GREENHILL & CO INC
Form 424B4
May 11, 2005

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Registration No. 333-124082

4,000,000 Shares

Greenhill & Co., Inc.

Common Stock

All of the shares of common stock in the offering are being sold by the selling stockholders identified in this prospectus. Greenhill will not receive any of the proceeds from the sale of the shares being sold by the selling stockholders.

The common stock is listed on the New York Stock Exchange under the symbol "GHL". The last reported sale price of the common stock on May 9, 2005 was $34.11 per share.

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

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

	Per Share	Total
Public offering price	$ 34.00	$136,000,000
Underwriting discount	$ 1.53	$ 6,120,000
Proceeds, before expenses, to the selling stockholders	$ 32.47	$129,880,000

To the extent that the underwriters sell more than 4,000,000 shares of common stock, the underwriters have the option to purchase up to an additional 600,000 shares from the selling stockholders at the initial price to the public less the underwriting discount.

Upon completion of this offering, our managing directors and their affiliated entities will collectively own 65.1% of the total shares of common stock outstanding (or 63.2% if the underwriters' option to purchase additional shares is exercised in full).

The underwriters expect to deliver the shares against payment in New York, New York on May 13, 2005.

Goldman, Sachs & Co.

UBS Investment Bank

Keefe, Bruyette & Woods

Wachovia Securities

Prospectus dated May 9, 2005.

PROSPECTUS SUMMARY

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

Greenhill

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

We were established in 1996 by Robert F. Greenhill, the former President of Morgan Stanley and former Chairman and Chief Executive of Smith Barney. Since our founding, Greenhill has grown steadily, recruiting managing directors from major investment banks and other institutions, with a range of geographic, industry and transaction specialties and different sets of corporate management and other relationships. As part of this expansion, we opened a London office in 1998, raised a merchant banking fund in 2000, opened a Frankfurt office later 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 completed the initial closing of our second merchant banking fund in March of 2005 and opened our Dallas office in April of 2005. We have 28 managing directors and two senior advisors globally.

We have demonstrated strong financial results, producing revenue and earnings growth in a variety of economic and market conditions, including a prolonged period in which global merger and acquisition activity declined significantly. Our revenue grew from $36.9 million in 1997 (our first full year of operation) to $151.9 million in 2004, representing a compound annual growth rate of 22%. Our revenue growth rate each year during this period ranged from a decline of 10.3% in 2001 compared to 2000, to an increase of 120.4% in 1999 compared to 1998.

Principal Sources of Revenue

Our principal sources of revenue are financial advisory and merchant banking fund management.

Financial Advisory

We provide a broad range of advice to U.S. and non-U.S. clients in relation to mergers, acquisitions, restructurings and similar corporate finance matters and are generally involved at each stage of these transactions, from initial structuring to final execution. Our focus is on providing high-quality advice to senior executive management and boards of directors of prominent large and mid-cap companies in transactions that typically are of the highest strategic and financial importance to those companies. Financial advisory services accounted for 86% and 96% of our revenues in 2004 and 2003, respectively. Non-U.S. clients are a significant part of our business, generating 46% and 52% of our financial advisory revenues in 2004 and 2003, respectively.

Merchant Banking Fund Management

Our merchant banking fund management activities currently consist primarily of management of Greenhill Capital Partners, or GCP, a family of merchant banking funds that invest in portfolio companies, including the commitment of capital to these merchant banking funds. Merchant banking funds are private investment funds raised from contributions by qualified institutional investors and financially sophisticated individuals. The funds make substantial, sometimes controlling, investments, generally in non-public companies and typically with a view toward divesting within 3 to 5 years. Our

merchant banking activities historically have generated revenue almost entirely from fees earned for our management of GCP funds. In 2003, we started investing our own capital into our first merchant banking fund (or Fund I) in material amounts, in addition to that previously invested by our managing directors and other professionals of Greenhill. In March 2005, we committed $85 million to our new merchant banking fund, Greenhill Capital Partners II (or Fund II), which we expect will represent approximately 10% of committed capital to Fund II. In addition, in March 2005, our managing directors (including all of our executive officers), senior advisors and other professionals personally committed a further $135 million of capital to Greenhill Capital Partners II. We pursue merchant banking fund management activities in addition to our financial advisory activities because: (i) our senior advisory professionals, and those we seek to recruit, are attracted by the opportunity to participate in merchant banking fund management, including the ability to invest in managed funds; and (ii) it allows us to further leverage our managing directors' industry knowledge and client contacts. We believe we can pursue merchant banking opportunities without creating conflicts with our advisory clients by typically focusing on significantly smaller companies than those with respect to which we seek to provide financial advice. Our merchant banking funds typically invest in companies with valuations that are between $100 million and $500 million at the time of investment.

Competitive Strengths

- **Independence** – We are an independent firm managed and majority-owned by our managing directors, free of many of the conflicts that can arise at larger, diversified financial institutions.
- **Focus on Advisory Activities** – We are focused on advising clients, particularly large and mid-size corporations, rather than on a broad range of securities businesses. We believe this focus has helped and will continue to help us attract clients and recruit financial advisory professionals who want to work in a firm where their activities are the central focus.
- **Breadth of Advisory Capabilities** – While our origin was as an advisor on mergers and acquisitions, we have acquired considerable experience and capabilities in financial restructuring situations.
- **International Capabilities** – Unlike many small investment banking firms, we have aggressively sought to develop a broad geographic scope rather than focusing on any one particular market. From 2000 through 2004, 52% of our advisory revenues were derived from clients based outside the United States, primarily from the United Kingdom and, to a lesser extent, continental Europe, Latin America and Canada.
- **Experience** – Our 28 managing directors and two senior advisors have an average of 24 years of relevant experience. Prior to joining Greenhill, 24 of those individuals were managing directors at other leading financial advisory firms or occupied comparably senior roles in leading private equity firms, law firms or corporations.
- **Strong Corporate Culture** – While Greenhill is relatively young, we have developed a strong corporate culture. We are united by our desire to build a firm where client advisory activities are at

the core, and by our commitment to excellence in those activities. Only two managing directors have departed in more than 8 years, and 14 of the 28 current managing directors have five years' tenure at Greenhill.

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

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Strategy

Our strategy is principally to enhance our position as an independent advisor on important merger, acquisition and restructuring transactions, grow our financial advisory business and expand our merchant banking fund management business. We also aim to maintain a balance of activities across geographic regions and to increase the stability of our earnings. Our strategy is heavily dependent on retaining and recruiting managing directors and other senior professionals.

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SUMMARY CONSOLIDATED FINANCIAL DATA

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

	For the Three Months Ended March 31,		For Year Ended December 31,				
	2005	2004	2004	2003	2002	2001	2000
	(unaudited)						
	(in thousands, except percentages)						
Historical							
Revenues							
Financial Advisory	$ 39,471	$ 25,537	$ 130,906	$ 121,334	$ 107,455	$ 95,300	$ 106,949
Merchant Banking Fund Management & Other (a)	4,457	4,029	20,947	5,345	5,153	4,664	4,527
Total Revenues	43,928	29,566	151,853	126,679	112,608	99,964	111,476
% Change from Prior Period	—	—	20%	12%	13%	(10)%	—

Income Before Tax & Minority Interest (b)	17,288	15,360	63,508	80,661	75,813	34,797	48,524
Net Income (b), (c)	10,752	10,480	38,316	45,400	57,817	34,984	45,520
Pro Forma (unaudited) (d)							
Pro Forma Income Before Tax (e)	—	11,291	57,275	50,749	44,615	36,241	46,655
Pro Forma Net Income (f)	—	6,549	34,327	29,435	25,877	21,020	27,060
% Change from Prior Period	—	—	17%	14%	23%	(22)%	—

(a) Merchant Banking Fund Management & Other includes interest income of $0.5 million and less than $0.1 million for the three months ended March 31, 2005 and 2004, respectively, and $0.8 million, $0.4 million, $0.3 million, $0.8 million and $1.1 million in 2004, 2003, 2002, 2001 and 2000, respectively.

(b) Prior to our May 2004 initial public offering we were a limited liability company and payments for services rendered by our managing directors were accounted for as distributions of members' capital rather than as compensation expense, except for payments made to managing directors and managing director equivalents of $2.5 million for the three months ended March 31, 2004 and of $2.9 million, $5.0 million, $1.4 million, $25.5 million and $27.3 million in 2004, 2003, 2002, 2001 and 2000, respectively, which were recorded as compensation expense. As a result, our pre-tax earnings and compensation and benefits expense prior to our initial public offering did not reflect most payments for services rendered by our managing directors. Accordingly, pre-tax earnings in that period understated our operating costs as a corporation. Since the initial public offering, we have included all payments for services rendered by our managing directors in compensation and benefits expense.

(c) Prior to our May 2004 initial public offering, we were a limited liability company and our earnings did not fully reflect the taxes that we pay as a public corporation. Additionally, a portion of our earnings attributable to our European operations was recorded as minority interest during that period.

(d) We believe that the pro forma amounts presented, which increase compensation expense and tax expense to amounts we expect that we would have paid as a corporation during the periods reported and eliminate the minority interest attributable to our European operations, more accurately depict our results as a public company. The amounts for the year ended December 31, 2004 include the pro forma results of operations as if we operated as a public company during the period January 1, 2004 to the date of our public offering combined with the actual results of operations for the period after the public offering. The amounts for the three months ended March 31, 2004 and the years ended December 31, 2003, 2002, 2001 and 2000 reflect pro forma results of operations as if the initial public offering had occurred as of January 1 of each of those periods.

(e) Because we had been a limited liability company prior to the initial public offering, payments for services rendered by our managing directors generally had been accounted for as distributions of members' capital

rather than as compensation expense. As a corporation, we include all payments for services rendered by managing directors in compensation and benefits expense.

Compensation and benefits expense, reflecting our conversion to corporate form, consists of cash compensation and non-cash compensation related to restricted stock units awarded to employees. It is our policy that annual total compensation and benefits, including that payable to the managing directors, will not exceed 50% of annual total revenues (although we retain the ability to change this policy in the future). Adjustments to increase compensation expense for the three months ended March 31, 2004 and the years ended December 31, 2004, 2003, 2002 and 2000 of $4.1 million, $6.2 million, $29.9 million,

$31.2 million and $1.9 million, respectively, and to decrease compensation for the year ended, December 31, 2001 of $1.4 million have been made to record total compensation and benefits expense at 45% of total revenues, consistent with the percentage of compensation paid in 2004 for the period after the initial public offering. In addition, for the three months ended March 31, 2004 and the years ended December 31, 2004, 2003 and 2002, historical income before tax has been increased by $4.4 million, $6.5 million, $32.2 million and $17.6 million to reflect the elimination on a pro forma basis of minority interests held by European managing directors in a subsidiary. Prior to 2002, the European managing directors were employees and did not have a minority interest in Greenhill.

(f) As a limited liability company, we were generally not subject to income taxes except in foreign and local jurisdictions. The pro forma provision for income taxes for the year ended December 31, 2004 includes an adjustment of $4.2 million for assumed federal, foreign, state and local income taxes as if we were a C Corporation for the period January 1, 2004 to the date of the public offering at an assumed effective rate of 42% combined with the actual tax provision for the period after the public offering. For the three months ended March 31, 2004 and the years ended December 31, 2003, 2002, 2001 and 2000, adjustments of $4.3 million, $18.3 million, $18.4 million, $15.4 million and $16.6 million, respectively, were made to adjust our effective tax rate to 42%, reflecting assumed federal, foreign, state and local income taxes as if we were a corporation on January 1, 2003, 2002, 2001 and 2000.

Our Headquarters

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

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THE OFFERING

Common stock offered by the selling stockholders	4,000,000 shares.
Common stock to be outstanding before and after this offering	30,653,986 shares.
Underwriters' option to purchase additional shares from the selling stockholders	600,000 shares.