DREYFUS STRATEGIC MUNICIPAL BOND FUND, INC.
Form DEF 14A
April 30, 2019

DREYFUS STRATEGIC MUNICIPAL BOND FUND, INC.
DREYFUS STRATEGIC MUNICIPALS, INC.

Notice of Annual Meeting of Stockholders

To the Stockholders:

The Annual Meeting of Stockholders of each of Dreyfus Strategic Municipal Bond Fund, Inc. ("DSMB") and Dreyfus Strategic Municipals, Inc. ("DSM") (each, a "Fund") will be held at the offices of The Dreyfus Corporation, 240 Greenwich Street, 10th Floor, New York, New York 10286, on Wednesday, June 12, 2019 at 10:00 a.m., Eastern time, for the following purposes:

1. To elect the following Directors:
   - for DSMB, three Class II Directors to serve for three-year terms and one Class I Director to serve for a two-year term, and until their respective successors are duly elected and qualified;
   - for DSM, three Class I Directors to serve for three-year terms, and until their respective successors are duly elected and qualified.
2. To transact such other business as may properly come before the meeting, or any adjournments or postponements thereof.

Stockholders of record at the close of business on April 10, 2019 will be entitled to receive notice of and to vote at the meeting.

New York, New York
April 30, 2019

WE NEED YOUR PROXY VOTE

A STOCKHOLDER MAY THINK HIS OR HER VOTE IS NOT IMPORTANT, BUT IT IS VITAL. BY LAW, THE ANNUAL MEETING OF STOCKHOLDERS OF A FUND WILL HAVE TO BE ADJOURNED WITHOUT CONDUCTING ANY BUSINESS IF LESS THAN A QUORUM IS REPRESENTED. IN THAT EVENT, THE AFFECTED FUND, AT STOCKHOLDERS' EXPENSE, WOULD CONTINUE TO SOLICIT VOTES IN AN ATTEMPT TO ACHIEVE A QUORUM. CLEARLY, YOUR VOTE COULD BE CRITICAL TO ENABLE THE FUND TO HOLD THE MEETING AS SCHEDULED, SO PLEASE RETURN YOUR PROXY CARD OR OTHERWISE VOTE PROMPTLY. YOU AND ALL OTHER STOCKHOLDERS WILL BENEFIT FROM YOUR COOPERATION.

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Dear Stockholders,

On or about June 3, 2019, Dreyfus Strategic Municipals, Inc. will be renamed "BNY Mellon Strategic Municipals, Inc." and Dreyfus Strategic Municipal Bond Fund, Inc. will be renamed "BNY Mellon Strategic Municipal Bond Fund, Inc." In addition, on that date, The Dreyfus Corporation, the primary mutual fund business of The Bank of New York Mellon Corporation and the investment adviser of Dreyfus Strategic

Municipals, Inc. and Dreyfus Strategic Municipal Bond Fund, Inc., will change its name to "BNY Mellon Investment Adviser, Inc." **The changes to the names of the Funds and the names of the Funds' investment adviser will have no effect on stockholders or their fund accounts, other than to reflect the Funds' new names.**

DREYFUS STRATEGIC MUNICIPAL BOND FUND, INC.
DREYFUS STRATEGIC MUNICIPALS, INC.

COMBINED PROXY STATEMENT

Annual Meeting of Stockholders
to be held on June 12, 2019

This proxy statement is furnished in connection with a solicitation of proxies by the Board of Directors (the "Board") of each of Dreyfus Strategic Municipal Bond Fund, Inc. ("DSMB") and Dreyfus Strategic Municipals, Inc. ("DSM") (each, a "Fund" and, together, the "Funds") to be used at the Annual Meeting of Stockholders of each Fund to be held on Wednesday, June 12, 2019 at 10:00 a.m., Eastern time, at the offices of The Dreyfus Corporation, the Funds' investment adviser ("Dreyfus" or the "Investment Adviser"), at 240 Greenwich Street, 10th Floor, New York, New York 10286, and at any and all adjournments or postponements thereof, for the purposes set forth in the accompanying Notice of Annual Meeting of Stockholders. Stockholders of record at the close of business on April 10, 2019 are entitled to be present and to vote at the meeting. Stockholders are entitled to one vote for each Fund share held and fractional votes for each fractional Fund share held. Stockholders can vote only on matters affecting the Fund(s) in which they hold shares. If a proposal is approved by stockholders of one Fund and not approved by stockholders of the other Fund, the proposal will be implemented only for the Fund that approved the proposal. Therefore, it is essential that stockholders who own shares in both Funds complete, date, sign and return each proxy card they receive, or otherwise vote by telephone or through the Internet. Shares represented by executed and unrevoked proxies will be voted in accordance with the specifications made thereon. If any enclosed form of proxy is executed and returned, or if you have voted by telephone or through the Internet, your vote nevertheless may be revoked after it is received by giving another proxy by mail, by calling the toll-free telephone number on the proxy card or through the Internet. To be effective, such revocation must be received prior to the meeting. In addition, any stockholder who attends the meeting in person may vote by ballot at the meeting, thereby canceling any proxy previously given.

A quorum is constituted by the presence in person or by proxy of the holders of one-third of the outstanding shares of a Fund entitled to vote at the meeting. If a quorum is not present at the meeting, the stockholders present in person or by proxy, by majority vote and without notice other than by announcement at the meeting, may adjourn the meeting. If a proposal is to be voted upon by only one class of a Fund's shares, a quorum of that class of shares (the holders of one-third of the outstanding shares of the class) must be present in person or by proxy at the meeting in order for the proposal to be considered. Each Fund has two classes of capital stock: Common Stock, par value $0.001 per share (the "Common Stock"), and Auction Preferred Stock, par value $0.001 per share, liquidation preference $25,000 per share (the "APS"). The APS is further divided into Series A, Series B and Series C for DSMB and Series M, Series T, Series W, Series TH and Series F for DSM. Currently, no proposal is expected to be presented at the meeting that would require separate voting for each Series of APS. As of April 10, 2019, the Funds had outstanding the following number of shares:

Name of Fund	Common Stock Outstanding	APS Outstanding
DSMB	49,369,459	1,972
DSM	62,195,578	3,156

It is estimated that proxy materials will be mailed to stockholders of record on or about April 30, 2019. To reduce expenses, only one copy of this proxy statement will be mailed to certain addresses shared by two or more accounts. If you wish to revoke this arrangement and receive individual copies, you may do so at any time by writing to the address or calling the phone number set forth below. The Fund will begin sending you individual copies promptly after receiving your request. The principal executive office of each Fund is located at 200 Park Avenue, New York, New York 10166. **Copies of each Fund's most recent Annual Report to Stockholders and, if applicable, Semi-Annual Report to Stockholders, are available upon request, without charge, by writing to the Fund at 144 Glenn Curtiss Boulevard, Uniondale, New York 11556-0144, or by calling toll-free 1-800-334-6899.**

Important Notice Regarding Internet Availability of Proxy Materials for the Annual Meeting of Stockholders to Be Held on June 12, 2019: This proxy statement and copies of each Fund's most recent Annual Report to Stockholders and, if applicable, Semi-Annual Report to Stockholders, are available at https://im.bnymellon.com/proxymaterials.

PROPOSAL 1: ELECTION OF DIRECTORS

Each Board is divided into three classes with the term of office of one class expiring each year. It is proposed that stockholders of each Fund consider the election of the individuals listed below (the "Nominees") as Directors of the indicated class of such Fund, to serve for the terms indicated below and until their respective successors are duly elected and qualified.

With respect to DSMB, Messrs. Gordon J. Davis and Ehud Houminer and Ms. Robin A. Melvin are nominated to be elected as Class II Directors to serve for three-year terms, and Mr. Alan H. Howard is nominated to be elected as a Class I Director to serve for a two-year term.

With respect to DSM, Messrs. Joseph S. DiMartino and Alan H. Howard and Ms. Joni Evans are nominated to be elected as Class I Directors to serve for three-year terms.

Each Nominee currently serves as a Director of each Fund, and a board member of certain other funds in the Dreyfus Family of Funds, and, except for Mr. Howard, has previously been elected by each Fund's stockholders. Mr. Howard was appointed to each Board by the Fund's Directors at a meeting held on May 1, 2018. Each Nominee was nominated by the respective Fund's nominating committee and has consented to being named in this proxy statement and has agreed to continue to serve as a Director of the indicated Fund if elected. Biographical information about each Nominee is set forth below. Biographical information about each Fund's Directors who are not standing for election at the meeting but who will continue to be Directors of the Fund (each, a "Continuing Director"), information on each Nominee's and the Continuing Directors' ownership of Fund shares and other relevant information is set forth on Exhibit A. Unless otherwise indicated, information set forth herein applies to both Funds. Except for Mr. Davis, none of the Nominees or Continuing Directors are "interested persons," as defined in the Investment Company Act of 1940, as amended (the "1940 Act"), of either Fund. Mr. Davis is deemed to be an "interested person" of the Funds as a result of his affiliation with Venable LLP, which provides legal services to the Funds.

Under the 1940 Act and the terms of each Fund's Charter, holders of the APS voting as a single class are entitled, to the exclusion of holders of the Common Stock, to elect two Directors. Ms. Melvin is a Nominee for election by holders of DSMB's APS as a Class II Director.

Voting with regard to the election of Directors will be as follows: for DSMB, holders of Common Stock and APS will vote together as a single class with respect to the election of Class II Directors Messrs. Davis and Houminer and Class I Director Mr. Howard; for DSM, holders of Common Stock and APS will vote together as a single class with respect to the election of Class I Directors Messrs. DiMartino and Howard and Ms. Evans; and for DSMB, APS holders of the Fund will vote separately, to the exclusion of holders of the Common Stock, with respect to the election of Ms. Melvin as a Class II Director.

The persons named as proxies on the accompanying proxy card(s) intend to vote each proxy for the election of the Nominees, unless stockholders specifically indicate on their proxies the desire to withhold authority to vote for elections to office. It is not contemplated that any Nominee will be unable to serve as a Director for any reason, but, if that should occur prior to the meeting, the proxyholders reserve the right to substitute another person or persons of their choice as nominee or nominees.

Board's Oversight Role in Management. Each Board's role in management of the respective Fund is oversight. As is the case with virtually all investment companies (as distinguished from operating companies), service providers to each Fund, primarily the Investment Adviser and its affiliates, have responsibility for the day-to-day management of the Fund, which includes responsibility for risk management (including management of investment risk, valuation risk, issuer and counterparty credit risk, compliance risk and operational risk). As part of its oversight, each Board, acting at its scheduled meetings, or the Chairman, acting between Board meetings, regularly interacts with and receives reports from senior personnel of service providers, including senior personnel of the Investment Adviser, the Fund's and the Investment Adviser's Chief Compliance Officer and portfolio management personnel. Each Board's audit committee (which consists of all the Directors who are not "interested persons" (as defined in the 1940 Act) of the Fund ("Independent Directors")) meets during its regularly scheduled and special meetings, and between meetings the audit committee chair is available to the Fund's independent registered public accounting firm and the Fund's Chief Financial Officer. Each Board also receives periodic presentations from senior personnel of the Investment Adviser or its affiliates regarding risk management generally, as well as periodic presentations regarding specific operational, compliance or investment areas, such as cybersecurity, business continuity, personal trading, valuation, credit and investment research. As warranted, each Board also receives informational reports from counsel to each Fund and each Board's independent legal counsel regarding regulatory compliance and governance matters. Each Board has adopted policies and procedures designed to address certain risks to the Fund. In addition, the Investment Adviser and other service providers to each Fund have adopted a variety of policies, procedures and controls designed to address particular risks to the Fund. Different processes, procedures and controls are employed with respect to different types of risks. However, it is not possible to eliminate all of the risks applicable to each Fund, and the Boards' risk management oversight is subject to inherent limitations.

Board Composition and Leadership Structure. The 1940 Act requires that at least 40% of each Fund's Directors be Independent Directors and as such are not affiliated with the Investment Adviser. To rely on certain exemptive rules under the 1940 Act, a majority of each Fund's Directors must be Independent Directors, and for certain important matters, such as the approval of each Fund's investment advisory agreement or transactions with affiliates, the 1940 Act or the rules thereunder require the approval of a majority of the Independent Directors. Currently, except for Mr. Davis, all of each Fund's Directors, including the Chairman of the Board, are Independent Directors. Each Board has determined that its leadership structure, in which the Chairman of the Board is not affiliated with the Investment Adviser, is appropriate in light of the specific characteristics and circumstances of each Fund, including, but not limited to: (i) the services that the Investment Adviser and its affiliates provide to the Fund and potential conflicts

of interest that could arise from these relationships; (ii) the extent to which the day-to-day operations of each Fund are conducted by Fund officers and employees of the Investment Adviser and its affiliates; and (iii) each Board's oversight role in management of each Fund.

Information About Each Nominee's and Continuing Director's Experience, Qualifications, Attributes or Skills. Nominees for Director of each Fund, together with information as to their positions with the Fund, principal occupations and other board memberships for the past five years, are shown below. The address of each Nominee is 200 Park Avenue, New York, New York 10166. Specific information about the Continuing Directors of each Fund, information on each Nominee's and Continuing Director's ownership of each Fund shares, and other relevant information is set forth on Exhibit A.

DSMB — Nominees for Class II Directors with Terms Expiring in 2022

Name (Age) of Nominee Position with Fund (Since)	**Principal Occupation During Past 5 Years**	**Other Public Company Board Memberships During Past 5 Years**
Independent Director Nominees		
EHUD HOUMINER (78) **Class II Director of DSMB** (1994) **Class II Director of DSM** (1994)	Board of Overseers at the Columbia Business School, Columbia University (1992 – present)	None

ROBIN A. MELVIN (55)		
APS Designee for DSMB and DSM Board Member (1995) **Class II Director of DSMB** (1995) **Class II Director of DSM** (1995)	Co-Chair, Illinois Mentoring Partnership, non-profit organization dedicated to increasing the quantity and quality of mentoring services in Illinois (2014 – present; served as a board member since 2013)	None
Interested Director Nominee		
GORDON J. DAVIS (77)* **Class II Director of DSMB** (2006) **Class II Director of DSM** (2007)	Partner in the law firm of Venable LLP (2012 – present) Partner in the law firm of Dewey & LeBoeuf LLP (1994 – 2012)	Consolidated Edison, Inc., a utility company, *Director* (1997 – 2014) The Phoenix Companies, Inc., a life insurance company, *Director* (2000 – 2014)

* Mr. Davis is deemed to be an "interested person" (as defined in the 1940 Act) of the Funds ("Interested Director") as a result of his affiliation with Venable LLP, which provides legal services to the Funds.

DSMB — Nominee for Class I Director with Term Expiring in 2021
DSM — Nominee for Class I Director with Term Expiring in 2022

Name (Age) of Nominee Position with Fund (Since)	Principal Occupation During Past 5 Years	Other Public Company Board Memberships During Past 5 Years
Independent Director Nominee		
ALAN H. HOWARD (59) **Class I Director of DSMB** (2018) **Class I Director of DSM** (2018)	Managing Partner of Heathcote Advisor LLC, a financial advisory services firm (2008 – present) President of Dynatech/MPX Holdings LLC (2012 – present), a global supplier and service provider of	Movado Group, a designer and manufacturer of watches, *Director* (1997 – present)

military aircraft parts, including Chief Executive Officer of an operating subsidiary, Dynatech International LLC (2013 – present)
Senior Advisor, Rossoff & Co., an independent investment banking firm (2014 – present)

DSM — Nominees for Class I Directors with Terms Expiring in 2022

Name (Age) of Nominee Position with Fund (Since)	**Principal Occupation During Past 5 Years**	**Other Public Company Board Memberships During Past 5 Years**
Independent Director Nominees		
JOSEPH S. DIMARTINO (75) **Chairman of the Board and Class I Director of DSM** (1995) **Class I Director of DSMB** (1995)	Corporate Director and Trustee (1995 – present)	CBIZ (formerly, Century Business Services, Inc.), a provider of outsourcing functions for and medium size companies, *Director* (1997 – present)
JONI EVANS (76) **APS Designee for DSMB only Class I Director of DSM** (2007) **Class I Director of DSMB** (2006)	Chief Executive Officer, www.wowOwow.com, an online community dedicated to women's conversations and publications (2007 - present) Principal, Joni Evans Ltd. (publishing) (2006 – present)	None

Each Nominee has been a Dreyfus Family of Funds board member for over twenty years, except for Mr. Howard, who was appointed to each Board by the Directors at a meeting held on May 1, 2018. Additional information about each Nominee follows (supplementing the information provided in the table above) that describes some of the specific experiences, qualifications, attributes or skills that each Nominee possesses which the respective Board believes has prepared them to be effective Directors (this information for the Continuing Directors is set forth on Exhibit A). Each Board believes that the significance of each Director's experience, qualifications, attributes or skills is an individual matter (meaning that experience that is important for one Director may not have the same value for another) and that these factors are best evaluated at the Board level, with no single Director, or particular factor, being indicative of Board effectiveness. However, each Board believes that Directors need to have the ability to critically review, evaluate, question and discuss information provided to them, and to interact effectively with Fund management, service providers and counsel, in order to exercise effective business judgment in the performance of their duties; each Board believes that its members satisfy this standard. Experience relevant to having this ability may be achieved through a Director's educational background; business or professional training or practice (*e.g.*, medicine, accounting or law); public service or academic positions; experience from service as a board member (including the Board of the Fund) or as an executive of investment funds, public companies or significant private or not-for-profit entities or other organizations; and/or other life experiences. The charter for each Board's nominating committee contains certain other factors considered by the committee in identifying and evaluating potential Director nominees. To assist them in evaluating matters under federal and state law, the Directors are counseled by their independent legal counsel, who participates in Board meetings and interacts with the Investment Adviser and also may benefit from information provided by the Investment Adviser's counsel; counsel to the Funds and to the Boards has significant experience advising funds and fund board members. Each Board and its committees have the ability to engage other experts as appropriate. Each Board evaluates its performance on an annual basis.

DSMB — Nominees for Class II Directors

Independent Director Nominees

Ehud Houminer — Mr. Houminer serves on Columbia Business School's Board of Overseers. Prior to his association with Columbia Business School beginning in 1991, Mr. Houminer held various senior financial, strategic and management positions at Philip Morris Companies Inc., including serving as Senior Corporate Vice President for Corporate Planning, and as President and Chief Executive Officer of Philip Morris USA, Inc. (now part of Altria Group, Inc.). Mr. Houminer is also a Trustee of Ben Gurion University.

Robin A. Melvin — Since 2014, Ms. Melvin has served as Co-Chair of Illinois Mentoring Partnership, a non-profit organization dedicated to increasing the quantity and quality of mentoring services in Illinois, and has served as a board member since 2013. Ms. Melvin served as Director of the Boisi Family Foundation, a private family foundation that supports organizations serving the needs of youth from disadvantaged circumstances, from 1995 to 2012. In that role she also managed the Boisi Family Office, providing the primary interface with all investment managers, legal advisors and other service providers to the family. She has also served in various roles with MENTOR, a national non-profit youth mentoring advocacy organization, including Executive Director of the New York City affiliate, Vice President of the national affiliate network, Vice President of Development and Senior Vice President in charge of strategy. Prior to that, Ms. Melvin was an investment banker with Goldman Sachs Group, Inc.

Interested Director Nominee

Gordon J. Davis — Mr. Davis is a partner in the law firm of Venable LLP where his practice focuses on complex real estate, land use development and related environmental matters; state and municipal authorities and financings; and cultural and not-for-profit organizations. Prior to joining the firm in 2012, Mr. Davis served as a partner in the law firm of Dewey & LeBoeuf LLP from 1994 until 2012. Mr. Davis also served as a Commissioner and member of the New York City Planning Commission, and as Commissioner of Parks and Recreation for the City of New York. Mr. Davis was a co-founder of the Central Park Conservancy and the founding Chairman of Jazz at the Lincoln Center for the Performing Arts in New York City. He has also served as President of Lincoln Center. Mr. Davis also served on the board of Dreyfus (prior to its acquisition by a predecessor of The Bank of New York Mellon ("BNY Mellon") in August 1994 and related management changes). He also served as a Director of Consolidated Edison, Inc., a utility company, and The Phoenix Companies, Inc., a life insurance company.

DSMB and DSM — Nominee for Class I Director

Independent Director Nominee

Alan H. Howard — Mr. Howard is the Managing Partner of Heathcote Advisors LLC, which he formed in 2008 and which provides financial advisory services as well as makes principal investments. Mr. Howard is also a member of the Board of Directors of Movado Group, Inc., a leading global designer, marketer and distributor of watches, and serves as lead independent director and is a member of the board's audit and compensation committees. In addition, Mr. Howard is the President of Dynatech/MPX Holdings LLC ("D/M Holdings"), a privately held global supplier and service provider of military aircraft parts for multiple platforms and engines. Mr. Howard has been a member of the Board of Directors of D/M Holdings since 2012 and serves as chief executive officer of one of its two operating companies (Dynatech International LLC), while also serving on the boards of the two operating companies (Dynatech International LLC and Military Parts Exchange LLC). He is also currently a Senior Advisor at Rossoff &

Company LLC, an independent investment banking firm that provides advice on mergers and acquisitions, corporate finance and restructurings and assists on raising debt and equity capital in the private and public markets. From September 2008 through June 2010, Mr. Howard was Managing Partner of S3 Strategic Advisors LLC, which provides strategic advice to hedge funds and asset managers. Prior to July 2006, Mr. Howard was a Managing Director of Credit Suisse First Boston LLC ("CSFB"), an international provider of financial services. He had been with CSFB and its predecessor companies since 1985. As a Managing Director in the Global Industrial and Services Investment Banking Group, he was an advisor to several of the firm's most important clients on mergers and acquisitions, corporate finance and capital raising assignments.

DSM — Nominees for Class I Directors

Independent Director Nominees

Joseph S. DiMartino — Mr. DiMartino has been the Chairman of the Board of the funds in the Dreyfus Family of Funds for over 20 years. From 1971 through 1994, Mr. DiMartino served in various roles as an employee of Dreyfus (prior to its acquisition by a predecessor of BNY Mellon in August 1994 and related management changes), including portfolio manager, President, Chief Operating Officer and a director. He ceased being an employee or director of Dreyfus by the end of 1994. From July 1995 to November 1997, Mr. DiMartino served as Chairman of the Board of The Noel Group, a public buyout firm; in that capacity, he helped manage, acquire, take public and liquidate a number of operating companies. From 1986 to 2010, Mr. DiMartino served as a Director of the Muscular Dystrophy Association.

Joni Evans — Ms. Evans has more than 35 years of experience in the publishing industry, serving as Publisher of Random House, Inc., President and Publisher of Simon & Schuster, Inc. and, most recently, Senior Vice President of the William Morris Agency, Inc.'s literary department until 2006. Ms. Evans is a member of the Young Presidents' Organization and the Women's Forum, and is a founding member of The Committee of 200 and Women's Media Group.

Fund Board Committees. Each Fund has standing audit, nominating, compensation and litigation committees, each comprised of its Independent Directors, except that Joseph S. DiMartino does not serve on the compensation committee.

The function of the audit committee is (1) to oversee the Fund's accounting and financial reporting processes and the audits of the Fund's financial statements and (2) to assist in the Board's oversight of the integrity of the Fund's financial statements, the Fund's compliance with legal and regulatory requirements and the qualifications, independence and performance of the Fund's independent registered public accounting firm. A copy of each Fund's Audit Committee Charter, which describes the audit committee's purposes, duties and responsibilities, is available at www.dreyfus.com in the "Individual Investors" section under "Specialty Products — Closed End Fund Information."

Each Fund's nominating committee is responsible for selecting and nominating persons as members of the Board for election or appointment by the Board and for election by stockholders. In evaluating potential nominees, including any nominees recommended by stockholders, the committee takes into consideration the factors listed in each Fund's Nominating Committee Charter and Procedures (the "Nominating Committee Charter"), including character and integrity, and business and professional experience. The nominating committee may consider whether a potential nominee's professional experience, education, skills and other individual qualities and attributes, including gender, race or national origin, would provide beneficial diversity of skills, experience or perspective to the Board's membership and collective attributes. Such considerations will vary based on the Board's existing membership and other factors, such as the strength of a potential nominee's overall qualifications relative to diversity considerations. The committee will consider recommendations for nominees from stockholders submitted to the Secretary of the Fund, c/o The Dreyfus Corporation Legal Department, 240 Greenwich Street, 18th Floor, New York, New York 10286, and including information regarding the recommended nominee as specified in the Nominating Committee Charter. The Nominating Committee Charter is not available on the Funds' or Dreyfus' website but was attached as Exhibit B to the Funds' proxy statement for the 2017 annual stockholder meeting (filed with the Securities and Exchange Commission (the "SEC") on April 21, 2017).

The function of the compensation committee is to establish the appropriate compensation for serving on the Board.

The litigation committee seeks to address any potential conflicts of interest between the Funds and the Investment Adviser in connection with any potential or existing litigation or other legal proceeding relating to securities held by a Fund and held or otherwise deemed to have a beneficial interest held by the Investment Adviser or its affiliate.

Each Fund also has a standing pricing committee comprised of any one Director. The function of the pricing committee is to assist in valuing the Fund's investments.

Compensation. Each Nominee also serves as a board member of certain other funds in the Dreyfus Family of Funds. Annual retainer fees and meeting attendance fees are allocated among each Fund and those other funds on the basis of net assets, with the Chairman of each Board, Mr. DiMartino, receiving an additional 25% of such compensation. Each Fund reimburses Directors for travel and out-of-pocket expenses in connection with attending Board or committee meetings. Neither Fund has a bonus, pension, profit-sharing or retirement plan. Each emeritus Director is entitled to receive an annual retainer of one-half the amount paid as a retainer at the time the Director became emeritus and a per meeting attended fee of one-half the amount paid to Directors.

The amount of compensation paid to each Nominee by DSMB for its fiscal year ended November 30, 2018, and by DSM for its fiscal year ended September 30, 2018, and the aggregate amount of compensation paid to each such Nominee by all funds in the Dreyfus Family of Funds for which the Nominee was a board member during 2018, was as follows*:

Name of Nominee and Fund	**Compensation from each Fund**	**Aggregate Compensation from each Fund and Fund Complex Paid to Nominee (**)**
Independent Director Nominees		
Joseph S. DiMartino		$1,255,000 (128)
DSMB	$6,674	
DSM	$12,974	
Joni Evans		$182,000 (22)
DSMB	$5,719	
DSM	$10,667	
Ehud Houminer		$406,500 (54)
DSMB	$6,031	
DSM	$11,873	
Alan H. Howard***		$116,258 (22)
DSMB	$2,360	
DSM	$4,595	
Robin A. Melvin		$808,000 (102)
DSMB	$5,358	
DSM	$10,787	
Interested Director Nominee		
Gordon J. Davis		$437,500 (56)
DSMB	$5,368	
DSM	$10,801	

* Amount does not include the cost of office space and related parking, office supplies, secretarial services and health benefits for the Chairman and health benefits for the Chairman's spouse, which also are paid by the Funds (allocated among the funds in The Dreyfus Family of Funds based on net assets). For their respective fiscal years ended in 2018, the amount paid by DSMB and DSM was $509 and $678, respectively. Amount also does not include expenses reimbursed to Directors for attending Board meetings.

**Represents the number of separate portfolios comprising the investment companies in the fund complex, including the Funds, for which the Nominee served as a board member in 2018.

***Mr. Howard was appointed to each Fund's Board and the boards of certain other funds in the Dreyfus Family of Funds in May 2018.

For each Fund's most recent fiscal year, the number of Board and committee meetings held and the amount of compensation paid by each Fund to the Continuing Directors and the aggregate amount of compensation paid by all funds in the Dreyfus Family of Funds for which each such person was a board member in 2018 are set forth on Exhibit A. Certain other information concerning each Fund's Directors and officers also is set forth on Exhibit A.

Required Vote

The election of a Nominee for each Fund requires the affirmative vote of a plurality of votes cast at the Fund's meeting for the election of Directors.

ADDITIONAL INFORMATION

Selection of Independent Registered Public Accounting Firm

The 1940 Act requires that each Fund's independent registered public accounting firm (the "independent auditors" or "auditors") be selected by a majority of the Independent Directors. The audit committee has direct responsibility for the appointment, compensation, retention and oversight of the Fund's independent auditors. At a meeting held on November 5, 2018 for DSMB and July 30, 2018 for DSM, each Fund's audit committee approved and each Fund's Board, including a majority of the Independent Directors, ratified and approved the selection of Ernst & Young LLP ("EY") as the independent auditors for the respective Fund's fiscal year ending in 2018. EY, a major international accounting firm, has acted as independent auditors of each Fund since the Fund's organization. The audit committee's reports for DSM and DSMB are attached as Exhibits B and C, respectively, to this proxy statement.

Independent Registered Public Accounting Firm Fees and Services

The following chart reflects fees billed by EY in each Fund's last two fiscal years. For Service Affiliates (*i.e.*, Dreyfus and any entity controlling, controlled by or under common control with Dreyfus that provides ongoing services to the relevant Fund), such fees represent only those fees that required pre-approval by the audit committee, except the Aggregate Non-Audit Fees amounts, which include all non-audit fees billed by EY to the Fund and Service Affiliates. All services provided by EY were pre-approved as required.

	DSM1	**Service Affiliates1**	**DSMB2**	**Service Affiliates2**
Audit Fees	$36,450/$36,997	$0/$0	$36,450/$36,997	$0/$0
Audited-Related Fees[3]	$31,963/$32,418	$0/$0	$31,804/$32,671	$0/$0
Tax Fees[4]	$3,798/$3,553	$0/$0	$3,503/$3,860	$0/$0
All Other Fees	$0/$0	$0/$0	$0/$0	$0/$0
Aggregate Non-Audit Fees[5]	N/A	$29,460,566/$26,473,572	N/A	$31,197,139/$38,822,724

[1]Fiscal years ended September 30, 2017/September 30, 2018. [2]Fiscal years ended November 30, 2017/November 30, 2018.

3Services to the Fund consisted of one or more of the following: (i) agreed upon procedures related to compliance with Internal Revenue Code section 817(h), (ii) security counts required by Rule 17f-2 under the 1940 Act, as amended, (iii) advisory services as to the accounting or disclosure treatment of Fund transactions or events, (iv) advisory services to the accounting or disclosure treatment of the actual or potential impact to the Fund of final or proposed rules, standards or interpretations by the Securities and Exchange Commission, the Financial Accounting Standards Boards or other regulatory or standard-setting bodies and (v) agreed upon procedures in evaluating compliance by the Fund with the provisions of the Fund's articles supplementary, creating the series of APS.

4Services to the Fund consisted of (i) review or preparation of U.S. federal, state, local and excise tax returns; (ii) U.S. federal, state and local tax planning, advice and assistance regarding statutory, regulatory or administrative developments; and (iii) tax advice regarding tax qualification matters and/ or treatment of various financial instruments held or proposed to be acquired or held.

5Aggregate non-audit fees billed by EY to the Fund and Service Affiliates are shown under the Service Affiliates column.

Audit Committee Pre-Approval Policies and Procedures. Each Fund's audit committee has established policies and procedures (the "Policy") for pre-approval (within specified fee limits) of EY's engagement for audit and non-audit services to the Fund and non-audit services to Service Affiliates without specific case-by-case consideration. The pre-approved services in the Policy can include pre-approved audit services, pre-approved audit-related services, pre-approved tax services and pre-approved all other services. Pre-approval considerations include whether the proposed services are compatible with maintaining EY's independence. Pre-approvals pursuant to the Policy are considered annually. In addition, proposed services requiring pre-approval but not covered by the Policy are considered from time to time as necessary.

Auditor Independence. Each Fund's audit committee has considered whether the provision of non-audit services that were rendered to Service Affiliates that did not require pre-approval is compatible with maintaining EY's independence.

A representative of EY is expected to be present at the meeting, will have the opportunity to make a statement and will be available to respond to appropriate questions.

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Service Providers

Dreyfus, located at 200 Park Avenue, New York, New York 10166, serves as each Fund's investment adviser.

The Bank of New York Mellon, an affiliate of Dreyfus, located at 240 Greenwich Street, New York, New York 10286, acts as Custodian for the assets of each Fund.

Computershare, Inc., located at 480 Washington Boulevard, Jersey City, New Jersey 07310, acts as each Fund's Transfer Agent, Dividend-Paying Agent and Registrar.

Voting Information

To vote, you may use any of the following methods:

- *By Mail.* Please complete, date and sign the enclosed proxy card for each Fund you own and mail it in the enclosed, postage-paid envelope.
- *By Internet.* Have your proxy card available. Go to the website listed on the proxy card. Enter your control number from your proxy card. Follow the instructions on the website.
- *By Telephone.* Have your proxy card available. Call the toll-free number listed on the proxy card. Enter your control number from your proxy card. Follow the recorded instructions.
- *In Person.* Any stockholder who attends the meeting in person may vote by ballot at the meeting.

Shares represented by executed and unrevoked proxies will be voted in accordance with the specifications made thereon, and, if no voting instructions are given, shares will be voted “for” a proposal. If a proxy is properly executed and returned accompanied by instructions to withhold authority to vote or represents a broker “non-vote” (that is, a proxy from a broker or nominee indicating that such person has not received instructions from the beneficial owner or other person entitled to vote shares of a Fund on a particular matter with respect to which the broker or nominee does not have discretionary power), the Fund’s shares represented thereby will be considered to be present at the meeting for purposes of determining the existence of a quorum for the transaction of business, but will not constitute a vote “for” a proposal and will have no effect on the result of the vote.

Each Fund will bear its pro rata share of the cost of soliciting proxies based on the net assets of the Fund. In addition to the use of the mails, proxies may be solicited personally or by telephone. Authorizations to execute proxies may be obtained by electronic transmission or by telephonic instructions in accordance with procedures designed to authenticate the stockholder’s identity. In all cases where a telephonic proxy is solicited (as opposed to where the stockholder calls

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the toll-free telephone number directly to vote), the stockholder will be asked to provide or confirm certain identifiable information and to confirm that the stockholder has received the Fund’s proxy statement and proxy card in the mail. Within 72 hours of receiving a stockholder’s solicited telephonic voting instructions, a confirmation will be sent to the stockholder to ensure that the vote has been taken in accordance with the stockholder’s instructions and to provide a telephone number to call immediately if the stockholder’s instructions are not correctly reflected in the confirmation.

OTHER MATTERS

Neither Fund’s Board is aware of any other matter which may come before the meeting. However, should any such matter with respect to one or both Funds properly come before the meeting, it is the intention of the persons named in the accompanying forms of proxy to vote the proxy in accordance with their judgment on such matter.

Any proposals of stockholders that are intended to be presented at either Fund’s 2020 Annual Meeting of Stockholders in accordance with Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), must be received by the Secretary of the respective Fund at the Fund’s principal executive offices no later than January 1, 2020 and must comply with all other legal requirements in order to be included in either Fund’s proxy statement and forms of proxy for that meeting. For other stockholder proposals to be presented at the 2020 Annual Meeting of Stockholders (but not included in the Funds’ proxy statement), a stockholder’s notice must be delivered to the Secretary of the respective Fund at the Fund’s principal executive offices no later than 5:00 p.m., Eastern time, on March 11, 2020.

Stockholders who wish to communicate with Directors should send communications to the attention of the Secretary of the Fund, c/o The Dreyfus Corporation Legal Department, 240 Greenwich Street, 18th Floor, New York, New York 10286, and communications will be directed to the Director or Directors indicated in the communication or, if no Director or Directors are indicated, to the Chairman of the Board.

NOTICE TO BANKS, BROKER/DEALERS AND VOTING TRUSTEES AND THEIR NOMINEES

Please advise, as appropriate, Dreyfus Strategic Municipals, Inc. or Dreyfus Strategic Municipal Bond Fund, Inc. in care of Computershare, Inc., Proxy Department, 480 Washington Blvd., 27th floor, Jersey City, New Jersey 07310, whether other persons are the beneficial owners of the shares for which proxies are

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being solicited and, if so, the number of copies of the proxy statement and other soliciting material you wish to receive in order to supply copies to the beneficial owners of shares. Each Fund may pay persons holding shares of the Fund in their names or those of their nominees for their expenses in sending soliciting materials to their principals.

IT IS IMPORTANT THAT PROXIES BE RETURNED PROMPTLY. THEREFORE, STOCKHOLDERS WHO DO NOT EXPECT TO ATTEND THE MEETING IN PERSON ARE URGED TO COMPLETE, SIGN, DATE AND RETURN EACH ENCLOSED PROXY CARD IN THE ENCLOSED STAMPED ENVELOPE OR OTHERWISE VOTE PROMPTLY.

Dated: April 30, 2019

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EXHIBIT A

PART I

Part I sets forth information regarding the Continuing Directors, Board and committee meetings and share ownership.

Information About the Continuing Directors' Experience, Qualifications, Attributes or Skills. The Continuing Directors of each Fund, together with information as to their positions with the Fund, principal occupations and other board memberships for the past five years, are shown below. Mr. DiMartino and Ms. Evans are Continuing Class I Directors for DSMB and Messrs. Davis and Houminer and Ms. Melvin are Continuing Class II Directors for DSM, certain information for which is provided in Proposal 1 of this proxy statement. The address of the Continuing Directors is 200 Park Avenue, New York, New York 10166.

Continuing Class III Directors with Terms Expiring in 2020 for DSMB and 2021 for DSM

Name (Age) of Continuing Director Position with Funds (Since)	Principal Occupation During Past 5 Years	Other Board Memberships During Past 5 Years
Independent Directors		
JOAN GULLEY (71) **Class III Director of DSMB** (2017) **Class III Director of DSM** (2017)	PNC Financial Services Group, Inc. (1993 – 2014), including Executive Vice President and Chief Human Resources Officer and Executive Committee member (2008 – 2014)	None
BURTON N. WALLACK (68) **Class III Director of DSMB** (2006) **Class III Director of DSM** (2006)	President and Co-owner of Wallack Management Company, a real estate management company (1987 – present)	None
BENAREE PRATT WILEY (72) **APS Designee for DSM only** **Class III Director of**	Principal, The Wiley Group, a firm specializing in strategy and business development (2005 – present)	CBIZ (formerly, Century Business Services, Inc.), a provider of outsourcing functions for and medium

DSMB (2016) **Class III Director of** **DSM** (2016)	size companies, *Director* (2008 – present)

Each Continuing Director has been a Dreyfus Family of Funds board member for at least 20 years. Additional information about the Continuing Directors follows (supplementing the information provided in the table above) that describes some of the specific experiences, qualifications, attributes or skills that the Continuing Directors possess which the Board believes has prepared them to be effective Directors.

Joan L. Gulley — Ms. Gulley served in various senior roles at PNC Financial Services Group, Inc. (“PNC”) from 1993 until her retirement in 2014, including Chief Executive Officer of PNC Advisors, the wealth management and institutional services business of PNC, from 2002 to 2005, Executive Vice President and Chief Marketing Officer of Png-left:2px;padding-top:2px;padding-bottom:2px;padding-right:2px;">

1,453

5,765

4,078

Travel related expenses
3,257

2,225

8,916

8,534

Interest expense
666

402

1,733

978

Other operating expenses
4,473

3,106

11,486

8,348

Total expenses
49,490

61,361

156,775

155,065

Income before taxes
1,142

30,632

29,082

43,520

Provision for taxes
458

10,759

11,376

15,355

Net income allocated to common stockholders
$
684

$
19,873

$
17,706

$
28,165

Average shares outstanding:

Basic
31,196,845

30,046,450

30,971,658

30,326,050

Diluted
31,215,999

30,048,128

31,023,713

30,338,516

Earnings per share:

Basic
$
0.02

$
0.66

$
0.57

$
0.93

Diluted
$
0.02

$
0.66

$
0.57

$

0.93

Dividends declared and paid per share
$
0.45

$
0.45

$
1.35

$
1.35

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

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Greenhill & Co., Inc. and Subsidiaries
Condensed Consolidated Statements of Comprehensive Income (unaudited)
(in thousands)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2015	2014	2015	2014
Net income allocated to common stockholders	$684	$19,873	$17,706	$28,165
Currency translation adjustment, net of tax	(7,305)	(8,196)	(12,551)	(3,374)
Comprehensive income (loss) allocated to common stockholders	$(6,621)	$11,677	$5,155	$24,791

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

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Greenhill & Co., Inc. and Subsidiaries
Condensed Consolidated Statements of Changes in Equity
(in thousands, except for per share data)

	Nine Months Ended September 30, 2015 (unaudited)	Year Ended December 31, 2014
Common stock, par value $0.01 per share		
Common stock, beginning of the period	$389	$379
Common stock issued	16	10
Common stock, end of the period	405	389
Contingent convertible preferred stock, par value $0.01 per share		
Contingent convertible preferred stock, beginning of the period	14,446	14,446
Contingent convertible preferred stock canceled	(14,446)	—
Contingent convertible preferred stock, end of the period	—	14,446
Restricted stock units		
Restricted stock units, beginning of the period	90,107	117,258
Restricted stock units recognized, net of forfeitures	34,967	39,990
Restricted stock units delivered	(51,892)	(67,141)
Restricted stock units, end of the period	73,182	90,107
Additional paid-in capital		
Additional paid-in capital, beginning of the period	596,463	534,533
Common stock issued and contingently issued common stock	94,353	66,591
Contingent convertible preferred stock transferred	14,446	—
Tax (expense) from the delivery of restricted stock units	(7,866)	(4,661)
Additional paid-in capital, end of the period	697,396	596,463
Exchangeable shares of subsidiary		
Exchangeable shares of subsidiary, beginning of the period	1,958	1,958
Exchangeable shares of subsidiary delivered	—	—
Exchangeable shares of subsidiary, end of the period	1,958	1,958
Retained earnings		
Retained earnings, beginning of the period	141,290	152,412
Dividends	(44,295)	(56,283)
Tax benefit from payment of restricted stock unit dividends	1,499	1,773
Net income allocated to common stockholders	17,706	43,388
Retained earnings, end of the period	116,200	141,290
Accumulated other comprehensive income (loss)		
Accumulated other comprehensive income (loss), beginning of the period	(17,969)	(9,361)
Currency translation adjustment, net of tax	(12,551)	(8,608)
Accumulated other comprehensive income (loss), end of the period	(30,520)	(17,969)
Treasury stock, at cost, par value $0.01 per share		
Treasury stock, beginning of the period	(571,136)	(534,957)
Repurchased	(11,872)	(36,179)
Treasury stock, end of the period	(583,008)	(571,136)
Total stockholders' equity	275,613	255,548
Noncontrolling interests		
Noncontrolling interests, beginning of the period	694	1,042

Distributions to noncontrolling interests	—	(348)
Noncontrolling interests, end of the period	694	694
Total equity	$276,307	$256,242

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

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Greenhill & Co., Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows (unaudited)
(in thousands)

	For the Nine Months Ended September 30,	
	2015	2014
Operating activities:		
Net income allocated to common stockholders	$17,706	$28,165
Adjustments to reconcile net income allocated to common stockholders to net cash provided by operating activities:		
Non-cash items included in net income allocated to common stockholders:		
Depreciation and amortization	2,536	2,447
Net investment (gains) losses	(24)	6,566
Restricted stock units recognized and common stock issued	34,967	30,352
Deferred taxes	(3,351)	1,774
Deferred gain on sale of certain merchant banking assets	—	(146)
Changes in operating assets and liabilities:		
Advisory fees receivable	10,332	(3,088)
Other receivables and assets	1,820	(1,436)
Compensation payable	(14,558)	2,277
Accounts payable and accrued expenses	1,246	318
Current income taxes payable	932	(4,362)
Net cash provided by operating activities	51,606	62,867
Investing activities:		
Purchases of investments	(21)	(28)
Distributions from investments	768	585
Purchases of property and equipment	(1,954)	(1,807)
Cogent acquisition	(45,260)	—
Net cash used in investing activities	(46,467)	(1,250)
Financing activities:		
Proceeds from revolving bank loan	65,020	55,351
Repayment of revolving bank loan	(55,700)	(47,000)
Proceeds from bank term loans	45,000	—
Repayment of bank term loans	(11,250)	—
Dividends paid	(44,295)	(42,191)
Purchase of treasury stock	(11,872)	(29,586)
Net tax (cost) from the delivery of restricted stock units and payment of dividend equivalents	(6,368)	(2,612)
Net cash used in financing activities	(19,465)	(66,038)
Effect of exchange rate changes on cash and cash equivalents	(1,328)	(1,388)
Net decrease in cash and cash equivalents	(15,654)	(5,809)
Cash and cash equivalents, beginning of period	50,940	42,679
Cash and cash equivalents, end of period	$35,286	$36,870
Supplemental disclosure of cash flow information:		
Cash paid for interest	$1,698	$940
Cash paid for taxes, net of refunds	$14,139	$15,495

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

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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 its offices located in the United States, United Kingdom, Germany, Canada, Japan, Australia, Sweden, Brazil and Singapore.
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 capital advisory services; and
- Investments, which includes the Company's principal investments in certain merchant banking funds, and interest income.

The Company's wholly-owned subsidiaries provide advisory services in various jurisdictions. Our most significant operating entities include: Greenhill & Co., LLC ("G&Co"), Greenhill & Co. International LLP ("GCI") and Greenhill & Co. Australia Pty Limited ("Greenhill Australia").
G&Co is engaged in investment banking activities principally in the United States. 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. GCI is engaged in investment banking activities in the United Kingdom, and is subject to regulation by the U.K. Financial Conduct Authority ("FCA"). Greenhill Australia engages in investment banking activities in Australia and New Zealand and is licensed and subject to regulation by the Australian Securities and Investment Commission ("ASIC").
The Company also operates in other locations throughout the world which are subject to regulation by other governmental and regulatory bodies and self-regulatory authorities.
On April 1, 2015, Greenhill acquired Cogent Partners, LP and its affiliates ("Cogent") (now known as "Greenhill Cogent"), a global financial advisor to pension funds, endowments and other institutional investors on the secondary market for alternative assets. Greenhill Cogent is engaged in capital advisory services to institutional investors principally in the United States and United Kingdom and is registered as a broker-dealer with the SEC, FINRA and the FCA. See "Note 3 — Acquisition".

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 in the United States (U.S. GAAP), 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.
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 consolidation of variable interest entities, the Company consolidates the general partners of certain merchant banking funds in which it has a majority of the economic interest and control. The general partners account for their investments in these 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 these merchant banking funds represents estimations 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, 2014 included in the Company's Annual

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Report on Form 10-K and subsequent Forms 8-K filed with the SEC. The condensed consolidated financial information as of December 31, 2014 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.

Revenue Recognition

Advisory Revenues

It is the Company's accounting policy to recognize revenue when (i) there is persuasive evidence of an arrangement with a client, (ii) the agreed-upon services have been completed and delivered to the client or the transaction or events noted in the engagement letter are determined to be substantially complete, (iii) fees are fixed and determinable, and (iv) collection is reasonably assured.

The Company recognizes advisory fee revenues 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 and all other requirements for revenue recognition are satisfied.

The Company recognizes capital advisory fees from primary capital raising transactions at the time of the client's acceptance of capital or capital commitments to a fund in accordance with the terms of the engagement letter. Generally, fee revenue is determined based upon a fixed percentage of capital committed to the fund. For multiple closings, revenue is recognized at each interim closing based on the amount of capital committed at each closing at the fixed fee percentage. At the final closing, revenue is recognized at the fixed percentage for the amount of capital committed since the last interim closing.

The Company recognizes capital advisory fees from secondary market transactions at the time the sale or transfer of the capital interest is completed in accordance with the terms of the engagement letter. Generally, fee revenue is determined based upon a fixed percentage of the transaction value.

While the majority of the Company's fee revenue is earned at the conclusion of a transaction or closing of a fund, on-going retainer fees, substantially all of which relate to non-success based strategic advisory and financing advisory and restructuring assignments, are also earned and recognized as 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 advisory engagements. Expenses are reported net of such client reimbursements. Client reimbursements totaled $0.9 million and $1.5 million for the three months ended September 30, 2015 and 2014, respectively, and $4.2 million and $3.2 million for the nine months ended September 30, 2015 and 2014, respectively.

Investment Revenues

Investment revenues consist of (i) gains (or losses) on the Company's investments in certain merchant banking funds and (ii) interest income.

The Company recognizes revenue on its investments in merchant banking funds based on its allocable share of realized and unrealized gains (or losses) reported by such funds. The amount of gains or losses are not predictable and can cause periodic fluctuations in net income and therefore subject the Company to market and credit risk.

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. The Company maintains its cash and cash equivalents with financial institutions with high credit ratings. 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.

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. See "Note 4 — Cash and Cash Equivalents".

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 did not record a bad debt expense for the three month period ended September 30, 2015. For the nine month period ended

September 30, 2015 the Company recorded a bad debt expense of $0.3 million. The Company did not record a bad debt expense for the three or nine month periods ended September 30, 2014.

Included in the advisory fees receivable balance at September 30, 2015 and December 31, 2014 were $31.9 million and $37.3 million, respectively, of long term receivables related to capital advisory engagements which are generally paid in installments over a period of three years.

Included as a component of investment revenues on the condensed consolidated statements of income is interest income related to capital advisory engagements of $0.2 million and $0.3 million for the three month periods ended September 30, 2015 and 2014, respectively, and $0.6 million and $0.7 million for the nine month periods ended September 30, 2015 and 2014, respectively.

Credit risk related to advisory fees receivable is disbursed across a large number of clients located in various geographic areas. The Company controls credit risk through credit approvals and monitoring procedures but does not require collateral to support accounts receivable.

Investments

The Company's investments in merchant banking funds are recorded under the equity method of accounting based upon the Company's proportionate share of the estimated fair value of the underlying merchant banking fund's net assets. The value of merchant banking fund investments in privately held companies is determined by management 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.

Goodwill

Goodwill is the cost 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, which is included as a component of other comprehensive income in the condensed consolidated statements of changes in equity.

Restricted Stock Units

The Company accounts for its share-based compensation payments by recording the fair value of restricted stock units granted to employees as compensation expense. The restricted stock units 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 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 sum of (i) the weighted average number of shares outstanding for the period and (ii) the weighted average number of shares deemed issuable due to the vesting of restricted stock units for accounting purposes. See "Note 9 — Equity". The Company calculates diluted EPS by dividing net income allocated to common stockholders by the sum of (i) basic shares per above and (ii) the dilutive effect of the common stock deliverable pursuant to restricted stock units for which future

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service is required. 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. See "Note 10— Earnings per Share".

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.

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 currency 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.

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 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. See "Note 6 — Fair Value of Financial Instruments".

Fair Value of Other Financial Instruments

The Company believes that the carrying values of all other financial instruments presented in the condensed consolidated statements of financial condition approximate their fair value generally due to their short-term nature and generally negligible credit risk. These fair value measurements would be categorized as Level 2 within the fair value hierarchy.

Noncontrolling Interests

The Company records the noncontrolling interests of other consolidated entities as equity in the condensed consolidated statements of financial condition.

The portion of the consolidated interests in the general partners of certain of the merchant banking funds not held by the Company is presented as noncontrolling interest in equity. See "Note 5 — Investments in Merchant Banking Funds".

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

Accounting Developments

In May 2014, the FASB issued guidance codified in ASC 606, Revenue Recognition - Revenue from Contracts with Customers, which amends the guidance in former ASC 605, Revenue Recognition. Management is currently evaluating the impact of the future adoption of ASC 606 on the Company's consolidated financial statements. The guidance is effective for fiscal years beginning after December 15, 2016. On April 1, 2015, the FASB proposed a one-year deferral for the new guidance that would delay by one year the effective date of its new recognition standard. Under the proposal, the standard would be effective for public entities for annual reporting periods beginning after December 15, 2017.

Note 3 — Acquisition

On April 1, 2015, the Company acquired 100% ownership of Cogent (the "Acquisition") in exchange for a combination of (i) approximately $44.0 million in cash and 779,454 shares of Greenhill common stock paid at closing and (ii) approximately $18.9 million in cash and 334,048 shares of Greenhill common stock payable in the future if certain agreed revenue targets are achieved (the "Earnout"). The cash component of the consideration paid at closing was funded by two bank term loan facilities, each in an original principal sum of $22.5 million, and together in aggregate $45.0 million. See "Note 8 — Bank Loan Facilities".

The cash payment and the issuance of common shares related to the Earnout will be made if Greenhill Cogent achieves a revenue target during either the two year period ending on the second anniversary of the closing or the two year period ending on the fourth anniversary of the closing. If the revenue target is achieved, the contingent consideration will be paid on the second or fourth anniversary date of the closing, as applicable. If the revenue target is achieved during both Earnout periods, only one payment will be made at the end of the first Earnout period. If the revenue target is not achieved during either of the two year Earnout periods, a payment will not be made. The fair value of the contingent issuance of common shares was valued on the date of the Acquisition at $11.9 million and has been recorded as a component of equity in the condensed consolidated statement of financial condition. The fair value of the contingent cash consideration was valued on the date of the Acquisition at $13.1 million and will be remeasured quarterly based on a probability weighted present value discount that the revenue target may be achieved. For the three and nine months ended September 30, 2015, the fair value of the contingent consideration increased by $0.1 million based on changes in the estimated probability of achievement and present value of the remaining term. See "Note 6 — Fair Value of Financial Instruments".

The Acquisition has been accounted for using the purchase method of accounting and the results of operations for Greenhill Cogent have been included in the condensed consolidated statements of income from the date of acquisition. The Company incurred $1.2 million of transaction costs related to the Acquisition which have been included as a component of professional fees in the condensed consolidated statement of income for the period ended September 30, 2015.

A preliminary allocation of the total purchase price of approximately $100.0 million has been made to the assets acquired and liabilities assumed based on their fair values as of April 1, 2015, the date of the acquisition, as follows (in thousands, unaudited):

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Preliminary allocation of assets acquired and liabilities assumed:	
Assets:	
Current assets	$13,970
Property and equipment	1,214
Other assets	651
Identifiable intangible assets	1,300
Goodwill	92,981
Total assets	110,116
Liabilities:	
Current liabilities	9,621
Deferred tax liability	500
Total liabilities	10,121
Net assets	$99,995

The excess of the purchase price over the fair value of the net assets acquired of $93.0 million has been recorded as goodwill. Goodwill includes the in-place workforce, which allows the Company to continue serving its existing client base, begin marketing to potential clients and avoid significant costs reproducing the workforce.

The estimated fair value of the intangible assets acquired, which consist of Cogent's backlog of client assignments that existed at the time of the closing, customer relationships, and trade name, is based, in part, on a valuation using an income approach, market approach or cost approach and has been included in other assets on the condensed consolidated statement of financial condition as of September 30, 2015. The estimated fair value ascribed to the identifiable intangible assets will be amortized on a straight-line basis over the estimated remaining useful life of each asset over periods ranging between one to three years. For the three and nine months ended September 30, 2015, the Company recorded amortization expense of $0.2 million and $0.4 million, respectively, in respect of these assets.

The total purchase includes an escrow amount of $8.9 million, which is held by a third party agent, and may be used to cover potential post-closing obligations of the sellers prior to the first anniversary of the closing.

Under the terms of the purchase, the purchase price is subject to a post-closing adjustment based upon Cogent's net working capital, as defined, as of March 31, 2015. Included in accrued expense in the condensed consolidated statement of financial condition as of September 30, 2015 is an amount due to sellers of approximately $0.6 million.

The Acquisition will be treated as an asset purchase for tax purposes. Similar to the purchase accounting method used for book purposes, the excess of the purchase price paid over the fair value of the net assets acquired will be recorded as goodwill for tax purposes. The amount of goodwill recorded for tax purposes will be determined based on the consideration paid at closing and will be amortized for tax purposes ratably over a fifteen year period. If the Earnout is achieved, the additional consideration paid will also be treated as goodwill for tax purposes and will be amortized ratably over the remainder of the fifteen year period. For book purposes, the tax benefit realized from the amortization of goodwill will be recorded as a deferred tax liability.

Consistent with the Company's normal personnel recruiting policies, and in order to provide long term incentives for retention and continued strong performance, Greenhill also granted restricted stock units and other deferred compensation awards to a number of Cogent employees, subject to continued employment. The awards will generally vest on the third or fifth anniversary of the Acquisition. The awards have not been recorded as a component of the purchase price and will be expensed over the service period during which they are earned.

Set forth below are the Company's summary unaudited pro forma results of operations for the nine months ended September 30, 2015 and the three and nine months ended September 30, 2014. The unaudited pro forma results of operations for the nine months ended September 30, 2015 include the historical results of the Company and give effect to the Acquisition if it had occurred on January 1, 2015. These pro forma results include the actual results of Cogent from January 1, 2015 through March 31, 2015. For the period April 1, 2015 through September 30, 2015, Cogent's results were included in the consolidated results of the Company. The unaudited results of operations for the three and nine months ended September 30, 2014 include the historical results of the Company and give effect to the

Acquisition as if it had occurred on January 1, 2014. The pro forma amounts include Cogent's actual results for the three and nine months ended September 30, 2014. See "Note 9 — Equity" and "Note 10 — Earnings per Share". 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 on January 1, 2015, 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.

	For the Three Months Ended September 30,	
	2015	2014
	(in millions, except per share amounts) (unaudited)	
	(actual)	(pro forma)
Revenues	$50.7	$101.1
Income before taxes	1.1	32.6
Net income allocated to common stockholders	0.7	21.1
Diluted earnings per share	$0.02	$0.69

	For the Nine Months Ended September 30,	
	2015	2014
	(in millions, except per share amounts) (unaudited)	
	(pro forma)	(pro forma)
Revenues	$196.3	$217.2
Income before taxes	31.0	45.1
Net income allocated to common stockholders	18.9	29.2
Diluted earnings per share	$0.59	$0.94

The pro forma results include (i) compensation and benefits expense based upon a ratio of compensation to total revenues of 54%, the rate used by the Company in the pro forma periods presented, (ii) the amortization of identifiable intangible assets of Cogent, (iii) the estimated interest expense related to the bank term loan borrowings used to fund the Acquisition, (iv) the elimination of non-recurring revenue and expense items of Cogent which were directly attributable to the Acquisition, and (v) the estimated income tax expense related to the historical earnings of Cogent's earnings, which as a result of the Acquisition, will be subject to income tax at the effective tax rate of the Company.

Note 4 — Cash and Cash Equivalents

The carrying values of the Company's cash and cash equivalents are as follows:

	As of September 30, 2015	As of December 31, 2014
	(in thousands, unaudited)	
Cash	$29,364	$35,748
Cash equivalents	1,282	8,998
Restricted cash - deferred compensation plan	113	498
Restricted cash - letters of credit	4,527	5,696
Total cash and cash equivalents	$35,286	$50,940

The carrying value of the Company's cash equivalents approximates fair value. Cash is restricted for the payout of Greenhill Australia's deferred compensation plan, which is being distributed over a 7 year period ending in 2016. A deferred compensation liability relating to the plan of $0.1 million and $0.5 million as of September 30, 2015 and December 31, 2014, respectively, has been recorded on the condensed consolidated statements of financial condition as a component of compensation payable.

Letters of credit are secured by cash held on deposit.

Note 5 — Investments in Merchant Banking Funds

The Company has invested in certain previously sponsored merchant banking funds: Greenhill Capital Partners (“GCP I”) and Greenhill Capital Partners II (“GCP II”), which are families of merchant banking funds.

The carrying value of the Company’s investments in merchant banking funds are as follows:

	As of September 30, 2015	As of December 31, 2014
	(in thousands, unaudited)	
Investment in GCP I	$1,019	$1,600
Investment in GCP II	784	907
Investment in other merchant banking funds	1,648	1,666
Total investments in merchant banking funds	$3,451	$4,173

As of September 30, 2015, the Company continues to retain control only of the general partners of GCP I and GCP II and consolidates the results of each such general partner.

The investment in GCP I represents an interest in a previously sponsored merchant banking fund and includes $0.1 million at each of September 30, 2015 and December 31, 2014, respectively, related to the noncontrolling interests in the managing general partner of GCP I. The investment in GCP II represents an interest in a previously sponsored merchant banking fund and includes $0.6 million at each of September 30, 2015 and December 31, 2014, respectively, related to the noncontrolling interests in the general partner of GCP II.

Investment in other merchant banking funds includes the Company's investment in Barrow Street III, a real estate investment fund.

At September 30, 2015, the Company had no remaining unfunded commitments.

Investment revenues

The Company’s investment revenues, by source, are as follows:

	For the Three Months Ended September 30, 2015	For the Three Months Ended September 30, 2014	For the Nine Months Ended September 30, 2015	For the Nine Months Ended September 30, 2014
	(in thousands, unaudited)			
Net realized and unrealized gains (losses) on investments in merchant banking funds	$147	$(35)	$25	$(6,539)
Deferred gain on sale of certain merchant banking assets	—	48	—	146
Interest income	207	311	700	867
Total investment revenues (losses)	$354	$324	$725	$(5,526)

Note 6 — Fair Value of Financial Instruments

There were no Level 1 or Level 2 assets or liabilities measured in the fair value hierarchy during the three and nine month periods ended September 30, 2015 and 2014. There were no Level 3 assets or liabilities measured at fair value during the three and nine months ended September 30, 2014.

The following table sets forth the measurement at fair value on a recurring basis of the contingent cash consideration due the selling unitholders of Cogent related to the Earnout. The liability arose as a result of the Acquisition on April 1, 2015 and is categorized as a Level 3 liability. See "Note 3 — Acquisition".

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Liabilities Measured at Fair Value on a Recurring Basis as of September 30, 2015

	Quoted Prices in Active Markets for Identical Assets (Level 1) (in thousands)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of September 30, 2015
Liabilities				
Contingent obligation due selling unitholders of Cogent	$—	$—	$13,244	$13,244
Total	$—	$—	$13,244	$13,244

Changes in Level 3 liabilities measured at fair value on a recurring basis for the three and nine month periods ended September 30, 2015 are as follows:

	Opening Balance as of July 1, 2015 (in thousands)	Total realized and unrealized gains (losses) included in Net Income	Unrealized gains (losses) included in Other Comprehensive Income	Purchases	Issues	Sales	Settlements	Closing Balance as of September 30, 2015	Unrealized gains (losses) for Level 3 liabilities outstanding at September 30, 2015
Liabilities									
Contingent obligation due selling unitholders of Cogent	$13,144	$(100)	$ —	$—	$—	$—	$—	$13,244	$(100)
Total	$13,144	$(100)	$ —	$—	$—	$—	$—	$13,244	$(100)

	Opening Balance as of January 1, 2015 (in thousands)	Total realized and unrealized gains (losses) included in Net Income	Unrealized gains (losses) included in Other Comprehensive Income	Purchases	Issues	Sales	Settlements	Closing Balance as of September 30, 2015	Unrealized gains (losses) for Level 3 liabilities outstanding at September 30, 2015
Liabilities									
Contingent obligation due selling unitholders of Cogent	$—	$(100)	$ —	$13,144	$—	$—	$—	$13,244	$(100)
Total	$—	$(100)	$ —	$13,144	$—	$—	$—	$13,244	$(100)

Realized and unrealized gains (losses) are reported as a component of other operating expenses in the condensed consolidated statements of income.

The following table presents quantitative information about the significant unobservable inputs utilized by the Company in the fair value measure of Level 3 liabilities measured at fair value on a recurring basis, as of September 30, 2015:

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	Fair Value as of September 30, 2015 (in thousands)	Valuation Technique(s)	Unobservable Input(s)	Range (Weighted Average)	
Liabilities					
Contingent obligation due selling unitholders of Cogent	$13,244	Present value of expected payments	Discount rate	12	%
			Forecast revenue	(a)	

(a) The Company's estimate of contingent consideration as of September 30, 2015 was principally based on the acquired business' projected revenue generation from April 1, 2015 through March 31, 2017 and April 1, 2017 through March 31, 2019.

Valuation Processes - Level 3 Measurements - The Company utilizes a valuation technique based on a present value method applied to the probability of achieving a range of potential revenue outcomes. The valuation was conducted by the Company. The Company updates unobservable inputs each reporting period and has a formal process in place to review changes in fair value.

Sensitivity Analysis - Level 3 Measurements - The significant unobservable inputs used in determining fair value are the discount rate and forecast revenue information. Significant increases (decreases) in the discount rate would have resulted in a lower (higher) fair value measurement. Significant increases (decreases) in the forecast revenue information would result in a higher (lower) fair value measurement. For all significant unobservable inputs used in the fair value measurement of the Level 3 liabilities, a change in one of the inputs would not necessarily result in a directionally similar change in the other.

Note 7 — Related Parties
At September 30, 2015 and December 31, 2014, the Company had no amounts receivable or payable to related parties. The Company subleases airplane and office space to a firm owned by the Chairman of the Company. The Company recognized rent reimbursements of $18,300 and $19,200 for the three month periods ended September 30, 2015 and 2014, respectively, and $52,800 and $57,600 for the nine month periods ended September 30, 2015 and 2014, which are included as a reduction of occupancy and equipment rental on the condensed consolidated statements of income.

Note 8 — Bank Loan Facilities
At September 30, 2015, the Company had a revolving bank loan facility to provide for working capital needs and for other general corporate purposes. In conjunction with the acquisition of Cogent, the amount of the revolving bank loan facility was increased to $50.0 million and the maturity date was extended to April 30, 2016. The revolving bank loan facility bears interest at the higher of the Prime Rate or 3.25%. The weighted average daily borrowings outstanding under the revolving bank loan facility were approximately $34.4 million and $34.5 million for the nine months ended September 30, 2015 and 2014, respectively. The weighted average interest rate was 3.25% for the nine months ended September 30, 2015 and 2014.
In connection with the acquisition of Cogent on April 1 , 2015, the Company funded the cash component of the consideration paid at closing with two bank term loan facilities (the "Term Loan Facilities"), each in an original principal amount of $22.5 million, and together in the aggregate amount of $45.0 million. One Term Loan Facility is payable in full on April 30, 2016 (the "12 Month Facility") and bears interest at the Prime Rate plus three-quarters of one percent (0.75%) per annum. The other Term Loan Facility matures on April 30, 2018 (the "36 Month Facility"), is payable in four equal semi-annual installments beginning October 31, 2016 and bears interest at the Prime Rate plus

one and one-quarter percent (1.25%) per annum, which interest rate shall be reduced to the Prime Rate plus three-quarters of one percent (0.75%) per annum when the amount outstanding on the bank term loan facility is $7.5 million or less. There are no prepayment penalties for the early repayment of either Term Loan Facility. Principal amounts repaid on the Term Loan Facilities cannot be reborrowed. The interest rate applicable to the Term Loan Facilities shall never be less than four percent (4.00%) per annum. The weighted average interest rate related to the Term Loan Facilities was 4.33% for the three months ended September 30, 2015. At September 30, 2015, the outstanding principal balances of the 12 Month Facility and the 36 Month Facility were $11.3 million and $22.5 million, respectively. See "Note 3 — Acquisition".

The revolving and term loan facilities are provided by a U.S. banking institution and are secured by any cash distributed in respect of the Company's investment in the U.S. based merchant banking funds and cash distributions from G&Co. In addition, the bank loan facilities have a prohibition on the incurrence of additional indebtedness without the prior approval of the lenders

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and the Company is required to comply with certain financial and liquidity covenants. At September 30, 2015 and December 31, 2014, the Company was compliant with all loan covenants.

Note 9 — Equity

In connection with the acquisition of Cogent on April 1, 2015, the Company issued 779,454 shares of common stock on the acquisition date. In addition, the Company will issue 334,048 shares of common stock on the second or fourth anniversary of the Acquisition, as the case may be, if the revenue target related to the Earnout is achieved. If the revenue target related to the Earnout is not achieved the common shares will not be issued. The fair value of the contingent issuance of common shares was valued on the date of the Acquisition at $11.9 million and has been recorded as additional paid in capital in the condensed consolidated statement of financial condition. A portion of the value will be transferred to common stock if the Earnout is achieved. See "Note 3 — Acquisition" and “Note 10 — Earnings Per Share”.

On September 16, 2015, a dividend of $0.45 per share was paid to stockholders of record on September 2, 2015. For the nine months ended September 30, 2015 dividend payments of $1.35 per share were paid to stockholders. Dividends include dividend equivalents of $5.1 million and $4.0 million, which were paid on outstanding restricted stock units for the nine months ended September 30, 2015 and 2014, respectively.

During the nine months ended September 30, 2015, 823,639 restricted stock units vested and were issued as common stock of which the Company is deemed to have repurchased 340,112 shares at an average price of $34.91 per share in conjunction with the payment of tax liabilities in respect of stock delivered to its employees in settlement of restricted stock units.

During the nine months ended September 30, 2014, 958,178 restricted stock units vested and were issued as common stock of which the Company is deemed to have repurchased 380,130 shares at an average price of $51.51 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, 2014, the Company repurchased in open market transactions 212,200 shares of its common stock at an average price of $47.15 per share.

In connection with the acquisition of Greenhill Australia in April 2010, the Company issued 1,099,877 shares of contingent convertible preferred stock ("Performance Stock"). The Performance Stock does not pay dividends, was issued in tranches of 659,926 shares and 439,951 shares, and would be converted to shares of the Company's common stock promptly after the third and fifth anniversaries of the closing of the acquisition, respectively, if certain separate revenue targets were achieved. The revenue target for the first tranche was achieved and, on April 1, 2013, the third anniversary of the closing, 659,926 shares of Performance Stock, which had a fair value of $32.5 million at the acquisition date, were converted to common stock. The revenue target for the second tranche was not achieved and, effective April 1, 2015, the fifth anniversary of the closing, 439,951 shares of Performance Stock, which had a fair value of $14.4 million at the acquisition date, were canceled and the value was transferred to additional paid in capital.

Note 10 — Earnings per Share

The computations of basic and diluted EPS are set forth below:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2015	2014	2015	2014
	(in thousands, except per share amounts, unaudited)			
Numerator for basic and diluted EPS — net income allocated to common stockholders	$684	$19,873	$17,706	$28,165
Denominator for basic EPS — weighted average number of shares	31,197	30,046	30,972	30,326
Add — dilutive effect of:				
Weighted average number of incremental shares issuable from restricted stock units	19	2	52	13
	31,216	30,048	31,024	30,339

Denominator for diluted EPS — weighted average number of shares and dilutive potential shares				
Earnings per share:				
Basic	$0.02	$0.66	$0.57	$0.93
Diluted	$0.02	$0.66	$0.57	$0.93

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The weighted number of shares and dilutive potential shares do not include 334,048 shares of common stock, which will be issued to the selling unitholders of Cogent, on the second or fourth anniversary of the Acquisition, as the case may be, if the revenue target related to the Earnout is achieved. At the time a revenue target is achieved such shares will be included in the Company’s share count. If the revenue target is not achieved, the shares of common stock will not be issued. See “Note 3 — Acquisition”.

Note 11 — 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.

Under the requirements of ASC 740, the Company intends to indefinitely reinvest its non-U.S. subsidiaries earnings outside the United States and does not provide residual U.S. tax on these earnings.

The Company believes it is more likely than not 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.

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 and the condensed consolidated statements of comprehensive income.

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, 2015, 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 12 — Regulatory Requirements

Certain subsidiaries of the Company are subject to various regulatory requirements in the United States, United Kingdom, Australia and certain other jurisdictions, 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 a minimum net capital of the greater of $5,000 or 1/15 of aggregate indebtedness, as defined in the Rule. As of September 30, 2015, G&Co’s net capital was $4.6 million, which exceeded its requirement by $4.3 million. G&Co’s aggregate indebtedness to net capital ratio was 0.8 to 1 at September 30, 2015. Certain distributions and other capital withdrawals of G&Co are subject to certain notifications and restrictive provisions of the Rule.

GCI is subject to capital requirements of the FCA. Greenhill Australia is subject to capital requirements of the ASIC. Greenhill Cogent is subject to capital requirements of the SEC and the FCA. We are also subject to certain regulatory capital requirements in other jurisdictions. As of September 30, 2015, GCI, Greenhill Australia, Greenhill Cogent and our other regulated operations were in compliance with local capital adequacy requirements.

Note 13 — Business Information

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

- Advisory, which includes engagements relating to mergers and acquisitions, financing advisory and restructuring, and capital advisory services; and
- Investments, which includes the Company's principal investments in merchant banking funds and interest income.

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The following provides a breakdown of our revenues by source for the three and nine month periods ended September 30, 2015 and 2014, respectively:

	For the Three Months Ended					
	September 30, 2015			September 30, 2014		
	Amount	% of Total		Amount	% of Total	
	(in millions, unaudited)					
Advisory revenues	$50.3	99	%	$91.7	100	%
Investment revenues	0.4	1	%	0.3	—	%
Total revenues	$50.7	100	%	$92.0	100	%

	For the Nine Months Ended					
	September 30, 2015			September 30, 2014		
	Amount	% of Total		Amount	% of Total	
	(in millions, unaudited)					
Advisory revenues	$185.1	100	%	$204.1	103	%
Investment revenues (losses)	0.7	—	%	(5.5)	(3	)%
Total revenues	$185.8	100	%	$198.6	100	%

In reporting to management, the Company distinguishes the sources of its revenues between advisory and investment revenues. However, management does not evaluate other financial data or operating results such as operating expenses, profit and loss or assets by its advisory and investment activities.

Note 14 — Subsequent Events

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

On October 22, 2015, the Board of Directors of the Company declared a quarterly dividend of $0.45 per share. The dividend will be payable on December 16, 2015 to the common stockholders of record on December 2, 2015.

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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, 2014 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”, “predict”, “potential” or “continue”, the negative of th 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 2014 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 and we do not undertake any obligation to update or review any of these forward-looking statements after the date of this filing to conform our prior statements to actual results or revised expectations whether as a result of new information, future developments or otherwise.

Overview

Greenhill is a leading independent investment bank that provides financial and strategic advice on significant domestic and cross-border mergers and acquisitions, restructurings, financings, capital raisings and other strategic transactions to a diverse client base, including corporations, partnerships, institutions and governments. We act for clients located throughout the world from our global offices in the United States, United Kingdom, Germany, Sweden, Australia, Japan, Singapore, Canada and Brazil.

Our revenues are principally derived from advisory services on mergers and acquisitions (or M&A), financings and restructurings and are primarily driven by total deal volume and the size of individual transactions. Additionally, our global capital advisory group provides capital raising advisory services in the primary market for real estate and private equity funds, where revenues are driven primarily by the amount of capital raised, and in the secondary market for alternative assets, where revenue is determined based upon a fixed percentage of the transaction value.

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, through recruiting talented managing directors and other senior professionals from major investment banks, independent financial advisory firms and other institutions, with a range of geographic, industry and transaction specialties as well as high-level corporate and other relationships, as well as through training, developing and promoting professionals internally. Since the opening of our original office in New York, we have expanded beyond merger and acquisition advisory services to include financing, restructuring and capital advisory services, have expanded the breadth of our sector expertise to cover substantially all major industries and have expanded globally to 15 offices across five continents.

During the first nine months of 2015, we recruited five M&A focused Managing Directors who joined our teams in Houston, San Francisco, Sydney and Tokyo and one M&A focused Senior Advisor who joined our team in London. In addition, on April 1, 2015, we completed the acquisition of Cogent Partners, LP and its affiliates ("Cogent") (now known as "Greenhill Cogent"), a global financial advisor to pension funds, endowments and other institutional investors on the secondary market for alternative assets. Greenhill Cogent's principal office is in Dallas and it has personnel who are located in London, New York, San Francisco and Singapore. All eight of Cogent's client-facing Managing Directors and total staff of 41 employees joined the Firm at closing.

Our financial results include the financial results of Greenhill Cogent from the date of our acquisition. As a result of the acquisition, we will incur additional recurring non-compensation costs, which have historically approximated $7.0 million annually. We will also incur interest expense related to the financing of the acquisition as well as the cost of the amortization of identifiable intangibles as determined based on the allocation of the purchase price. We expect compensation costs for the new employees will approximate our historical ratio of compensation to revenues.

In addition, as part of the purchase value of Greenhill Cogent we valued the contingent cash consideration related to the Earnout at the date of acquisition at $13.1 million. If the likelihood that Greenhill Cogent will achieve the Earnout increases during a quarterly period we will record as expense the change in the estimated fair value of the contingent cash consideration until it reaches its face value of $18.9 million. And contrarily, if the likelihood that Greenhill Cogent will achieve the Earnout decreases during a quarterly period we will record as income the decrease in the estimated fair value of the contingent consideration until it reaches zero.

Beginning in 2011, as a result of our exit from the management of the merchant banking funds, we began to monetize our principal investments, which we substantially completed by December 2013. As a result, we do not expect to report meaningful investment revenues or losses in future periods. At September 30, 2015, we held remaining investments in merchant banking funds with an estimated fair value of $3.5 million.

Business Environment

Economic and global financial market conditions can materially affect our financial performance. See “Risk Factors” in our 2014 Annual Report on Form 10-K filed with 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.

Advisory revenues were $50.3 million in the third quarter of 2015 compared to $91.7 million in the third quarter of 2014, a decrease of $41.4 million, or 45%. For the nine months ended September 30, 2015, advisory revenues were $185.1 million compared to $204.1 million, a decrease of $19.0 million, or 9%.

The largest driver of our revenues is M&A completions and, on a year to date basis through September 30, 2015, the number of completed transactions globally decreased 3% versus the prior year, while the volume of completed transactions (reflecting the sum of all transaction sizes) increased by 36%, driven by a small number of large transaction completions.[1] General market data continues to show significant improvement in M&A only for the very largest transactions, with the number of global deals under $500 million on track to be down relative to last year, and the number of transactions in the $500 million to $5 billion range on track to be up only slightly.[2] For the Firm, the timing of transaction completions can create volatility in our quarterly revenues and profits, which was the case in the third quarter of 2015 when we realized very few transaction completions resulting in lower than typical advisory revenue. However, based on the number of large announced transactions in which we have been involved in 2015 and the expected timing of the completion of those transactions, we expect a larger backlog of fees from announced transactions, as we begin 2016, than we have had in the past several years.

Much of the transaction activity in the market generally has been in the U.S. For the Firm, consistent with the general market data, during the nine months ended September 30, 2015, the U.S. M&A business continued to be the strongest performing region for us. Our European business was our next largest contributor, with the largest portion of that generated in the U.K., although our revenues declined in Europe as we had fewer transaction completions during the first nine months of 2015 compared to the same period in 2014. Our Australian and Asian businesses, in aggregate, remained relatively flat. In Brazil, despite a challenging economic and political environment, our team remains active on many transaction assignments. As transaction activity broadens across deal sizes and to markets outside the U.S. and U.K., as history suggests it ultimately will, we expect our opportunities for M&A revenue globally to grow materially.

We believe our business performance is best measured over longer periods of time, as we generally experience significant variations in revenues and profits from quarter to quarter. These variations can generally be attributed to the fact that our revenues are typically 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. Accordingly, our results in one period may not be indicative of our results in any future period.

(1) Excludes transactions less than $100,000 and withdrawn/canceled deals. Source: Thomson Financial as of October 22, 2015.
(2) Source: Thomson Financial as of October 22, 2015.

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Results of Operations

Summary

Our total revenues of $50.7 million for the third quarter of 2015 compare to total revenues of $92.0 million for the third quarter of 2014, which represented a decrease of $41.3 million, or 45%. Advisory revenues for the third quarter of 2015 were $50.3 million compared to $91.7 million for the third quarter of 2014. In the third quarters of 2015 and 2014, we recognized investment revenues of $0.4 million and $0.3 million, respectively. The decrease in our third quarter revenues as compared to the same period in 2014 resulted from the decrease in advisory revenues.

For the nine months ended September 30, 2015, total revenues were $185.8 million compared to $198.6 million for the comparable period in 2014, a decrease of $12.8 million, or 6%. Advisory revenues for the nine months ended September 30, 2015 were $185.1 million compared to $204.1 million over the same year to date period in 2014. For the nine months ended September 30, 2015, we recognized investment revenues of $0.7 million compared to an investment loss of $5.5 million for the same period in 2014. The decrease in our year to date revenues as compared to the same period in 2014 principally resulted from a decrease in advisory revenues of $19.0 million.

Our third quarter 2015 net income allocated to common stockholders of $0.7 million and diluted earnings per share of $0.02 compare to net income allocable to common stockholders of $19.9 million and diluted earnings per share of $0.66 in the third quarter of 2014. On a year to date basis, net income allocated to common stockholders was $17.7 million through September 30, 2015, compared to $28.2 million for the comparable period in 2014. Diluted earnings per share for the nine months ended September 30, 2015 were $0.57 compared to $0.93 for the same period in 2014.

Our quarterly revenues and net income can fluctuate materially depending on the number, size and timing of completed transactions on which we advised, the 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.

Revenues by Source

The following provides a breakdown of total revenues by source for the three and nine month periods ended September 30, 2015 and 2014, respectively:

	For the Three Months Ended					
	September 30, 2015			September 30, 2014		
	Amount	% of Total		Amount	% of Total	
	(in millions, unaudited)					
Advisory revenues	$50.3	99	%	$91.7	100	%
Investment revenues	0.4	1	%	0.3	—	%
Total revenues	$50.7	100	%	$92.0	100	%

	For the Nine Months Ended					
	September 30, 2015			September 30, 2014		
	Amount	% of Total		Amount	% of Total	
	(in millions, unaudited)					
Advisory revenues	$185.1	100	%	$204.1	103	%
Investment revenues (losses)	0.7	—	%	(5.5)	(3	)%
Total revenues	$185.8	100	%	$198.6	100	%

Advisory Revenues

Advisory revenues primarily consist of financial advisory and transaction related fees earned in connection with advising clients on mergers, acquisitions, financings, restructurings, capital advisory transactions, or similar transactions. A majority of our advisory revenue is contingent upon the closing of a merger, acquisition, financing, restructuring, fund raising or similar transaction. While fees payable upon the successful conclusion of a transaction generally represent the largest portion of our advisory fees, we also earn on-going retainer and strategic advisory fees, and fees payable upon the commencement of an engagement, on a monthly or quarterly basis, or upon the achievement of certain milestones, such as the announcement of a transaction or the rendering of a fairness opinion. Additionally, in our capital advisory business, we generally earn advisory fees based upon a

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percentage of capital committed to the fund at each interim closing and at the final closing for the amount of capital committed since the last interim closing.
We earned $50.3 million in advisory revenues in the third quarter of 2015 compared to $91.7 million in the third quarter of 2014, a decrease of $41.4 million, or 45%. The decrease in advisory revenues in the third quarter of 2015 as compared to the same period in 2014 primarily resulted from a significant decrease in completed transaction fees due to fewer transaction closings, as well as the smaller scale of the transactions that closed.
For the nine months ended September 30, 2015, advisory revenues were $185.1 million compared to $204.1 million in 2014, a decrease of $19.0 million, or 9%. This decrease in our advisory revenues principally resulted from a decrease in completed transaction fees, offset in part by an increase in revenues from announcement fees and capital advisory fees, including fees from Greenhill Cogent.

Completed assignments in the third quarter of 2015 included:

- the acquisition by Alcoa Inc. of RTI International Metals, Inc.;

- the acquisition by Emdeon Inc. of Altegra Health, Inc.;

- the sale by GlaxoSmithKline Consumer Healthcare of a portfolio of OTC brands to Perrigo Company plc; and,

- the representation of Tabcorp Holdings Limited on a long-term media rights deal for Victorian thoroughbred racing.

During the third quarter of 2015, our capital advisory group advised real estate and private equity fund general partners on one final closing and three interim closings of primary capital commitments from institutional investors to such funds. In addition, our secondary capital advisory group, through Greenhill Cogent, advised institutional investors on 23 closings of sales of limited partnership interests in secondary market transactions.
Investment Revenues

Investment revenues consist of investment gains and losses from our investments in merchant banking funds and interest income.
The following table sets forth additional information relating to our investment revenues for the three and nine months ended September 30, 2015 and 2014:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2015	2014	2015	2014
	(in millions, unaudited)			
Net realized and unrealized gains (losses) on investments in merchant banking funds	$0.2	$—	$—	$(6.5)
Deferred gain on sale of certain merchant banking assets	—	—	—	0.1
Interest income	0.2	0.3	0.7	0.9
Total investment revenues (losses)	$0.4	$0.3	$0.7	$(5.5)

For the third quarter of 2015, we recorded investment revenues of $0.4 million compared to $0.3 million in the third quarter of 2014. Investment revenues primarily consisted of interest income during both quarterly periods.
For the nine months ended September 30, 2015, we recorded investment revenues of $0.7 million as compared to an investment loss of $5.5 million for the nine months ended September 30, 2014. The investment revenues for the nine months ended September 30, 2015 were principally derived from interest income. The investment loss for the nine months ended September 30, 2014 principally resulted from a write down of a merchant banking fund investment, partially offset by interest income.

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. Investments held by merchant banking funds are recorded at estimated fair value. Because of the inherent uncertainty of valuations as well as the discounts applied, the estimated fair value of investments

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in privately held companies may differ significantly from the values that would have been used had a ready market for the securities existed.

At September 30, 2015, we had principal investments of $3.5 million, which consists of many small investments in our previously sponsored and other merchant banking funds. For our remaining investments in the merchant banking funds, the size and timing of changes in the fair value of these investments 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. We will continue to record realized and unrealized changes in the fair value of our investments on a quarterly basis until such investments are fully liquidated. Adverse changes in general economic conditions, commodity prices, credit and public equity markets could negatively impact the amount of investment revenues or losses we record in any period.

Operating Expenses

We classify operating expenses as employee compensation and benefits expenses and non-compensation expenses. Our total operating expenses for the third quarter of 2015 were $49.5 million, which compared to $61.4 million of total operating expenses for the third quarter of 2014. This represents a decrease in total operating expenses of $11.9 million, or 19%, and resulted from a decrease in our compensation and benefits expenses, partially offset by an increase in non-compensation expenses, both as described in more detail below. As a result of our relatively low revenue during the current quarter, the pre-tax profit margin for the three months ended September 30, 2015 was 2% as compared to 33% for the same period in 2014.

For the nine months ended September 30, 2015, total operating expenses were $156.8 million, compared to $155.1 million of total operating expenses for the same period in 2014. The increase of $1.7 million, or 1%, resulted from an increase in our non-compensation expenses, partially offset by a decrease in our compensation and benefit expenses, both as described in more detail below. The pre-tax profit margin for the nine months ended September 30, 2015 was 16% as compared to 22% for the same period in 2014.

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,			
	2015		2014		2015		2014	
	(in millions, unaudited)							
Employee compensation and benefits expenses	$30.7		$46.0		$103.7		$110.0	
% of revenues	61	%	50	%	56	%	55	%
Non-compensation expenses	18.8		15.4		53.1		45.1	
% of revenues	37	%	17	%	29	%	23	%
Total operating expenses	49.5		61.4		156.8		155.1	
% of revenues	98	%	67	%	84	%	78	%
Total income before tax	1.1		30.6		29.1		43.5	
Pre-tax profit margin	2	%	33	%	16	%	22	%

Compensation and Benefits Expenses

Our employee compensation and benefits expenses in the third quarter of 2015 were $30.7 million, which reflected a 61% ratio of compensation to revenues. This amount compared to $46.0 million for the third quarter of 2014, which reflected a 50% ratio of compensation to revenues. The decrease of $15.3 million, or 33%, was principally attributable to a reduction in amount of accrued year-end bonuses commensurate with the decline in quarterly revenues. The increase in the ratio of compensation to revenues in the third quarter of 2015 as compared to the same period in 2014 resulted from the effect of spreading our lower compensation costs over significantly lower revenues.

For the nine months ended September 30, 2015, our employee compensation and benefits expenses were $103.7 million compared to $110.0 million for the same period in the prior year. The decrease of $6.3 million, or 6%, was principally attributable to a lower year-end bonus accrual related to lower year to date revenues. The ratio of compensation to revenues was 56% for the first nine months of 2015 compared to 55% for the same period in 2014.

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Our compensation expense is generally based upon revenues and can fluctuate materially in any particular period depending upon changes in headcount, amount of revenues 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. Reimbursed client expenses are netted against non-compensation expenses.

Our non-compensation expenses were $18.8 million in the third quarter of 2015 compared to $15.4 million in the third quarter of 2014, reflecting an increase of $3.4 million, or 22%. The increase in non-compensation expenses principally resulted from operating costs related to Greenhill Cogent, which we acquired on April 1, 2015, non-recurring foreign currency losses related to funding our Brazilian business, higher travel costs for business development activities, and an increase in interest costs related to the funding of the acquisition of Greenhill Cogent. Interest expense for the quarter, included within non-compensation expenses, was $0.7 million.

For the nine months ended September 30, 2015, our non-compensation expenses were $53.1 million compared to $45.1 million for the same period in 2014, representing an increase of $8.0 million, or 18%. The increase in non-compensation expenses principally resulted from operating, borrowing and transaction costs related to the acquisition and operation of Greenhill Cogent, foreign currency losses related to our Brazilian operation, and one-time costs associated with new office space in Sydney. We expect that certain costs related to the Cogent acquisition will decline over future periods as we sublease rental space, amortize intangible assets and repay our borrowings. Interest expense for the first nine months of 2015, included within non-compensation expenses, was $1.7 million.

Non-compensation expenses as a percentage of revenues for the three months ended September 30, 2015 were 37% compared to 17% for the same period in 2014. Non-compensation expenses as a percentage of revenues for the nine months ended September 30, 2015 were 29% compared to 23% for the same period in the prior year. The increase in non-compensation expenses as a percentage of revenues in the first nine months of 2015 as compared to the same period in 2014 resulted from the effect of spreading higher non-compensation costs over lower revenues.

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

Provision for Income Taxes

For the third quarter of 2015, the provision for income taxes was $0.5 million, which reflected an effective tax rate of 40%. This compared to a provision for income taxes in the third quarter of 2014 of $10.8 million, which reflected an effective tax rate of 35%. The decrease in the provision for income taxes in the third quarter of 2015 as compared to the same period in the prior year was attributable to significantly lower pre-tax income and a higher effective tax rate due to the generation of a greater proportion of U.S. source earnings, which are generally taxed at a higher rate than foreign source earnings.

For the nine months ended September 30, 2015, the provision for taxes was $11.4 million, which reflected an effective tax rate of 39%. This compares to a provision for taxes for the nine months ended September 30, 2014 of $15.4 million, which reflected an effective tax rate of 35%. The decrease in the provision for income taxes in the nine months ended September 30, 2015 as compared to the same period in 2014 resulted from lower pre-tax income and a higher effective rate due to the generation of a greater proportion of U.S. source earnings as discussed above.

The effective tax rate can fluctuate as a result of variations in the amount of income earned and the tax rate imposed in the tax jurisdictions in which we operate. 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, which consists of cash, other significant working capital assets and liabilities, debt and other matters relating to liquidity requirements and current market conditions, is monitored by management on a regular basis. At September 30, 2015, we had cash and cash equivalents of $35.3 million, of which $20.8 million was held outside the U.S. We retain our cash in financial institutions with high credit ratings and/or invest in short-term investments which are expected to provide liquidity.

We generate cash from our operating activities principally in the form of advisory fees. We use our cash primarily for recurring operating expenses and the payment of dividends and non-recurring disbursements such as the repayment of debt obligations, the repurchase of shares of our common stock and the funding of leasehold improvements for the build out of office space. Our recurring monthly operating disbursements principally consist of base compensation expense, occupancy, travel and entertainment, and other operating expenses. Our recurring quarterly and annual disbursements consist of cash bonus payments, tax payments, dividend payments, debt repayments and repurchases of our common stock from our employees in conjunction with the payment of tax liabilities incurred on vesting of restricted stock units. These amounts vary depending upon our profitability and other factors.

Because a portion of the compensation we pay to our employees is distributed in annual cash bonus awards (usually in February of each year), our net cash balance is typically at its lowest level during the first quarter of each year 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 primary capital advisory engagements, which are generally paid in installments over a period of three years, and certain restructuring transactions, where collections may take longer due to court-ordered holdbacks. At September 30, 2015, we had long-term receivables related to our global primary capital advisory engagements of $31.9 million.

Our current liabilities typically consist of accounts payable, which are generally paid monthly, accrued compensation, which includes accrued cash bonuses that are generally paid in the first quarter of the following year to the large majority of our employees, and current taxes payable. In February 2015, cash bonuses and accrued benefits of $20.7 million relating to 2014 compensation were paid to our employees. In addition, in 2015, we have paid $8.6 million related to income taxes owed principally in the U.S. and the U.K. for the year ended December 31, 2014.

To provide for working capital needs and other general corporate purposes in the U.S, we have a $50.0 million revolving bank loan facility, which matures April 30, 2016. Historically, we have been able to extend the maturity date of the revolving bank loan facility for a one year period shortly before maturity, and we expect to renew the revolving bank loan facility in future periods although our ability to do so in the future is not certain. The revolving bank loan facility bears interest at the higher of the Prime Rate or 3.25%. At September 30, 2015, we had $44.9 million outstanding under the revolving bank loan facility. On October 30, 2015, our revolving bank loan balance decreased to $37.6 million while we had cash and cash equivalents on hand of $59.3 million.

As part of the consideration paid for our acquisition of Cogent, at closing on April 1, 2015, we paid approximately $44.0 million in cash and issued 779,454 shares of our common stock to those former Cogent equity holders who joined Greenhill Cogent. To fund the cash portion of the consideration paid and transaction costs, we borrowed $45.0 million under bank term loan facilities, of which $22.5 million is payable in full by April 30, 2016 and the remaining $22.5 million is payable in four equal semi-annual installments beginning October 31, 2016. The bank term loan facilities may be prepaid without penalty but amounts prepaid may not be reborrowed. During the second quarter of 2015, we repaid $11.3 million, or 50% of the amount due on April 30, 2016. The interest rate applicable to the bank term loan amount due in April 2016 is equal to the Prime Rate plus three-quarters of one percent (0.75%) per annum. The interest rate generally applicable to the bank term loan facility with the first installment due in October 2016 is equal to the Prime rate plus one and one-quarter percent (1.25%) per annum. The interest rate applicable to either of the bank term loan facilities will never be less than four percent (4.00%) per annum.

Both the revolving bank loan facility and the bank term loan facilities are secured by any cash distributed in respect of the Company’s investment in the U.S. based merchant banking funds and cash distributions from G&Co. In addition, each of the bank loan facilities have 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 on a quarterly basis. At September 30, 2015, we were compliant with all loan covenants and we expect to continue to be compliant with all loan covenants in future periods.

As additional contingent consideration for the purchase of Cogent, we agreed to pay approximately $18.9 million in cash and issue 334,048 shares of our common stock in the future if certain agreed revenue targets are achieved (the "Earnout"). The cash payment and the issuance of common shares related to the Earnout will be made if Greenhill Cogent achieves a revenue target during either the two year period ended on the second anniversary of the closing (April 1, 2017) or the two year period ending on the fourth anniversary of the closing (April 1, 2019). If the revenue target is achieved, the contingent consideration will be paid on the second or fourth anniversary date of the closing, as applicable. If the revenue target is achieved during both Earnout periods, only one payment will be made at the end of the first Earnout period. If the revenue target is not achieved during either of the two year Earnout periods, a payment will not be made.

Since 2010, we have generated significant earnings outside of the U.S. and through September 2014, we repatriated a substantial portion of foreign earnings in excess of local working capital requirements and other forecast needs to the U.S. The repatriation of the foreign earnings during that period did not result in incremental U.S. taxes because we were able to utilize excess foreign tax credits generated by our Australian operations to offset any incremental U.S. tax burden. During 2014, we utilized most of the excess foreign tax credits available to us and, as a result, if we were to repatriate foreign earnings in 2015 or in future periods we would be subject to incremental U.S. tax. As of September 30, 2015, we have not repatriated any foreign earnings and it is our intention to indefinitely reinvest future foreign earnings in our non-U.S. operations unless circumstances change. To the extent we need to support our corporate cash needs in the U.S. beyond the generation of cash domestically, we may utilize our revolving bank loan facility or seek other debt financing. In the event we are unable to meet our U.S. cash needs with cash generated domestically, or through borrowings, we could incur additional U.S. tax on amounts repatriated for the difference between the U.S. tax rate of 35% and the rate of tax paid in the foreign jurisdictions. Historically, we have generated a substantial portion of our foreign earnings in the U.K., Germany and Australia, which are currently subject to tax rates of approximately 20%, 32% and 30%, respectively.

Since our exit from the merchant banking business in 2010, we have monetized substantially all of our principal investments in previously sponsored merchant banking funds and used the net proceeds principally to make open market share repurchases and to reduce borrowings outstanding on the revolving bank loan facility. At September 30, 2015, our remaining investments in previously sponsored and other merchant banking funds were valued at $3.5 million. 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 in the merchant banking funds illiquid for the short term. At September 30, 2015, we do not have any remaining commitments to fund capital calls for principal investments.

In January 2015, our Board of Directors authorized the repurchase of up to $75.0 million of our common stock during 2015. For the nine months ended September 30, 2015, we were deemed to have repurchased 340,112 shares of our common stock at an average price of $34.91 per share (for a total cost of $11.9 million) in conjunction with the payment of tax liabilities in respect of stock delivered to our employees in settlement of restricted stock units that vested. While we expect to fund future repurchases of our common stock (if any) with operating cash flow, we are unable to predict the timing or magnitude of our share repurchases. As a result of the bank financing arrangements related to our acquisition of Cogent, we expect to use a large portion of our operating cash flow in 2015, after the payment of dividends, to fund the bank term loan payment due in April 2016, of which we repaid $11.3 million in the second quarter of 2015. During the nine months ended September 30, 2015, we have not made any open market purchases of our common stock. Future repurchases of our common stock will be dependent upon our cash flow generation and take into account the payment of dividends, repayments of the bank term loan facilities and potential obligations under the Earnout.

Under the terms of our stock equity plan, we generally repurchase from our employees that portion of restricted stock unit awards used to fund income tax withholding due at the time the restricted stock unit awards vest. Based upon the number of restricted stock unit grants outstanding at October 30, 2015, we estimate repurchases of our common stock from our employees in conjunction with the cash settlement of tax liabilities incurred on vesting of restricted stock units of approximately $41.5 million (as calculated based upon the closing share price as of October 30, 2015 of $25.82 per share and assuming a withholding tax rate of 43%) over the next five years, of which an additional $9.6 million will be payable in 2016, $9.7 million will be payable in 2017, $9.4 million will be payable in 2018, $6.1 million will be payable in 2019 and $6.7 million will be payable in 2020. We will realize a corporate income tax benefit concurrently with the cash settlement payments.

Since 2004, we have paid quarterly dividends to our shareholders and dividend equivalent payments to our employees who hold restricted stock units. Our quarterly dividend has been $0.45 per share since 2007. For the year ended December 31, 2014, we made dividend distributions of $56.3 million, or $1.80 per common share and outstanding restricted stock unit. During the nine months ended September 30, 2015, we made dividend distributions of $44.3 million, or $1.35 per common share and outstanding restricted stock unit. On October 22, 2015, our Board of Directors declared a dividend of $0.45 per share to be paid in December 2015. We intend to continue to pay quarterly dividends, subject to capital availability and periodic determinations that cash dividends are in the best interest of our stockholders. Future declaration and payment of dividends on our common stock is at the discretion of our Board of Directors and depends upon, among other things, our future operations and earnings, capital requirements and surplus, general financial condition, obligations under our bank loan facilities, contractual restrictions and other factors as the Board of Directors may deem relevant.

While we believe that the cash generated from operations and borrowings from the revolving bank loan facility will be sufficient to meet our expected operating needs, tax obligations, bank term loan repayments, potential payments due under the Earnout, common dividend payments, share repurchases and build-out costs of new office space, we may adjust our variable expenses and other disbursements, if necessary, to meet our liquidity needs. There is no assurance that our current lender will continue to renew our revolving loan facility annually on comparable terms, or at all, and if it is not renewed that we would be able to obtain a new credit facility from a different lender. In that case, we could be required to promptly repatriate foreign earnings, issue additional securities, reduce operating costs or take a combination of these actions, in each case, on terms which may not be favorable to us. 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 nine months ending September 30, 2015, our cash and cash equivalents decreased by $15.7 million from December 31, 2014, including a decrease of $1.3 million from the effect of the translation of foreign currency amounts into U.S. dollars at the quarter-end foreign currency conversion rates. We generated $51.6 million from operating activities, including $51.8 million from net income after giving effect to non-cash items and a net increase in working capital of $0.2 million principally from the payment of annual bonuses offset by a decrease in advisory fees receivable. We used $46.5 million in investing activities, principally as a result of the net payment of $45.3 million for the acquisition of Cogent, including transaction costs, and $2.0 million for leasehold improvements and other capital expenditures, offset in part by proceeds of $0.8 million from merchant banking fund investments. We used $19.5 million in financing activities, including $44.3 million for the payment of dividends, $11.9 million for the repurchase of our common stock from employees in conjunction with the payment of tax liabilities in settlement of restricted stock units, and $6.4 million of tax costs related to delivery of restricted stock units at a vesting price lower than the grant price, offset in part by the net borrowing of $33.8 million of bank term loan facilities ($45.0 million of bank term loans to finance Cogent, net of a repayment of $11.3 million), and net borrowings of $9.3 million on our revolving bank loan facility.

In the nine months ending September 30, 2014, our cash and cash equivalents decreased by $5.8 million from December 31, 2013, including a decrease of $1.4 million from the effect of the translation of foreign currency amounts into U.S. dollars at the quarter-end foreign currency conversion rates. We generated $62.9 million from operating activities, including $69.2 million from net income after giving effect to non-cash items and a net increase in working capital of $6.3 million principally from an increase in advisory fees and other receivables and the payment of accrued income taxes, offset by the increase of annual bonuses payable. We used $1.3 million for investing activities, including $1.8 million for leasehold improvements, offset in part by distributions from merchant banking fund investments of $0.6 million. We used $66.0 million in financing activities, including $42.2 million for the payment of dividends, $19.6 million for the repurchase of our common stock from employees in conjunction with the payment of tax liabilities in settlement of restricted stock units, and $2.6 million of tax costs related to delivery of restricted stock units at a vesting price lower than the grant price, offset in part by net borrowings of $8.4 million from on our revolving loan facility.

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

Our investments are principally limited to short-term cash investments, which we believe do not face any material interest rate risk, equity price risk or other market risk. We maintain our cash and cash equivalents with financial institutions with high credit ratings. Although these deposits are generally not insured, management believes we are 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 our 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, yen, Swedish krona and Brazilian real, and we face 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 currently do not hedge our foreign currency exposure, but we may do so if we expect we will need to fund U.S. dollar obligations with foreign currency.

In addition, the reported amounts of our advisory revenues may be affected by movements in the rate of exchange between the Australian dollar, Canadian dollar, pound sterling, euro, yen, krona and real (in which collectively 29% of our revenues for the period ended September 30, 2015 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 in those jurisdictions in which we have historically generated a significant portion of our foreign earnings, which include the United Kingdom, Europe and Australia. During the nine month period ended September 30, 2015, as compared to the same period in 2014, the value of the U.S. dollar strengthened considerably relative to the pound sterling, euro and Australian dollar. In aggregate, although there was a negative impact on our revenues in the first nine months of 2015 as compared to the same period in 2014 as a result of movements in the foreign currency exchange rates, we did not deem the impact significant. While our earnings are subject to volatility from changes in foreign currency rates, we do not believe we face any material risk in this respect.

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Critical Accounting Policies and Estimates
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 2014 Annual Report on Form 10-K.
Basis of Financial Information
The condensed consolidated financial statements are prepared in conformity with 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 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.
The condensed consolidated financial statements include all consolidated accounts of Greenhill & Co., Inc. and all other entities in which we have a controlling interest after eliminations of all significant inter-company accounts and transactions. In accordance with the accounting pronouncements on the consolidation of variable interest entities, we consolidate the general partners of the merchant banking funds in which it has a majority of the economic interest and control. 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' investments in these merchant banking funds represent estimations of fair value. We do not consolidate the merchant banking funds since we, through our general partner and limited partner interests, do 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.
Revenue Recognition
Advisory Revenues

It is our policy to recognize revenue when (i) there is persuasive evidence of an arrangement with a client, (ii) the agreed-upon services have been completed and delivered to the client or the transaction or events noted in the engagement letter are determined to be substantially complete, (iii) fees are fixed and determinable, and (iv) collection is reasonably assured.

We recognize advisory fee revenues 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 and all other requirements for revenue recognition are satisfied.

We recognize capital advisory fees from primary capital raising transactions at the time of the client's acceptance of capital or capital commitments to a fund in accordance with the terms of the engagement letter. Generally, fee revenue is determined based upon a fixed percentage of capital committed to the fund. For multiple closings, revenue is recognized at each interim closing based on the amount of capital committed at each closing at the fixed fee percentage. At the final closing, revenue is recognized at the fixed percentage for the amount of capital committed since the last interim closing.

The Company recognizes capital advisory fees from secondary market transactions at the time the sale or transfer of the capital interest is completed in accordance with the terms of the engagement letter. Generally, fee revenue is determined based upon a fixed percentage of the transaction value.

While the majority of our fee revenue is earned at the conclusion of a transaction or closing of a fund, on-going retainer fees, substantially all of which relate to non-success based strategic advisory and financing advisory and restructuring assignments, are also earned and recognized as advisory fee revenue over the period in which the related service is rendered.

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

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Investment Revenues

Investment revenues consist of (i) gains (or losses) on our investments in certain merchant banking funds and (ii) interest income.

We recognize revenue on our investments in merchant banking funds based on our allocable share of realized and unrealized gains (or losses) reported by such funds. The amount of gains or losses are not predictable and can cause periodic fluctuations in net income and therefore subject us to market and credit risk.

Cash and Cash Equivalents

Our cash and cash equivalents consist of (i) cash held on deposit with financial institutions, (ii) cash equivalents and (iii) restricted cash. We maintain our cash and cash equivalents with financial institutions with high credit ratings. We consider 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.

We do not believe that we are exposed to significant credit risk due to the financial position of the depository institutions in which those deposits are held.

Advisory Fees Receivables

Receivables are stated net of an allowance for doubtful accounts. The estimate for the allowance for doubtful accounts is derived by utilizing past client transaction history and an assessment of the client's creditworthiness.

Included in the advisory fees receivable balance are long term receivables related to capital advisory engagements, which are generally paid in installments over a period of three years. Included as a component of investment revenues on the condensed consolidated statements of income is interest income related to capital advisory engagements.

Credit risk related to advisory fees receivable is disbursed across a large number of clients located in various geographic areas. We control credit risk through credit approvals and monitoring procedures but do not require collateral to support accounts receivable.

Goodwill

Goodwill is the cost in excess of the fair value of identifiable net assets at acquisition date. We test 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 statements of changes in equity.

Restricted Stock Units

We account for share-based compensation payments by recording the fair value of restricted stock units granted to employees as compensation expense. The restricted stock units are generally amortized over the five year service period following the date of grant. Compensation expense is determined based upon the fair market value of our common stock at the date of grant. As we expense 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. We record as treasury stock the repurchase of stock delivered to its employees in settlement of tax liabilities incurred upon the vesting of restricted stock units. We record dividend equivalent payments, net of forfeitures, on outstanding restricted stock units as a dividend payment and a charge to equity.

Earnings per Share

We calculate basic earnings per share ("EPS") by dividing net income allocated to common stockholders by the sum of (i) the weighted average number of shares outstanding for the period and (ii) the weighted average number of shares deemed issuable due to the vesting of restricted stock units for accounting purposes.

We calculate diluted EPS by dividing net income allocated to common stockholders by the sum of (i) basic shares per above and (ii) the dilutive effect of the common stock deliverable pursuant to restricted stock units for which future service is required. 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 us with the proceeds to be received upon settlement at the average market closing price during the reporting period.

Provision for Taxes

We account for taxes in accordance with the 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. We follow 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.

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 currency 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.

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 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.

Accounting Developments

In May 2014, the FASB issued guidance codified in ASC 606, Revenue Recognition - Revenue from Contracts with Customers, which amends the guidance in former ASC 605, Revenue Recognition. Management is currently evaluating the impact of the future adoption of ASC 606 on the Company's consolidated financial statements. On April 1, 2015, the FASB proposed a one-year deferral for the new guidance that would delay by one year the effective date of its new recognition standard. Under the proposal, the standard would be effective for public entities for annual reporting periods beginning after December 15, 2017.

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 our 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 our 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, our 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 2014 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 2015:

Period	Total Number of Shares Repurchased (1)	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	Approximate Dollar Value of Shares that May Yet Be Purchased under the Plans or Programs (2) (3)
Jul	—	$—	—	$75,000,000
Aug	—	—	—	75,000,000
Sept	—	—	—	75,000,000
Total	—		—	$75,000,000

(1) Excludes 27,364 shares we are deemed to have repurchased in the third quarter of 2015 at an average price of $39.06 per share, or $1.1 million, 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 January 28, 2015, the Board of Directors authorized the repurchase of up to $75,000,000 of our common stock during the period January 1, 2015 to December 31, 2015.

(3) The value of the shares repurchased for the nine months ended September 30, 2015 excludes 340,112 shares we are deemed to have repurchased at an average price of $34.91 per share, or $11.9 million, from employees in conjunction with tax liabilities in respect of stock delivered to employees in settlement of

restricted stock units.

Item 3. Defaults Upon Senior Securities
None.

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Item 4. Mine Safety Disclosures
Not applicable.

Item 5. Other Information
None.

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 herewith for purposes of Sections 11 and 12 of the Securities Act of 1933, as amended, and Section 18 of the Securities Exchange Act of 1934.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: November 4, 2015

GREENHILL & CO., INC.

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

By: /s/ CHRISTOPHER T. GRUBB
Christopher T. Grubb
Chief Financial Officer