised, the number and size of investment gains (or losses), and other factors. Accordingly, the revenues and net income in any particular period may not be indicative of future results.

Table of Contents

Revenues By Source

The following provides a breakdown of total revenues by source for the three month and nine month periods ended September 30, 2011 and 2010, respectively:

Revenue by Principal Source of Revenue

	For the Three Months Ended			
	September 30, 2011		September 30, 2010	
	Amount	% of Total	Amount	% of Total
	(in millions, unaudited)			
Advisory fees	$ 83.2	138%	$ 97.0	115%
Merchant banking and other investment revenues	(22.8)	(38)%	(12.9)	(15)%
Total revenues	$ 60.4	100%	$ 84.1	100%

	For the Nine Months Ended			
	September 30, 2011		September 30, 2010	
	Amount	% of Total	Amount	% of Total
	(in millions, unaudited)			
Advisory fees	$ 217.3	109%	$ 195.5	90%
Merchant banking and other investment revenues	(17.8)	(9)%	20.9	10%
Total revenues	$ 199.5	100%	$ 216.4	100%

Advisory Revenues

Advisory revenues primarily consist of advisory and transaction related fees earned in connection with advising clients in mergers, acquisitions, financings, restructurings, capital raisings or similar transactions. We earned $83.2 million in advisory revenue in the third quarter of 2011 compared to $97.0 million in the third quarter of 2010, which represents a decrease of 14%. While the level of our advisory revenues for the third quarter of 2011 was strong, those results are compared with the third quarter of 2010, when we generated our largest quarterly advisory revenues since 2007. For the three months ended September 30, 2011 we had a slight decrease in the number of transactions closings, which were on average slightly smaller in scale than in the same period in 2010. However, in the third quarter of 2011 we experienced an increase in the volume of both strategic advisory assignments with related retainer fees and private capital advisory assignments as compared to the third quarter of 2010.

For the nine months ended September 30, 2011, advisory revenues were $217.3 million compared to $195.5 million for the comparable period in 2010, representing an increase of 11%. This increase principally resulted from a greater volume of both merger and acquisition and private capital advisory assignments. During the nine months ended September 30, 2011 we earned $1 million or more from 51 clients compared to 42 clients in the same period in 2010, representing an increase of 21%.

Advisory assignments completed in the third quarter of 2011 included:

- the acquisition by A.O. Smith Corporation of Lochinvar Corporation;

the sale of A.O. Smith Corporation s Electrical Products Company to Regal Beloit Corporation;

the acquisition by AXA Private Equity of limited partnership interests in private equity buyout funds and a portfolio of direct stakes in companies from Citigroup;

the representation of Centrebet International Limited on a recommended offer from Sportingbet plc;

the sale of The Forzani Group Ltd. to Canadian Tire Corporation, Limited;

the representation of KemFine Group Oy and 3i in conjunction with the disposal of KemFine Group Oy to CABB AG;

the acquisition by Key Energy Services, Inc. of Edge Oilfield Services;

24

Table of Contents

the representation of Minerva plc on a recommended offer from a consortium consisting of AREA Property Partners and Delancey Real Estate Asset Management; and

the acquisition by VF Corporation of The Timberland Company.

During the quarter, our private capital advisory group served as financial advisor and global placement agent on behalf of private equity and real estate funds in connection with seven interim closings and one final closing of the sale of their limited partnership interests in such funds.

Merchant Banking and Other Investment Revenues

Effective December 31, 2010, we exited the merchant banking business in order to focus entirely on our advisory business. Prior to that time, our merchant banking activities consisted primarily of management of and investment in Greenhill s former merchant banking funds. During a transition period in 2010 we managed and administered the merchant banking funds and recorded the revenue and expenses related to our management of the merchant banking funds in our consolidated results. Under the arrangement with GCP Capital Partners Holdings LLC (GCP Capital), an entity which is independent from the firm, during 2010 the excess of the management fee revenue over the amount paid for compensation and other operating costs associated with the management of the funds accrued to the benefit of GCP Capital and was recorded as noncontrolling interest. On January 1, 2011, GCP Capital took over the management of the merchant banking funds. As a result of our separation from the merchant banking business, beginning in 2011 we no longer generate management fee revenue or incur expenses from the management of the merchant banking funds. In June 2011, we sold substantially all of our interests in GCP II and GSAVP for an aggregate price of $48.5 million, which represented the book value (which approximated fair value) of these assets as of March 31, 2011. In September 2011, we sold the remainder of our interest in GSAVP at book value for $0.6 million. Because we sold our interests in GCP II and GSAVP at book value we did not recognize any gain or loss on the sale. We continue to hold our investments in Greenhill Capital Partners Europe (GCP Europe) and certain other merchant banking funds. We also hold approximately 9.8 million common shares of Iridium, or approximately 13% of the fully diluted shares outstanding, and on October 3, 2011 we initiated sales under a Rule 10b5-1 trading plan to sell our entire interest in Iridium over a period of approximately two years. We will continue to record realized and unrealized changes in the fair value of our investments on a quarterly basis until such investments are liquidated over time. See Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources .

The following table sets forth additional information relating to our merchant banking and other principal investment revenues:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2011	2010	2011	2010
	(in millions, unaudited)			
Management fees	$	$ 2.6	$	$ 10.7
Net realized and unrealized gains (losses) on investments in merchant banking funds	0.1	1.2	0.1	1.7
Net realized and unrealized merchant banking profit overrides				0.1
Net unrealized gain (loss) on investment in Iridium	(23.6)	(17.2)	(20.1)	7.7
Other realized and unrealized investment income (loss)	0.1	0.1	0.1	(0.3)
Recognition of deferred gain on sale of merchant banking assets	0.2	0.3	0.6	0.8
Interest income	0.4	0.1	0.8	0.2
Total merchant banking and other investment revenues	$ (22.8)	$ (12.9)	$ (17.8)	$ 20.9

For the third quarter of 2011, we recorded a loss of $22.8 million in total merchant banking and other investment revenues compared to a loss of $12.9 million in the third quarter of 2010. The losses in each of the three month periods ended September 30, 2011 and 2010 resulted predominantly from mark to market declines in the value of Iridium. Additionally, as a result of our separation from the management of the merchant banking funds at year-end 2010, we did not earn management fees in 2011. In the third quarter of 2010 we earned management fees of $2.6 million.

For the nine months ended September 30, 2011, we recorded a loss of $17.8 million in merchant banking and other investment revenues compared to a gain of $20.9 million for the nine months ended September 30, 2010. The year-to-year decrease in our merchant banking and other investment revenues of $38.7 million primarily resulted from a mark to market loss of $20.1 million in the value of our investment in

Iridium, which was recognized during the nine month period ended September 30, 2011, compared to the recognition of a mark to market gain in Iridium of $7.7 million in the same year-to-date period in 2010. Additionally, our 2011 revenues were impacted by the absence of merchant banking management fees due to our discontinuation of the management of merchant banking funds at year-end 2010. For the nine months ended September 30, 2010 we earned management fee revenue of $10.7 million.

Table of Contents

We recognize gains or losses from our investment in Iridium from marking to market our holdings to record unrealized gains or losses at the end of any period. At September 30, 2011, our investment in Iridium had a value of $60.8 million. Beginning in the fourth quarter of 2011 we initiated a program to sell our entire interest in Iridium over a period of two or more years. To the extent we sell our holdings in Iridium for a price above or below our most recent quarterly mark we will recognize realized gains or losses on such sales.

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. We record our investments at estimated fair value. The value of the merchant banking fund investments in privately held companies is determined on a quarterly basis by the general partner of the fund after giving consideration to the cost of the security, the pricing of other sales of securities by the portfolio company, the price of securities of other companies comparable to the portfolio company, purchase multiples paid in other comparable third-party transactions, the original purchase price multiple, market conditions, liquidity, operating results and other quantitative and qualitative factors. Discounts may be applied to the funds privately held investments to reflect the lack of liquidity and other transfer restrictions. Investments held by the merchant banking funds in publicly traded securities are valued using quoted market prices discounted for any legal or contractual restrictions on sales. Because of the inherent uncertainty of valuations as well as the discounts applied, the estimated fair values 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. Furthermore, due to the volatility in general economic conditions, stock markets and commodity prices we may record significant changes in the fair value of the investments from quarter to quarter. Significant changes in the estimated fair value of our investments may have a material effect, positive or negative, on our revenues and thus our results of operations. See Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations Critical Accounting Policies and Estimates Revenue Recognition Merchant Banking and Other Investment Revenues .

In addition, we recognize the consolidated earnings of the general partners of the funds which we control, offset by allocated expenses of those funds. Prior to 2011 we were the general partner of GCP I, GCP II, GSAVP and GCP Europe. As a result of our sale of the merchant banking business effective December 31, 2010 we no longer control the general partner of GCP Europe. Further, in conjunction with the sale of GSAVP we transferred ownership of the general partner of GSAVP to an unaffiliated third party. Consequently, as of September 30, 2011 we no longer consolidate earnings of the general partners of GSAVP or GCP Europe. Although we sold substantially all of our interests in GCP II, we continue to control the general partner of such fund and consolidate the earnings of the general partner of that fund.

During the time we acted as general partner of the Merchant Banking Funds we were entitled to a share of the profit overrides of such funds. Overrides are generally calculated on a deal-by-deal basis but are subject to investment performance over the life of each merchant banking fund. We may be required to repay a portion of the overrides to the limited partners of the funds in the event a profit override has been realized and paid to the general partner and a minimum performance level is not achieved by the fund as a whole (we refer to these potential repayments as clawbacks). During the time we acted as general partner of the Merchant Banking Funds we only recognized profit overrides on GCP I. We did not recognize profit overrides on any of the other funds. We would be required to establish a reserve for potential clawbacks if we were to determine that the likelihood of a clawback is probable and the amount of the clawback can be reasonably estimated. As of September 30, 2011, we believe it is more likely than not that the amount of profit overrides recognized as revenue in prior periods, which relates solely to our interest in GCP I, will be realized and accordingly, we have not reserved for any clawback obligations under applicable fund agreements. As a result of the sale of GSAVP we no longer have the right to receive profit overrides from GSAVP. Following the separation and sale transactions described above, we remain entitled to receive reduced portions of the profit override earned from GCP Europe and GCP II after certain performance hurdles are met; whether these hurdles can be met will depend on the underlying fair value of each portfolio company. Unless there are significant gains in the value of the portfolio companies in each fund it is not likely that the profit threshold for either fund will be exceeded and accordingly is not likely that profit override revenue will be recognized.

As of September 30, 2011 we had remaining investments in merchant banking funds of $40.5 million. Included in this amount is the estimated fair market value of $12.9 million as of September 30, 2011 of the capital account interests attributable to two specified portfolio companies of GCP II that the purchasers of our interests in GCP II have the right, exercisable in December 2012, to require us to repurchase (Put Options). Until the Put Options expires or is exercised in December 2012 we will record gains or losses on these investments. During the third quarter of 2011 we did not record earnings or loss related to the capital interests subject to the Put Options and on a year-to-date basis we recorded a loss of $1.4 million on these capital accounts. See Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources .

For our remaining investments in the merchant banking funds 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. For our investment in Iridium the value of our investment is based on changes in the quoted market price, which are tied to the company s earnings performance,

26

liquidity requirements, market competition, general economic conditions, market factors and certain other factors. Adverse changes in general economic conditions, commodity prices, credit and public equity markets, and particularly the quoted market value of our investment in Iridium, because of the relative size of that investment, could negatively impact the amount of investment revenue recorded by the firm in any period.

The investment gains or losses in our merchant banking funds, Iridium and other investment portfolios, may fluctuate significantly over time due to factors beyond our control, such as performance of each company in the merchant banking portfolio, equity market valuations, commodity prices and merger and acquisition opportunities. Revenue recognized from gains (or losses) recorded in any particular period are not necessarily indicative of revenue that may be realized and/or recognized in future periods.

Operating Expenses

We classify operating expenses in two categories: employee compensation and benefits expenses and non-compensation expenses.

Our total operating expenses for the third quarter of 2011 were $47.3 million, which compares to $60.1 million of total operating expenses for the third quarter of 2010. This represents a decrease in total operating expenses of $12.8 million, or 21%, and resulted principally from a decrease in our compensation expense as described in more detail below. Our pre-tax income margin was 22% for the third quarter of 2011 as compared to 29% for the third quarter of 2010.

For the nine months ended September 30, 2011, total operating expenses were $155.9 million compared to $159.1 million of total operating expenses for the same period in 2010. The decrease of $3.2 million, or 2%, related to a decrease in our compensation expense offset by an increase in our non-compensation expense, each as described in more detail below. The pre-tax income margin for the nine months ended September 30, 2011 was 22% compared to 27% for the comparable period in 2010.

The following table sets forth information relating to our operating expenses, which are reported net of reimbursements of certain expenses by our clients:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2011	2010	2011	2010
	(in millions, unaudited)			
Employee compensation & benefits expense	$ 30.4	$ 44.2	$ 108.4	$ 114.7
% of revenues	*50%*	*53%*	*54%*	*53%*
Non-compensation expense	16.9	15.9	47.5	44.4
% of revenues	*28%*	*19%*	*24%*	*21%*
Total operating expense	47.3	60.1	155.9	159.1
% of revenues	*78%*	*72%*	*78%*	*74%*
Total income before tax	13.0	24.0	43.6	57.3
Pre-tax profit margin	*22%*	*29%*	*22%*	*27%*

Compensation and Benefits Expenses

Our employee compensation and benefits expenses in the third quarter of 2011 were $30.4 million, which reflects a 50% ratio of compensation to revenue. This amount compared to $44.2 million for the third quarter of 2010, which reflected a 53% ratio of compensation to revenue. The decrease of $13.8 million, or 31%, principally resulted from lower amortization of restricted stock units due to the departure of certain employees who forfeited their awards in the third quarter of 2011.

For the nine months ended September 30, 2011, our employee compensation and benefits expenses were $108.4 million, compared to $114.7 million of compensation and benefits expenses for the same period in the prior year. The decrease of $6.3 million, or 5%, principally resulted from resulted from lower amortization of restricted stock units, as discussed above, in the first nine months of 2011 as compared to the same period in 2010. On a year-to-date basis in 2011, the ratio of compensation expense to total revenues was 54% as compared to 53% for the same nine month period in 2010. The slight increase in the compensation ratio for the nine months ended September 30, 2011 resulted from the spreading of our 2011 compensation expense over a lower revenue base compared to the same period in 2010. On a year-to-date basis in 2011 the ratio of compensation expense to advisory revenues was 50%.

Our compensation costs consist of (i) base salary and benefits, (ii) annual incentive compensation payable as cash bonus awards and (iii) amortization of long-term incentive compensation awards of restricted stock units, which generally are charged to expense over five years from the date of issuance. Based upon our current headcount we expect our annual 2011 fixed compensation cost, which is the sum of base salaries and benefits and the amortization of previously issued restricted stock units, will be approximately

27

$120.0 million. For 2010, our annual fixed compensation cost was approximately $135.0 million. The expected decrease in fixed compensation costs for the year ended December 31, 2011 as compared to the prior year is expected to result from lower base compensation and lower than expected charges for the amortization of restricted stock units due to the departure of certain employees, who in aggregate had a large amount of unvested restricted stock units. The ratio of compensation to revenue for the year ended December 31, 2011 will be largely dependent upon the amount of transaction and related revenues we generate in the final quarter of this year. While it continues to be our objective to maintain a ratio of compensation to revenue of no greater than 50%, we will, however, balance that goal with our objective of retaining our core personnel and compensating them competitively in order to maintain our strong franchise.

Our compensation expense is generally based upon revenue and can fluctuate materially in any particular period depending upon the changes in headcount, amount of revenue recognized as well as other factors. Accordingly, the amount of compensation expense recognized in any particular period may not be indicative of compensation expense in a future period.

Non-Compensation Expenses

Our non-compensation expenses include the costs for occupancy and equipment rental, communications, information services, professional fees, recruiting, travel and entertainment, insurance, depreciation and amortization, interest expense and other operating expenses. Reimbursable client expenses are netted against non-compensation expenses.

Our non-compensation expenses were $16.9 million in the third quarter of 2011 compared to $15.9 million in the third quarter of 2010, representing an increase of $1.0 million, or 6%. The increase in non-compensation expenses principally resulted from increased travel related to greater business development activities, increased leasehold amortization and other general operating costs as a result of office expansions, and the negative impact on our foreign non-compensation costs of a stronger U.S. dollar as compared to the prior year.

For the first nine months of 2011, our non-compensation expenses were $47.5 million compared to $44.4 million for the same period in 2010, representing an increase of $3.1 million, or 7%. The increase in non-compensation expenses was primarily attributable to greater occupancy costs as a result of the acquisition of Greenhill Caliburn in April 2010 and the expansion of other office space in existing locations, the amortization of the acquired Australian intangible assets, increased travel costs related to greater business development activities, and the impact of foreign currency conversion on our operating costs, offset in part by the absence of professional fees associated with the acquisition of Greenhill Caliburn.

Non-compensation expenses as a percentage of revenues for the three months ended September 30, 2011 were 28% compared to 19% for the same period in the prior year. This increase in non-compensation expense as a percentage of revenues resulted from increased costs referred to above spread over lower revenues in the third quarter of 2011 as compared to the same period in 2010.

Non-compensation expenses as a percentage of revenues in the nine months ended September 30, 2011 were 24% compared to 21% for the same period in the prior year. The increase in non-compensation expenses as a percentage of revenues in the nine months ended September 30, 2011 compared to the same period in the prior year reflected the higher expenses referred to above spread over lower revenues.

Our non-compensation expenses as a percentage of revenue can vary as a result of a variety of factors including fluctuation in revenue amounts, the changes in headcount, the amount of recruiting and business development activity, the amount of office expansion, the amount of reimbursement of engagement-related expenses by clients, the amount of short-term borrowings, interest rate and currency movements and other factors. Accordingly, the non-compensation expenses as a percentage of revenue in any particular period may not be indicative of the non-compensation expenses as a percentage of revenue in future periods.

Provision for Income Taxes

The provision for taxes in the third quarter of 2011 was $4.4 million, which reflected an effective tax rate on income allocated to common stockholders of 34%. This compares to a provision for taxes in the third quarter of 2010 of $8.7 million, which reflected an effective tax rate of 38% for the period. The decrease in the provision for income taxes in the third quarter of 2011 as compared to the same period in 2010 was attributable to both lower pre-tax income allocated to common shareholders and a lower effective rate due to an increase in the proportion of income earned in lower tax rate jurisdictions.

For the nine months ended September 30, 2011, the provision for taxes was $15.1 million, which reflects an effective tax rate of 35%. This compares to a provision for taxes for the nine months ended September 30, 2010 of $20.4 million, which reflected an effective tax rate of 39% for the period. The decrease in the provision for income taxes in the nine months ended September 30, 2011 as compared to the same period in 2010 was primarily due to both lower pre-tax income allocated to common shareholders and a lower effective rate due to an increase in the

proportion of income in lower tax rate jurisdictions.

The effective tax rate can fluctuate as a result of variations in the relative amounts of financial advisory and investment income earned in the tax jurisdictions in which the firm operates and invests. Accordingly, the effective tax rate in any particular period may not be indicative of the effective tax rate in future periods.

Liquidity and Capital Resources

Our liquidity position is monitored by our Management Committee, which generally meets monthly. The Management Committee monitors cash, other significant working capital assets and liabilities, debt, principal investment commitments and other matters relating to liquidity requirements. As cash accumulates, it is retained in financial institutions with high credit ratings and/or invested in short-term investments which are expected to provide significant liquidity.

We generate cash from our operating activities principally in the form of advisory fees and in the form of distributions or sale proceeds from our investment activities. We use our cash primarily for operating purposes, compensation of our employees, payment of income taxes, the funding of our remaining commitments to the merchant banking funds, payment of dividends, repurchase of shares of our stock (both in open market purchases and repurchases from our employees in conjunction with the payment of taxes liabilities incurred on the vesting of restricted stock awards) and leasehold improvements.

Because a portion of the compensation we pay to our employees is distributed in annual bonus awards (usually in February of each year), our net cash balance is generally at its lowest level during the first quarter and generally accumulates from our operating activities throughout the remainder of the year. In general, we collect our accounts receivable within 60 days except for fees generated through our private capital advisory services, which are generally paid in installments over a period of years and for fees generated from certain restructuring transactions, where collections may take longer due to court-ordered holdbacks. Our liabilities typically consist of accounts payable, which are generally paid monthly, accrued compensation, which includes accrued cash bonuses and taxes payable. In February 2011, cash bonuses and accrued benefits of $17.6 million relating to 2010 compensation were paid to our employees.

Our deferred tax liabilities, which were $15.4 million as of September 30, 2011, principally relate to an unrealized gain in our investment in Iridium and may increase or decrease from period to period depending upon the change in the quoted market value and are expected to decrease over time as we realize taxable gains upon the sale of that investment. In the event we realize losses on our investments, such losses will only be available to offset realized investment gains in the current or future periods.

Our investment in Iridium, which represents approximately 13% of Iridium s fully diluted common stock, had a value of $60.8 million as of September 30, 2011. In September 2011, we adopted a Rule 10b5-1 trading plan to sell our entire interest in Iridium over a period of approximately two years. The first sale under such plan occurred on October 3, 2011, and subsequent sales will continue systematically under the plan until all of our interests in Iridium have been sold. The plan calls for the sale of our shares in Iridium in small daily increments, which represent a small percentage of recent daily trading volume levels. Specifically, we will sell 15,000 shares of Iridium common stock per trading day when the prior day s closing price of Iridium common stock is below $8.50, or 20,000 shares per day when the prior day s closing price is between $8.50 - $9.50, or 25,000 shares per day when the prior day s closing price is above $9.50. The only exception is that we will not sell shares on the last five trading days of any calendar quarter. We expect to use the net proceeds from the sales to repurchase our common stock.

In June 2011, we sold substantially all of our interests in GCP II and GSAVP for an aggregate price of $48.5 million. In September 2011, we sold our remaining capital interests in GSAVP and its affiliated funds for $0.6 million. The transfer of all the capital interests related to GSAVP has been accounted for as a sale in accordance with accounting guidance for financial asset transfers, with no associated gain or loss recorded during the three and nine months ending September 30, 2011. In conjunction with the sale of GCP II the purchasers have the right, exercisable in December 2012, to cause the firm to repurchase their interests in either of the capital account interest attributable to two GCP II portfolio companies for an aggregate value of $14.3 million. As of September 30, 2011, the value of our remaining investments in merchant banking funds was $40.5 million, which includes the estimated fair value of $12.9 million attributable to the Put Options. Because we cannot be certain of the variables that the purchasers will evaluate to determine whether or not they will exercise the Put Options for either or both of the portfolio companies which they may require us to repurchase, we are unable to estimate the likelihood that the Put Options will be exercised. Further, because merchant banking funds typically invest in privately held companies, the ability of the merchant banking funds to sell or dispose of the securities they own depends on a number of factors beyond the control of the funds, including general economic and sector conditions, stock market conditions, commodity prices, and the availability of financing to potential buyers of such securities, among other issues. As a result we consider our investments illiquid for the short term.

At September 30, 2011, we had unfunded commitments (not reflected on our balance sheet) of $22.9 million relating to future principal investments in certain of the merchant banking funds, which included unfunded commitments to GCP Europe of $19.0 million (or £12.2 million), which may be drawn through December 2012. We had unfunded commitments of $3.9 million to other merchant banking funds, the majority of which may be drawn through November 2015. For each of the merchant banking funds, up to 15% of the commitment amount may

be drawn for follow-on investments over the two-year period after the expiration of the commitment period.

29

To provide for working capital needs and other general corporate purposes we have a $50.0 million revolving bank loan facility, of which $25.3 million was drawn as of September 30, 2011. Borrowings under the facility are secured by any cash distributed in respect of the remainder of our investment in the U.S. based merchant banking funds and cash distributions from Greenhill & Co. LLC, and is subject to a borrowing base limitation. Interest on borrowings is based on the higher of the Prime Rate or 4.0%. The maturity date of the facility is April 30, 2012. Historically, the revolving loan facility has been renewed annually. The revolving loan facility has a prohibition on the incurrence of additional indebtedness without the prior approval of the lenders and requires that we comply with certain financial and liquidity covenants on a quarterly basis. At September 30, 2011, the firm was compliant with all loan covenants and we expect to continue to be compliant with all loan covenants.

We generally use a portion of our cash reserves to repurchase shares of our common stock, pay dividends and fund capital commitments. In April 2010, our Board of Directors authorized the repurchase of up to $100.0 million of our common stock. We expect to fund repurchases of shares (if any) with proceeds from our investments and/or operating cash flow as transaction activity further rebounds. Our remaining commitments to our merchant banking funds, principally GCP Europe, may require us to fund capital calls on short notice. We are unable to predict the timing or magnitude of share repurchase opportunities, capital calls or distribution of investment proceeds.

During the nine months ended September 30, 2011, we repurchased 809,817 shares of our common stock in open market purchases at an average price of $45.34. In October 2011, we repurchased an additional 258,902 shares of our common stock in open market purchases at an average price of $38.62. During 2011, we have repurchased in aggregate 1,068,719 shares of our common stock. As of October 31, 2011, we had remaining authorization to repurchase up to $40.9 million approximate dollar amount of our common shares. Additionally, during the nine months ended September 30, 2011, we are deemed to have repurchased 279,290 shares of its common stock at an average price of $67.67 per share in conjunction with the payment of tax liabilities in respect of stock delivered to its employees in settlement of restricted stock units.

As of September 30, 2011, we had cash and cash equivalents on hand of $62.1 million, of which $48.8 million were held outside the U.S. We intend to repatriate foreign earnings to the extent such earnings can be repatriated in a tax efficient manner and to the extent we have needs for such cash in the U.S. We will retain adequate cash for operating purposes in our foreign locations. In the event our cash needs in the U.S. exceed our cash reserves in the U.S. and availability under the revolving loan facility, we may repatriate additional cash from our foreign operations regardless of associated tax costs.

We evaluate our cash operating position on a regular basis in light of current market conditions. Our recurring monthly operating disbursements consist of base compensation expense and other operating expenses, which principally include costs for occupancy, information services, professional fees, travel and entertainment, interest expense and other general expenses. Our recurring quarterly and annual disbursements consist of tax payments, dividend payments, repurchases of our common stock from our employees in conjunction with the payment of tax liabilities incurred on vesting of restricted stock units and cash bonus payments. These amounts vary depending upon our profitability and other factors. We incur non-recurring disbursements for our investments in the merchant banking funds, leasehold improvements and open market share repurchases. While we believe that the cash generated from operations and funds available from the revolving bank loan facility will be sufficient to meet our expected operating needs, commitments to the merchant banking activities, build-out costs of new office space, tax obligations, share repurchases and common dividends, we may adjust our variable expenses and non-recurring disbursements, if necessary, to meet our liquidity needs. In the event that we are not able to meet our liquidity needs, we may consider a range of financing alternatives to meet any such needs.

Cash Flows

In the first nine months of 2011, our cash and cash equivalents decreased by $16.1 million from December 31, 2010. We generated $75.7 million from operating activities, as we used $81.0 million generated from earnings (after giving effect to the non-cash items) to fund a net decrease in working capital of $5.2 million principally from the annual payment of bonuses. We generated $50.2 million from investing activities, primarily from the sale of our interests in two merchant banking funds for $49.4 million and distributions from other merchant banking funds $4.2 million which was used in part to fund $0.9 million for capital calls on our remaining merchant banking fund investments and $2.5 million for the build-out of new office space. We used $140.5 million in financing activities, including $41.7 million of net repayments on our revolving loan facility, $42.6 million for the payment of dividends, $36.7 million for open market repurchases of our common stock, $18.5 million for the repurchase of our common stock from employees in conjunction with the payment of tax liabilities in settlement of restricted stock units (net of $0.4 million of tax benefits from the delivery of restricted stock units), and $1.0 million of distributions of excess 2010 profits to GCP Capital.

In the first nine months of 2010, our cash and cash equivalents decreased by $17.7 million from December 31, 2009. We generated $41.5 million in operating activities, as we used $73.9 million generated from earnings (after giving effect to the non-cash items) to fund a net decrease in working capital of $32.4 million (principally from the payments of year-end bonuses and an increase in accounts receivable). We used $11.5 million in investing activities, including $11.7 million in new investments in our merchant banking funds and other investments, $3.8 million for the build-out of new office space and $3.0 million for the payment of post closing distributions of accrued profits prior to the acquisition date to the founders of Caliburn, partially offset by distributions from

investments of $7.1 million. We used $46.8 million for financing activities, including $24.5 million for the repurchase of our common stock from employees in conjunction with the payment of tax liabilities in settlement of restricted stock units, $12.4 million in open market repurchases of our common stock, and $42.2 million for the payment of dividends, partially offset by $25.4 million of net borrowing from our revolving loan facility and $8.3 million of net tax benefits from the delivery of restricted stock units.

Off-Balance Sheet Arrangements

We do not invest in any off-balance sheet vehicles that provide financing, liquidity, market risk or credit risk support, or engage in any leasing or hedging activities that expose us to any liability that is not reflected in our condensed consolidated financial statements.

Market Risk

We limit our investments to (1) short-term cash investments, which we believe do not face any material interest rate risk, equity price risk or other market risk and (2) principal investments made in merchant banking funds, Iridium and other investments.

We maintain our cash and cash equivalents with financial institutions with high credit ratings. We may maintain deposits in federally insured financial institutions in excess of federally insured (FDIC) limits. However, management believes that the firm is not exposed to significant credit risk due to the financial position of the depository institutions in which those deposits are held. We monitor the quality of these investments on a regular basis and may choose to diversify such investments to mitigate perceived market risk. Our cash and cash equivalents are denominated in U.S. dollars, Australian dollars, Canadian dollars, pound sterling, euros, and yen, and we face modest foreign currency risk in our cash balances held in accounts outside the United States due to potential currency movements and the associated foreign currency translation accounting requirements. We may hedge our foreign currency exposure if we expect we will need to fund U.S. dollar obligations with foreign currency.

With regard to our investments in both merchant banking funds and Iridium we face exposure to changes in the fair value of the companies in which we have directly or indirectly invested, which historically has been volatile. Significant changes in the public equity markets, and particularly the quoted market value of our investment in Iridium, because of the relative size of that investment, may have a material effect on our results of operations. Volatility in the general equity markets would impact our operations primarily because of changes in the fair value of our merchant banking or principal investments that are publicly traded securities. Volatility in the availability of credit would impact our operations primarily because of changes in the fair value of merchant banking or principal investments that rely upon a portion of leverage to operate. We have analyzed our potential exposure to general equity market risk by performing sensitivity analyses on those investments in Iridium and other publicly traded securities held in the merchant banking funds. This analysis showed that if we assume that at September 30, 2011, the market prices of Iridium and the public securities held in the merchant banking funds were 10% lower, the impact on our operations would be a decrease in revenues of $6.1 million.

We manage the risks associated with the merchant banking portfolio by assessing information provided by the funds.

In addition, the reported amounts of our financial advisory revenues may be affected by movements in the rate of exchange between the Australian dollar, Canadian dollar, pound sterling, euro, and yen (in which collectively 50% of our revenues for the nine months ended September 30, 2011 were denominated) and the dollar, in which our financial statements are denominated. We do not currently hedge against movements in these exchange rates. We analyzed our potential exposure to a decline in exchange rates by performing a sensitivity analysis on our net income. During the nine month period ended September 30, 2011, as compared to the same period in 2010, the value of the U.S. dollar weakened on a weighted average basis, relative to each of the currencies in the foreign jurisdictions in which we operate. Accordingly, our earnings in the first nine months of 2011 were higher than they would have been in the same period in the prior year had the value of the U.S. dollar relative to those other currencies remained constant. While our earnings are subject to volatility from foreign currency changes, we do not believe we face any material risk in this respect.

Critical Accounting Policies and Estimates

Our condensed consolidated financial statements are prepared in conformity with accounting principles generally accepted (GAAP) in the United States, which require management to make estimates and assumptions regarding future events that affect the amounts reported in our financial statements and their footnotes, including investment valuations, compensation accruals and other matters. Management believes that the estimates used in preparing our condensed consolidated financial statements are reasonable and prudent. Actual results could differ materially from those estimates. Certain reclassifications have been made to prior year information to conform to current year presentation.

We believe that the following discussion addresses Greenhill s most critical accounting policies, which are those that are most important to the presentation of our financial condition and results of operations and require management s most difficult, subjective and complex judgments. For further discussion of these and other significant accounting policies, see Note 2 Summary of Significant Accounting Policies in our condensed consolidated financial statements, and our 2010 Annual Report on Form 10-K.

31

Revenue Recognition

Advisory Fees

The firm recognizes advisory fee revenue for mergers and acquisitions or financing advisory and restructuring engagements when the services related to the underlying transactions are completed in accordance with the terms of the engagement letter. The firm recognizes private equity and real estate capital advisory fees at the time of the client s acceptance of capital or capital commitments in accordance with the terms of the engagement letter. Retainer fees are recognized as advisory fee revenue over the period in which the related service is rendered.

The firm s clients reimburse certain expenses incurred by the firm in the conduct of advisory engagements. Expenses are reported net of such client reimbursements.

Merchant Banking and Other Investment Revenues

Merchant banking revenues consist of (i) management fees derived from merchant banking activities (for periods prior to January 1, 2011), (ii) gains (or losses) on the firm s investments in merchant banking funds, Iridium and other principal investment activities, and if any, (iii) profit overrides from the merchant banking funds.

Management fees earned from merchant banking activities are recognized over the period of related service.

The firm recognizes revenue on its investments in the merchant banking funds based on its allocable share of realized and unrealized gains (or losses) reported by such funds. Investments held by the merchant banking funds and certain other investments are recorded at estimated fair value. The value of merchant banking fund investments in privately held companies is determined by the general partner of the fund after giving consideration to the cost of the security, the pricing of other sales of securities by the portfolio company, the price of securities of other companies comparable to the portfolio company, purchase multiples paid in other comparable third-party transactions, the original purchase price multiple, market conditions, liquidity, operating results and other qualitative and quantitative factors. Discounts may be applied to the funds privately held investments to reflect the lack of liquidity and other transfer restrictions. Investments in publicly traded securities are valued using quoted market prices discounted for any legal or contractual restrictions on sale. Because of the inherent uncertainty of valuations as well as the discounts applied, the estimated fair values 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. The values at which the firm s investments are carried on its condensed consolidated statements of financial condition are adjusted to estimated fair value at the end of each quarter and the volatility in general economic conditions, stock markets and commodity prices may result in significant changes in the estimated fair value of the investments from period to period.

If certain financial returns are achieved over the life of the fund, the firm recognizes merchant banking profit overrides at the time that certain financial returns are achieved. Profit overrides are generally calculated as a percentage of the profits over a specified threshold earned by each fund on investments managed on behalf of unaffiliated investors except the firm. When applicable, the profit overrides earned by the firm are recognized on an accrual basis throughout the year. In accordance with the relevant guidance, the firm records as revenue the amount that would be due pursuant to the fund agreements at each period end as if the fund agreements were terminated at that date. Overrides are generally calculated on a deal-by-deal basis but are subject to investment performance over the life of each merchant banking fund. The firm may be required to repay a portion of the overrides it realized in the event a minimum performance level is not achieved by the fund as a whole (we refer to these potential repayments as clawbacks). The firm would be required to establish a reserve for potential clawbacks if it were to determine that the likelihood of a clawback is probable and the amount of the clawback can be reasonably estimated. As of September 30, 2011, the firm believes it is more likely than not that the amount of profit overrides recognized as revenue in prior periods, which relates solely to its interest in GCP I, will be realized and accordingly, the firm has not reserved for any clawback obligations under applicable fund agreements.

Investments

The firm s investments in the merchant banking funds are recorded under the equity method of accounting based upon the firm s proportionate share of the fair value of the underlying merchant banking fund s net assets. The firm s other investments, which consider the firm s influence or control of the investee, are recorded at estimated fair value or under the equity method of accounting based, in part, upon the firm s proportionate share of the investee s net assets.

Restricted Stock Units

The firm accounts for its share-based compensation payments under which the fair value of restricted stock units granted to employees with future service requirements is recorded as compensation expense and are generally amortized over a five-year service period following the date

of grant. Compensation expense is determined based upon the fair market value of the firm s common stock at the date of grant. As the firm expenses the awards, the restricted stock units recognized are recorded within equity. The restricted

32

stock units are reclassified into common stock and additional paid-in capital upon vesting. The firm records as treasury stock the repurchase of stock delivered to its employees in settlement of tax liabilities incurred upon the vesting of restricted stock units. The firm records dividend equivalent payments, net of estimated forfeitures, on outstanding restricted stock units as a dividend payment and a charge to equity.

Earnings per Share

The firm calculates basic earnings per share (EPS) by dividing net income allocated to common stockholders by the weighted average number of shares outstanding for the period. Diluted EPS includes the determinants of basic EPS plus the dilutive effect of the common stock deliverable pursuant to restricted stock units for which future service is required as a condition to the delivery of the underlying common stock.

Under the treasury method, the number of shares issuable upon the vesting of restricted stock units included in the calculation of diluted EPS is the excess, if any, of the number of shares expected to be issued, less the number of shares that could be purchased by the firm with the proceeds to be received upon settlement at the average market closing price during the reporting period. The denominator for basic EPS includes the number of shares deemed issuable due to the vesting of restricted stock units for accounting purposes.

Goodwill

Goodwill is the cost of acquired companies in excess of the fair value of identifiable net assets at acquisition date. The firm tests its goodwill for impairment at least annually. An impairment loss is triggered if the estimated fair value of an operating unit is less than estimated net book value. Such loss is calculated as the difference between the estimated fair value of goodwill and its carrying value.

Goodwill is translated at the rate of exchange prevailing at the end of the periods presented in accordance with the accounting guidance for foreign currency translation. Any translation gain or loss is included in the foreign currency translation adjustment included as a component of other comprehensive income in the condensed consolidated statement of changes in equity.

Provision for Taxes

The firm accounts for taxes in accordance with the accounting guidance for income taxes which requires the recognition of tax benefits or expenses on the temporary differences between the financial reporting and tax bases of its assets and liabilities.

The firm follows the guidance for income taxes in recognizing, measuring, presenting and disclosing in its financial statements uncertain tax positions taken or expected to be taken on its income tax returns. Income tax expense is based on pre-tax accounting income, including adjustments made for the recognition or derecognition related to uncertain tax positions. The recognition or derecognition of income tax expense related to uncertain tax positions is determined under the guidance.

Deferred tax assets and liabilities are recognized for the future tax attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in earnings in the period of change. Management applies the more-likely-than-not criteria when determining tax benefits.

Financial Instruments and Fair Value

The firm accounts for financial instruments measured at fair value in accordance with accounting guidance for fair value measurements and disclosures which establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under the pronouncement are described below:

Basis of Fair Value Measurement

Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 Quoted prices in markets that are not active or financial instruments for which all significant inputs are observable, either directly or indirectly; and

Level 3 Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

Table of Contents

A financial instrument s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. In determining the appropriate levels, the firm performs an analysis of the assets and liabilities that are subject to these disclosures. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs or instruments which trade infrequently and therefore have little or no price transparency are classified as Level 3. Transfers between levels are recognized as of the end of the period in which they occur.

Derivative Instruments

The firm accounts for warrants under the guidance for accounting for derivative instruments and hedging activities. In accordance with that guidance, the firm records warrants at estimated fair value in the condensed consolidated statements of financial condition with changes in estimated fair value during the period recorded in merchant banking and other investment revenues in the condensed consolidated statements of income. The Iridium $11.50 Warrants, which were held by the firm prior to their conversion to shares of Iridium common stock on June 22, 2011, were not designated as hedging instruments.

Table of Contents

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Quantitative and qualitative disclosures about market risk are set forth above in Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations Market Risk .

Item 4. Controls and Procedures

Under the supervision and with the participation of the firm s management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of the firm s disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934, as amended (the Exchange Act)). Based upon this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report.

No change in the firm s internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) of the Exchange Act) occurred during the period covered by this report that has materially affected, or is reasonably likely to materially affect, the firm s internal control over financial reporting.

Part II Other Information

Item 1. Legal Proceedings

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

Item 1A. Risk Factors

There have been no material changes in our risk factors from those disclosed in our 2010 Annual Report on Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities in the Third Quarter of 2011:

Period	Total Number of Shares Purchased(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)
July 1 July 31	206,200	$ 48.48		$ 58,398,914
August 1 August 31				58,398,914
September 1 September 30	231,355	32.42		50,899,079

(1) Excludes 22,512 shares the firm is deemed to have repurchased in July 2011 at $48.78 from employees in conjunction with the payment of tax liabilities in respect of stock delivered to employees in settlement of restricted stock units.

(2) Effective April 22, 2010, the Board of Directors authorized the repurchase of up to $100,000,000 of Greenhill & Co., Inc. common stock.

Item 3. Defaults Upon Senior Securities

None.

Item 4. [Removed and Reserved]

Item 5. Other Information

None.

Table of Contents

Item 6. Exhibits

EXHIBIT INDEX

Exhibit Number	Description
31.1	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101*	Interactive data files pursuant to Rule 405 of Regulation S-T.

* This information is furnished and not filed for purposes of Sections 11 and 12 of the Securities Act of 1933 and Section 18 of the Securities Exchange Act of 1934.

Table of Contents

Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: October 31, 2011

GREENHILL & CO., INC.

By: /s/ SCOTT L. BOK
Name: Scott L. Bok
Title: Chief Executive Officer

By: /s/ RICHARD J. LIEB
Name: Richard J. Lieb
Title: Chief Financial Officer

S-1