

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2020

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number 001-36869



PJT Partners Inc.

(Exact name of Registrant as specified in its Charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

280 Park Avenue

New York, New York

(Address of principal executive offices)

36-4797143

(I.R.S. Employer
Identification No.)

10017

(Zip Code)

Registrant's telephone number, including area code: (212) 364-7800

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock, par value \$0.01 per share	PJT	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer

☒

Non-Accelerated Filer

☐

Accelerated Filer

☐

Smaller Reporting Company

☐

Emerging Growth Company

☐

If an emerging growth company, indicate by check mark if the Registrant has elected not to use the extended transition period for complying with new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the Registrant has filed a report on and attestation to its management's assessment of the effectiveness of internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of June 30, 2020, the aggregate market value of the Registrant's Class A common stock (based upon the closing stock price) held by non-affiliates was approximately \$1.2 billion.

As of February 19, 2021, there were 23,829,768 shares of Class A common stock, par value \$0.01 per share, and 170 shares of Class B common stock, par value \$0.01 per share, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's Definitive Proxy Statement relating to its 2021 Annual Meeting of Stockholders are incorporated by reference into Part III of this Annual Report on Form 10-K.

TABLE OF CONTENTS

	<u>Page</u>
PART I.	
ITEM 1. <u>BUSINESS</u>	4
ITEM 1A. <u>RISK FACTORS</u>	12
ITEM 1B. <u>UNRESOLVED STAFF COMMENTS</u>	26
ITEM 2. <u>PROPERTIES</u>	26
ITEM 3. <u>LEGAL PROCEEDINGS</u>	26
ITEM 4. <u>MINE SAFETY DISCLOSURES</u>	26
PART II.	
ITEM 5. <u>MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES</u>	27
ITEM 6. <u>SELECTED FINANCIAL DATA</u>	29
ITEM 7. <u>MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	30
ITEM 7A. <u>QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u>	41
ITEM 8. <u>FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA</u>	42
ITEM 9. <u>CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE</u>	84
ITEM 9A. <u>CONTROLS AND PROCEDURES</u>	84
ITEM 9B. <u>OTHER INFORMATION</u>	86
PART III.	
ITEM 10. <u>DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE</u>	87
ITEM 11. <u>EXECUTIVE COMPENSATION</u>	87
ITEM 12. <u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS</u>	87
ITEM 13. <u>CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE</u>	87
ITEM 14. <u>PRINCIPAL ACCOUNTING FEES AND SERVICES</u>	87
PART IV.	
ITEM 15. <u>EXHIBITS, FINANCIAL STATEMENT SCHEDULES</u>	88
ITEM 16. <u>FORM 10-K SUMMARY</u>	91
<u>SIGNATURES</u>	92

PJT Partners Inc. was formed in connection with certain merger and spin-off transactions whereby the financial and strategic advisory services, restructuring and reorganization advisory services and Park Hill Group businesses of The Blackstone Group Inc. (“Blackstone” or our “former Parent”) were combined with PJT Capital LP, a financial advisory firm founded by Paul J. Taubman in 2013 (together with its then affiliates, “PJT Capital”), and the combined business was distributed to Blackstone’s unitholders to create PJT Partners Inc., a stand-alone, independent publicly traded company. Throughout this Annual Report on Form 10-K, we refer to this transaction as the “spin-off.” In October 2018, we acquired CamberView Partners Holdings, LLC (“CamberView” or “PJT Camberview”).

PJT Partners Inc. is a holding company and its only material asset is its controlling equity interest in PJT Partners Holdings LP, a holding partnership that holds the company’s operating subsidiaries, and certain cash and cash equivalents it may hold from time to time as described herein in “Part II. Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities—Dividend Policy.” As the sole general partner of PJT Partners Holdings LP, PJT Partners Inc. operates and controls all of the business and affairs of PJT Partners Holdings LP and its operating subsidiaries.

In this Annual Report on Form 10-K, unless the context requires otherwise, the words “PJT Partners Inc.” refers to PJT Partners Inc., and “PJT Partners,” the “Company,” “we,” “us” and “our” refer to PJT Partners Inc., together with its consolidated subsidiaries, including PJT Partners Holdings LP and its operating subsidiaries.

Forward-Looking Statements

Certain material presented herein contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Forward-looking statements include certain information concerning future results of operations, business strategies, acquisitions, financing plans, competitive position, potential growth opportunities, potential operating performance improvements, the effects of competition and the effects of future legislation or regulations. Forward-looking statements include all statements that are not historical facts and can be identified by the use of forward-looking terminology such as the words “believe,” “expect,” “opportunity,” “plan,” “intend,” “anticipate,” “estimate,” “predict,” “potential,” “continue,” “may,” “might,” “should,” “could” or the negative of these terms or similar expressions.

Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on our current beliefs, expectations, and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy, and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks, and changes in circumstances that are difficult to predict, many of which are outside our control. Our actual results and financial condition may differ materially from those indicated in the forward-looking statements. Therefore, you should not place undue reliance upon any of these forward-looking statements. Important factors that could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements include, among others, the following: (a) changes in governmental regulations and policies; (b) the possibility of cyberattacks, security vulnerabilities, and internet disruptions, including breaches of data security and privacy leaks, data loss, and business interruptions; (c) the possibility of failure of our computer systems or communication systems during a catastrophic event, including as a result of the increased use of remote work environments and virtual platforms during the outbreak of COVID-19 (coronavirus); (d) the impact of catastrophic events, such as COVID-19, on the U.S. and the global economy, including business disruptions, reductions in employment and an increase in business failures; (e) the impact of catastrophic events, such as COVID-19, on our employees and our ability to provide services to our clients and respond to their needs; (f) the failure of third-party service providers to perform their functions; and (g) volatility in the political and economic environment.

The risk factors discussed in the “Risk Factors” section of this report, as such factors may be updated from time to time in our periodic filings with the United States Securities and Exchange Commission (“SEC”), accessible on the SEC’s website at www.sec.gov, could cause our results to differ materially from those expressed in forward-looking statements. There may be other risks and uncertainties that we are unable to predict at this time or that are not currently expected to have a material adverse effect on our business. Any such risks could cause our results to differ materially from those expressed in forward-looking statements.

Website Disclosure

We use our website (www.pjtpartners.com) as a channel of distribution of Company information. The information we post may be deemed material. Accordingly, investors should monitor the website, in addition to following our press releases, SEC filings and public conference calls and webcasts. In addition, you may automatically receive e-mail alerts and other information about PJT Partners when you enroll your e-mail address by visiting the “Investor Relations” page of our website at ir.pjtpartners.com/investor-relations. Although we refer to our website in this report, the contents of our website are not included or incorporated by reference into this report. All references to our website in this report are intended to be inactive textual references only.

PART I.

ITEM 1. BUSINESS

Overview

PJT Partners is a premier global advisory-focused investment bank. We offer a unique portfolio of advisory services designed to help our clients achieve their strategic objectives. Our team of senior professionals delivers a range of strategic advisory, capital markets advisory, restructuring and special situations and shareholder advisory services to corporations, financial sponsors, institutional investors and governments around the world. We also provide, through PJT Park Hill, private fund advisory and fundraising services for alternative investment managers, including private equity funds, real estate funds and hedge funds. PJT Partners began trading on the New York Stock Exchange (“NYSE”) under the symbol “PJT” on October 1, 2015.

We have world-class franchises in each of the areas in which we compete:



Strategic Advisory

Our team of leading professionals delivers innovative solutions to highly complex challenges across mergers and acquisitions (“M&A”), strategic advisory and capital markets advisory. Our strategic advisory business offers a broad range of financial advisory and transaction execution capabilities, including advising clients on M&A, joint ventures, minority investments, asset swaps, divestitures and activism defense. Our capital markets advisory team specializes in advice and execution on public and private capital raises in the debt and equity capital markets. We provide in-depth advice on capital structure, acquisition finance, debt execution, SPACs, Pre-IPO and IPO, private capital raising and structured products. Through PJT Camberview, our industry leading shareholder advisory business, we provide investor-led advice to public company boards and management teams around the globe on shareholder engagement, strategic investor relations, activism and contested situations, ESG and sustainability and other complex corporate governance matters.

Restructuring and Special Situations

Our Restructuring and Special Situations business is one of the world’s leading advisors in restructurings and recapitalizations, both in and out of court, around the globe. With expertise in highly complex capital structure challenges, we advise companies, creditors and financial sponsors on liability management and related capital raise

transactions including exchanges, recapitalizations, reorganizations, debt repurchases and distressed mergers and acquisitions.

PJT Park Hill

PJT Park Hill, our leading global alternative asset advisory and fundraising business, provides private fund advisory and fundraising services for a diverse range of investment strategies. Moreover, PJT Park Hill is the only group among its peers with top-tier dedicated private equity, hedge fund, real estate and secondary advisory groups. PJT Park Hill's Secondary Advisory business is a leading advisor to global alternative asset managers and provides clients with a breadth of expertise in the secondary markets, including GP liquidity solutions, GP tender offers, GP recapitalizations, LP portfolio solutions, asset strip sales, single asset SPVs and other structured solutions.

Our Key Competitive Strengths

We intend to execute on our strategy by capitalizing on the following strengths of our organization:

- ***Young, Entrepreneurial Firm.*** PJT Partners combines three decades of experience and excellence with the energy and enthusiasm of a new firm. Our teams act as trusted advisors to a diverse group of clients around the world, providing clients with creative solutions addressing a range of complex strategic matters. The creativity and depth of our advice, and the integrity and judgment with which we deliver it, provide a strong foundation for our growing business. The quality of our advice is core to what we do.
- ***Global Market Leadership.*** Our Restructuring and Special Situations Group is a global market leader. Our PJT Park Hill business has a leading market position across all four of its businesses: private equity, hedge funds, real estate and secondary advisory. Our rapidly growing premier Strategic Advisory business is comprised of industry leading practitioners and has advised on some of the most high-profile and complex transactions. Our leading PJT Camberview business is well-known in the marketplace, having advised more than 50 Fortune 100 companies since its founding in 2012.

Our partners have decades of experience and deep relationships with a vast network of corporate executives, board members, financial sponsors, fund managers and governments. Their expertise across multiple product areas, industry verticals and geographies are sought by clients in complex, cross-border situations. Our PJT Park Hill business has long-standing relationships around the globe that give them unique access to capital sources and drives incremental value for our clients.

- ***Client, Not Market Share Focused.*** Our success is built around the trust our clients have placed in us. We work every day to ensure that we are providing cutting edge advice on the critical matters facing our clients. We work to help them navigate through complex challenges and bold opportunities to meet their strategic objectives. Delivering optimal outcomes is what we strive for – our clients' results are our reputation.
- ***Destination for Talent at All Levels.*** We have successfully recruited and will continue to recruit best-in-class bankers at all levels who are attracted to our broad range of world-class advisory services and our unique culture. Our compelling value proposition includes a focus on serving clients with differentiated advice; a commitment to a culture of collaboration, character and growth; strong client relationships; and a deep and exceptional base of talent.
- ***Collaboration Embedded in Culture.*** Our culture is informed by our core values – character, collaboration, commercial impact/client relationships and content – which provides an environment conducive to idea sharing, collaboration and innovation. Our bankers work together to leverage their collective experience and insights to deliver clients optimal service and outcomes.
- ***One Dedicated Firm with Highly Complementary Businesses.*** Our firm benefits from having a number of leading and complementary businesses. Our differentiated and diverse portfolio of industry, product and geographical expertise enables us to serve our clients in a unique way. Our premier advisory practices allow us to provide best-in-class advice to clients whether they are looking for growth through strategic alternatives, advice in shareholder engagement or in a restructuring or reorganization, or access to capital. Our deep networks across businesses allow us to connect clients and help them meet their strategic objectives.

- **Asset-Light Business Model.** Our firm has deep global expertise, footprint and relationships while operating out of eight locations around the world. Since inception, we have chosen to operate in an asset-light, cloud-based environment, without the constraints of heavy infrastructure, legacy systems and processes. We focus on intellectual capital and relationships and rely on relatively limited embedded infrastructure to serve clients.

Our Growth Strategy

Our strategy to achieve our growth objectives has the following components:

- **Significantly Increase the Breadth and Depth of Our Advisory Franchise through Footprint Expansion.** We remain committed to attracting top talent to expand into new industry verticals to serve a broader range of clients. We also continue to expand our global reach through talent additions, strategic alliances and senior advisors who can provide additional advice and relationships to key decision makers and sources of capital around the globe.
- **Opportunity to Deepen Our Advisory Capabilities.** We are committed to building on our suite of product capabilities to provide clients with deeper expertise in new and evolving areas to help them navigate complex challenges and achieve their strategic objectives. As the world becomes increasingly more complex, clients value our ability to provide differentiated advice on a wide range of strategic matters, capital structure solutions, investor issues and fundraising alternatives.
- **Further Integration of Capabilities Across Businesses to Enhance Growth.** We operate a scaled, diversified global advisory franchise comprised of highly synergistic businesses, which each share our culture of excellence, teamwork and entrepreneurship. Our partners and employees have relationships with a vast network of corporate executives, board members, financial sponsors, fund managers and governments as well as expertise in multiple product areas, industry verticals and geographies. By operating in a more integrated and cohesive manner, we are able to offer our clients a comprehensive and differentiated suite of advisory services. In addition, our deep networks across our businesses allow us to connect clients and provide incremental value in helping them meet their strategic objectives.

Our firm is strengthened by the deep client relationships and strong brand reputations we have in our leading Restructuring and Special Situations and PJT Park Hill businesses. These businesses benefit from close collaboration across all our businesses, increased dialogues with financial sponsors as well as the increased footprint and product expertise and capabilities of our rapidly growing Strategic Advisory business.

- **Ongoing Investment in Technology Initiatives.** In order to continue providing world-class service to our clients, we will continue to invest in our information technology infrastructure and business applications.

Human Capital Management Philosophy

We believe that our culture is critical to all aspects of how we do business and to our long-term success. Since inception, we have prioritized attracting top talent from a diverse range of backgrounds and experiences, focusing on those who are both aligned with and can enhance our culture in positive ways.

Our human capital successes are evident in the number and quality of hires we have made, our low levels of voluntary attrition and the feedback we receive through our employee surveys. Reinforcement of the culture we are building comes through engagement with our employees, the reward principles we apply to compensation and promotion decisions and through our various talent development initiatives, which continue to evolve as we grow.

As of December 31, 2020, we employed 749 individuals globally, including 88 partners.

Board Oversight of Human Capital Management

Our Board of Directors (“Board”) is actively engaged in human capital management. Our Board periodically reviews a management succession plan that includes, among other things, an assessment of the experience, performance and skills of potential successors to our Chairman and CEO and our Managing Partner. CEO succession planning discussions are led by the Lead Independent Director. More broadly, the Board, including the Compensation Committee, is regularly updated and consulted on key talent hires as well as key aspects of the Company’s human capital strategy. Human capital priorities are continuously refined based on business drivers,

employee feedback and the overall environment for talent. The Nominating/Corporate Governance and Compensation Committees conduct a review of our human capital management practices and disclosures. Members of the Board also actively engage and spend time with our executives, partners and other employees throughout the year at Board meetings, partner meetings and a variety of other forums. Board members are also kept abreast of human capital management matters through participation in firm-wide town hall meetings and are included on employee communications, including announcements of transactions on which the Company has advised.

Employee Feedback and Engagement

Since 2017, we have conducted employee surveys to provide a formal channel through which we gather systematic feedback. Participation is high, with consistent feedback on a multi-year basis. The key positive themes include a strong belief in our commitment to doing the right thing for both our clients and our firm, a belief that PJT Partners has a differentiated culture, a commitment to excellence and a strong sense of respect among colleagues.

We use feedback from the survey and other employee forums to inform our ongoing efforts towards continuous improvement, including as it relates to broad human capital themes as well as more specific issues like employee support during the COVID-19 pandemic.

We have numerous other channels through which we engage with our employees on human capital topics, including our recruiting committee, talent development committee, women's development series and other less formal forums by business and level. We use these various channels to solicit input on issues such as resourcing and training priorities. More recently, we established regular forums for engagement during COVID-19, to ensure our employees remain connected at all levels and feel supported in areas of wellness, including as it relates to mental health, and ways in which the Company can give back to the communities in which we operate. We have also established forums for engagement around how we broaden our diversity lens, including through regular discussion with our bankers who identify as Black.

Reward Principles

We believe our firm culture is reinforced through our reward mechanisms. Since the inception of our firm, our compensation structures have been designed to encourage a focus on sustainable franchise growth and collaboration, and do not include individual revenue pay-outs. For a broad group of employees, discretionary bonuses also typically include a Company stock component to ensure long-term focus and alignment with the interests of our Company. All compensation and promotion decisions are informed by the following Reward Principles, which are communicated to managers and employees alike:

- character;
- collaboration;
- commercial impact/client relationships; and
- content.

Employer of Choice Initiatives

From the beginning of our firm, we have strived to provide pay, benefits and other ancillary support mechanisms that help meet the varying needs of our partners and employees. Our total rewards package is based on competitive pay and is often structured to include discretionary bonuses that employ long-term incentives. Such incentives are designed to ensure alignment with our shareholders and the overall success of our firm. Other benefits include health care, 401(k) plan and pension matching, gender neutral primary and secondary caregiver leave, generous paid time off, discounted gym memberships, weekly wellness sessions, access to walk-in health care, emergency child care and an employee assistance program. These benefits were continuously reviewed and adapted during the COVID-19 pandemic, with the addition of new benefits including mental health and resilience training, expansion of emergency child care benefit, virtual workout classes and a disruption stipend for all employees below a certain level. Furthermore, we acknowledge work-life balance issues for our employees including through a paid-time off policy that is consistent irrespective of level, and a vacation stipend for Associates and Vice Presidents.

It is our practice to review and benchmark our compensation and benefit practices annually and consider feedback from our employee surveys to ensure we remain an employer of choice.

Diversity and Inclusion

We believe that fostering an inclusive culture, which welcomes differing perspectives and beliefs, enables us to provide the best advice and insights to our clients. As such, we seek to recruit, develop and retain top talent with diverse backgrounds and experiences. Our efforts in this regard include campus recruiting programs focused on increasing the number of female applicants, recently launched campus recruiting programs focused on improving our ability to recruit diverse candidates, a diversity fellowship for business school applicants and a development and inclusion series focused on existing diverse employees at the firm. We also continue to challenge ourselves to broaden the candidate profiles we review, ensuring we are looking beyond traditional finance programs. These efforts are supplemented by our use of an artificial intelligence recruiting tool specifically designed to identify talent from a broader range of backgrounds than may be identified purely from more traditional methods.

In 2020, we recommitted ourselves to diversity and inclusion, with a particular emphasis on broadening the lens from gender equity to include a better focus on race and the recruitment and retention of LGBTQ+ professionals. We commenced a series of open forum discussions about race, hosted by our senior executives and guest speakers with perspectives on the topic, as well as firm-wide recognition of Juneteenth as a holiday. For the upcoming campus recruitment cycles, we have expanded our existing diversity fellowship to include LGBTQ+ applicants. Furthermore, we elevate the importance of diversity and inclusion as day-to-day workplace considerations through our annual training programs that include: Working with Respect; Your Influence and Impact at PJT Partners; and Fostering a Positive Work Environment.

To further emphasize the importance of diversity and inclusion as a critical part of our culture, every employee was required to state an individual objective related to diversity and inclusion as part of their 2020 year-end review. Progress towards these objectives will be discussed as part of mid-year and year-end reviews in 2021.

Employee Development

We understand that to retain best-in-class talent requires providing the opportunity for career growth. With this in mind, we invest in a range of training and development opportunities including the development of technical skills, communication and management capabilities. We also recognize that our long-term success requires not only the recruitment of best-in-class senior talent but also in providing positive career trajectory and upward mobility for our other employees. To that end, we continue to make significant improvements to our promotion process and our commitment to mentoring our rising talent, including through partnering with external coaches.

Engagement with the Broader Community

To aid in the support of the communities we serve, the Company, our partners and our broader employee base have donated over \$2 million to nearly one hundred global organizations across our communities to COVID-19 related causes and organizations dedicated to the advancement of racial equity. Our employees, including our summer interns, have also made significant contributions of their time, volunteering over 500 hours of service to the communities in which we operate. In the case of our 2020 summer interns, the Company required that all program participants complete a community volunteering project as a condition of a full-time offer for 2021.

Responding to the COVID-19 Pandemic

Our foremost priority throughout the COVID-19 pandemic has been the health and safety of our employees, clients, vendors and the communities where we live and conduct business. We have been careful and deliberate in all our decisions with these stakeholders in mind. Our Board has been, and continues to be, actively engaged with management in the oversight of the impact of COVID-19 on the Company and the Company's actions in response.

Our employees began working remotely in mid-March 2020, transforming the way we typically do business in order to keep our employees, their families and our communities safe. We undertook steps to allow a limited number of employees to return to certain of our office locations on a voluntary basis, following our rigorous established safety protocols, which are based on guidance from the United States Centers for Disease Control and Prevention and local governments in the geographic locations in which we operate.

Throughout the pandemic, we have provided our employees with a variety of resources to support them while they worked in these changed and challenging circumstances. We expanded our wellness resources to include sessions on mental health and resilience, virtual workout and meditation sessions, and workshops for parents on how

to navigate child care while schools are operating remotely. We also provided disruption stipends to our more junior employees at the onset of the remote transition to assist them financially with setting up their at-home offices.

We have maintained a high level of employee engagement during this time through firm-wide meetings led by our senior leadership, frequent communications to our employee base keeping them informed of our COVID-19 efforts and the benefits available to them through the Company, and published a work from home guide. We have continued to ensure our employees are well-positioned to be successful in their remote working environments through surveys seeking feedback on remote working environments and how the firm can best support them. In addition, we have employed strategies and established internal initiatives to stay connected with one another and preserve our culture in this virtual/remote environment. These efforts also included evolving our onboarding program for new employees hired during this time. Our internal survey feedback reflects that our employees have appreciated the level of our commitment to them and are satisfied with the communications from management on our COVID-19 response.

Our employees have remained engaged, highly productive and committed to driving business results, which we believe is a testament to the strength of our culture. We are also proud of the ways in which our employees have given back, in both time and money, during a pandemic that has created huge challenges in the communities in which we live and work.

Competition

The financial services industry is intensely competitive, and we expect it to remain so. Our competitors are other investment banking and financial advisory firms. These entities include brokers and dealers, investment banking firms and commercial banks. We compete on both a global and a regional basis, and on the basis of a number of factors, including the strength and depth of client relationships, industry knowledge, transaction execution skills, our range of products and services, innovation, reputation and price.

We also compete to attract and retain qualified employees. Our ability to continue to compete effectively in our business will depend upon our ability to attract new employees and retain and motivate our existing employees. As a result, we remain focused on ensuring that our employment proposition includes an attractive culture, development opportunities and competitive rewards.

Regulation

Our business, as well as the financial services industry generally, is subject to extensive regulation in the U.S. and across the globe. As a matter of public policy, regulatory bodies in the U.S. and the rest of the world are charged with safeguarding the integrity of the securities and other financial markets and with protecting the interests of customers participating in those markets. In the U.S., the SEC is the federal agency responsible for the administration of the federal securities laws. PJT Partners LP, through which strategic advisory, capital markets advisory, restructuring and special situations, shareholder advisory, private fund advisory and fundraising services are conducted in the United States, as a registered broker-dealer, is subject to regulation and oversight by the SEC. In addition, the Financial Industry Regulatory Authority (“FINRA”), a self-regulatory organization that is subject to oversight by the SEC, adopts and enforces rules governing the conduct, and examines the activities of, its member firms, which would include any such registered broker-dealer. State securities regulators also have regulatory or oversight authority over any such registered broker-dealer.

Broker-dealers are subject to regulations that cover all aspects of the securities business, including capital structure, recordkeeping and the conduct and qualifications of directors, officers and employees. In particular, PJT Partners LP, as a registered broker-dealer and member of a self-regulatory organization, is subject to the SEC’s uniform net capital rule, Rule 15c3-1. Rule 15c3-1 specifies the minimum level of net capital a broker-dealer must maintain and also requires that a significant part of a broker-dealer’s assets be kept in relatively liquid form. The SEC and various self-regulatory organizations impose rules that require notification when net capital falls below certain predefined criteria, limit the ratio of subordinated debt to equity in the regulatory capital composition of a broker-dealer and constrain the ability of a broker-dealer to expand its business under certain circumstances. Additionally, the SEC’s uniform net capital rule imposes certain requirements that may have the effect of prohibiting a broker-dealer from distributing or withdrawing capital and requiring prior notice to the SEC for certain withdrawals of capital.

PJT Partners LP is registered as a “municipal advisor” with the SEC and the Municipal Securities Rulemaking Board (the “MSRB”). In 2013, as required under the Dodd-Frank Act, the SEC issued its final rule regarding the

new category of regulated financial activity: “municipal advisors” (the “MA Rule”). The MA Rule, which became effective in 2014, imposes a fiduciary duty on municipal advisors when advising municipal entities. In addition to the SEC rule, the MSRB has developed a number of implementing rules and interpretive guidance relating to municipal advisors, and we have implemented policies and procedures reasonably designed to comply with such rules and guidance. In recent years, broker-dealer and municipal advisor interaction with municipal entities has become an area of greater rulemaking and regulatory interest; however, we do not expect a materially adverse impact on municipal advisory services.

Further, PJT Partners LP is a registered commodity trading advisor with the Commodity Futures Trading Commission (“CFTC”) and is a member of the National Futures Association (“NFA”), a futures industry self-regulatory organization. The CFTC and NFA regulate futures contracts, swaps and various other financial instruments in which certain of PJT Partners LP’s clients may invest.

In addition to the regulation we are subject to in the U.S., we are subject to regulation internationally. PJT Partners (UK) Limited is authorized and regulated by the United Kingdom’s Financial Conduct Authority. PJT Partners (HK) Limited is licensed with the Hong Kong Securities and Futures Commission. PJT Partners Park Hill (Spain) A.V., S.A.U. is an investment firm regulated by Spain’s National Securities Market Commission.

Certain parts of our business are subject to compliance with laws and regulations of U.S. federal and state governments, non-U.S. governments, their respective agencies and/or various self-regulatory organizations or exchanges relating to, among other things, the privacy of client information. Any failure to comply with these regulations could expose us to liability and/or reputational damage.

The U.S. and non-U.S. government agencies and self-regulatory organizations, as well as state securities commissions in the U.S., are empowered to conduct periodic examinations and initiate administrative proceedings that can result in censure, fines, the issuance of cease-and-desist orders or the suspension or expulsion of a broker-dealer or its directors, officers or employees.

Broker-dealers are also subject to regulations, including the USA PATRIOT Act of 2001, which impose obligations regarding the prevention and detection of money-laundering activities, including the establishment of customer due diligence and other compliance policies and procedures.

Failure to comply with these requirements may result in monetary, regulatory and, in certain cases, criminal penalties. In connection with its administration and enforcement of economic and trade sanctions based on U.S. foreign policy and national security goals, the U.S. Department of the Treasury’s Office of Foreign Assets Control (“OFAC”), publishes a list of individuals and companies owned or controlled by, or acting for or on behalf of, targeted countries. It also lists individuals, groups and entities, such as terrorists and narcotics traffickers, designated under programs that are not country-specific. Collectively, such individuals and companies are called “Specially Designated Nationals,” or SDNs. Assets of SDNs are blocked, and we are generally prohibited from dealing with them. In addition, OFAC administers a number of comprehensive sanctions and embargoes that target certain countries, governments and geographic regions. We are generally prohibited from engaging in transactions involving any country, region or government that is subject to such comprehensive sanctions.

The Foreign Corrupt Practices Act (the “FCPA”) and the UK 2010 Bribery Act (the “UK Bribery Act”) prohibit the payment of bribes to foreign government officials and political figures. The FCPA prohibits us from making or offering to make any payment, or giving anything of value to a foreign official for the purpose of influencing that official to assist us in obtaining or retaining an improper business advantage. The FCPA has a broad reach, covering all U.S. companies and citizens doing business abroad, among others, and defining a foreign official to include not only those holding public office but also local citizens acting in an official capacity for or on behalf of foreign government-run or -owned organizations or public international organizations. The FCPA also requires maintenance of appropriate books and records and maintenance of adequate internal controls to prevent and detect possible FCPA violations. Similarly, the UK Bribery Act prohibits us from bribing, being bribed or making other prohibited payments to government officials or other persons to obtain or retain business or gain some other business advantage.

PJT Partners LP is also affected by various state and local regulations or policies that restrict or prohibit the use of placement agents in connection with investments by public pension funds, including but not limited to, regulations in New York State, New York City, Illinois and California. Similar measures are being considered or have been implemented in other jurisdictions.

Organizational Structure

PJT Partners Inc. is a holding company and its only material asset is its controlling equity interest in PJT Partners Holdings LP, and certain cash and cash equivalents it may hold from time to time as described herein in “Part II. Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities—Dividend Policy.” As the sole general partner of PJT Partners Holdings LP, PJT Partners Inc. operates and controls all of the business and affairs and consolidates the financial results of PJT Partners Holdings LP and its operating subsidiaries. The ownership interests of the holders (other than PJT Partners Inc.) of common units of partnership interest in PJT Partners Holdings LP (“Partnership Units”) are reflected as non-controlling interests in PJT Partners Inc.’s consolidated financial statements as of December 31, 2020.

Our employees and certain current and former Blackstone executive officers and employees also hold all issued and outstanding shares of the Class B common stock of PJT Partners Inc. The shares of Class B common stock have no economic rights but entitle the holder, without regard to the number of shares of Class B common stock held, to a number of votes that is equal to the aggregate number of vested and unvested Partnership Units and LTIP Units (which is a class of partnership interests) in PJT Partners Holdings LP held by such holder on all matters presented to stockholders of PJT Partners Inc. other than director elections and removals. In connection with the spin-off, Blackstone’s senior management, including Mr. Schwarzman and all of Blackstone’s other executive officers, provided an irrevocable proxy to Mr. Taubman to vote their shares of Class B common stock for so long as Mr. Taubman is the Chief Executive Officer of PJT Partners Inc. With respect to the election and removal of directors of PJT Partners Inc., shares of Class B common stock initially entitle holders to only one vote per share, representing significantly less than one percent of the voting power entitled to vote thereon. However, the voting power of Class B common stock with respect to the election and removal of directors of PJT Partners Inc. may be increased to up to the number of votes to which a holder is then entitled on all other matters presented to stockholders. The voting power on applicable matters afforded to holders of partnership interests by their shares of Class B common stock is automatically and correspondingly reduced as they exchange Partnership Units for cash or for shares of Class A common stock of PJT Partners Inc. pursuant to the exchange agreement. If at any time the ratio at which Partnership Units are exchangeable for shares of Class A common stock of PJT Partners Inc. changes from one-for-one, the number of votes to which Class B common stockholders are entitled on applicable matters will be adjusted accordingly. Holders of shares of our Class B common stock will vote together with holders of our Class A common stock as a single class on all matters on which stockholders are entitled to vote generally, except as otherwise required by law.

We and the holders of Partnership Units (other than PJT Partners Inc.) have entered into an exchange agreement under which they (or certain permitted transferees) have the right, subject to the terms and conditions set forth in the partnership agreement of PJT Partners Holdings LP, on a quarterly basis, to exchange all or part of their Partnership Units for cash or, at our election, for shares of our Class A common stock on a one-for-one basis, subject to customary conversion rate adjustments for splits, unit distributions and reclassifications. Further, pursuant to the terms in the partnership agreement of PJT Partners Holdings LP, we may also require holders of Partnership Units who are not Service Providers (as defined in the partnership agreement of PJT Partners Holdings LP) to exchange such Partnership Units. The price per Partnership Unit to be received in a cash-settled exchange will be equal to the fair value of a share of our Class A common stock (determined in accordance with and subject to adjustment under the exchange agreement). In the event that PJT Partners Inc. elects to fund cash-settled exchanges of Partnership Units with new issuances of Class A common stock, the fair value of a share of our Class A common stock will be deemed to be equal to the net proceeds per share of Class A common stock received by PJT Partners Inc. in the related issuance. Accordingly, in this event, the price per Partnership Unit to which an exchanging Partnership Unitholder will be entitled may be greater than or less than the then-current market value of our Class A common stock.

The Company has entered into a tax receivable agreement with the holders of Partnership Units (other than PJT Partners Inc.) that provides for the payment by PJT Partners Inc. to exchanging holders of Partnership Units of 85% of the benefits, if any, that PJT Partners Inc. is deemed to realize as a result of the increases in tax basis related to such exchanges of Partnership Units and of certain other tax benefits related to entering into the tax receivable agreement, including tax benefits attributable to payments under the tax receivable agreement.

Refer to Note 14. “Transactions with Related Parties” and Note 15. “Commitments and Contingencies—Transactions and Agreements with Blackstone, Employee Matters Agreement” in the “Notes to Consolidated Financial Statements” in “Part II. Item 8. Financial Statements and Supplementary Data” for further information about the agreements entered into in connection with the spin-off.

Available Information

We file annual, quarterly and current reports and other information with the SEC. These filings are available to the public over the internet at the SEC's website at www.sec.gov.

Our website address is www.pjtpartners.com. We make available free of charge on or through www.pjtpartners.com our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. Hard copies may be obtained free of charge by contacting Investor Relations at PJT Partners Inc., 280 Park Avenue, New York, New York 10017 or by calling (212) 364-7800. Although we refer to our website in this report, the contents of our website are not included or incorporated by reference into this report. All references to our website in this report are intended to be inactive textual references only.

ITEM 1A. RISK FACTORS

Risks Relating to Our Business

Our business is subject to risks arising from epidemic diseases, such as the global outbreak of COVID-19.

The outbreak of the COVID-19 pandemic is impacting worldwide economic activity. While it is not possible at this time to estimate the full extent of the impact that COVID-19 could have on our business, the continued spread and resurgence of COVID-19, its impact on the global economy and the measures taken by the governments of countries affected and in which we operate, including proposed or potential legislation designed to restrain M&A and other financial transactions during the pandemic may, among other things, reduce demand for our services, delay client decisions to procure our services or their ability to timely pay for our services, or force our clients or their counterparties to seek to terminate existing agreements, which could materially adversely affect our operating results and financial condition. A pandemic, including COVID-19, or other public health epidemic further poses the risk that our partners and employees may be prevented from conducting business activities at full capacity for an indefinite period of time, including due to spread of the disease or due to current or future shutdowns or office capacity restrictions that are recommended or mandated by governmental authorities. Further, a pandemic, including COVID-19, may present a significant threat to our partners' and employees' well-being, as our executives and partners may themselves become sick or otherwise unable to perform their duties for an extended period of time.

As events relating to the COVID-19 pandemic continue to develop globally, including in the U.S., and impact the capital markets, the Company's near- and medium-term results of operations, cash flows and financial condition could be materially adversely impacted due to a reduction in demand for our services, delay of client decisions to procure our services or possible deterioration in our clients' financial condition and their ability to timely pay outstanding receivables owed to us, or delay the closing of transactions, which may in turn delay our recognition of revenue. Further, we may be required to recognize an impairment in goodwill or intangible assets, which may have a material impact on our consolidated financial statements.

The vast majority of our employees have been working remotely since mid-March 2020. Following recommended and mandatory safety protocols issued by the respective governmental agencies in which our offices are located, we have undertaken steps to allow a limited number of our employees to return to certain of our office locations on a voluntary basis. We continue to monitor guidance from health and governmental organizations to determine when a greater number of employees may be able to safely return to the office. Further, we may be subject to a heightened risk of cyberattacks or other privacy or data security incidents due to the increased use of remote work environments and virtual platforms.

The longer-term impact of COVID-19 on our business, financial performance and operating results will be affected to a significant extent by a number of factors that we are unable to predict or control, such as the depth and duration of the pandemic, the potential for a recurrence of the pandemic in cities in which our offices are located, and the impact on the U.S. and global economies. These external factors could have a material adverse effect on our financial performance and operating results going forward.

Changing market conditions, including as a result of tariffs and global trade uncertainties, can adversely affect our business in many ways, including by reducing the volume of the transactions involving our business, which could materially reduce our revenue.

As a participant in the financial services industry, we are materially affected by conditions in the global financial markets and economic conditions throughout the world, including many factors beyond our control, such as tariffs and global trade uncertainties. For example, a substantial portion of our revenue is directly related to the volume and value of the transactions in which we are involved. During periods of unfavorable market or economic conditions, the volume and value of M&A transactions may decrease, thereby reducing the demand for our M&A advisory services and increasing price competition among financial services companies seeking such engagements. In addition, during periods of strong market and economic conditions, the volume and value of restructuring and reorganization transactions may decrease, thereby reducing the demand for our restructuring and special situations services and increasing price competition among financial services companies seeking such engagements. Our results of operations would be adversely affected by any such reduction in the volume or value of such advisory transactions. Further, in the period following an economic downturn, the volume and value of M&A transactions typically takes time to recover and lags a recovery in market and economic conditions.

Our profitability may also be adversely affected by our fixed costs and the possibility that we would be unable to scale back other costs within a time frame sufficient to match any decreases in revenue relating to changes in market and economic conditions. The future market and economic climate may deteriorate because of many factors beyond our control, including rising interest rates or inflation, international conflict, terrorism, natural disasters, a pandemic or political uncertainty.

Our private fund advisory and fundraising business is dependent on the availability of private capital for deployment in illiquid asset classes such as private equity, real estate and hedge funds for clients we serve.

PJT Park Hill provides private fund advisory and fundraising services for alternative investment managers, including private equity funds, real estate funds and hedge funds. Our ability to find suitable engagements and earn fees in this business depends on the availability of private and public capital for investments in illiquid assets such as private equity, real estate and hedge funds. Our ability to assist fund managers and sponsors raise capital from investors depends on a number of factors, including many that are outside our control, such as the general economic environment, changes in the weight investors give to alternative asset investments as part of their overall investment portfolio among asset classes, and market liquidity and volatility. Additionally, certain investors, such as public pension plans, may have policies prohibiting the use of placement agents by fund sponsors or managers in connection with a limited partner's investment. To the extent private and public capital focused on illiquid investment opportunities for our clients is limited, our results may be adversely affected.

Our revenue in any given period is dependent in part on the number of fee-paying clients in such period, and a significant reduction in the number of fee-paying clients in any given period could reduce our revenue and adversely affect our operating results in such period.

A substantial portion of our revenue in any given period is dependent in part on the number of fee-paying clients in such period. We had 173 clients and 142 clients that generated fees equal to or greater than \$1 million for the years ended December 31, 2020 and 2019, respectively. We may lose clients as a result of the sale or merger of a client, a change in a client's senior management, competition from other financial advisors and financial institutions and other causes. A significant reduction in the number of fee-paying clients in any given period could reduce our revenue and adversely affect our operating results in such period.

The composition of the group comprising our largest clients may vary significantly from year to year, and a relatively small number of clients may account for a significant portion of our consolidated revenues in any given period. As a result, our operating results, financial condition and liquidity may be significantly affected by the loss of a relatively small number of mandates or the failure of a relatively small number of assignments to be completed. However, no client accounted for more than 10% of our total revenues for the years ended December 31, 2020 or 2019.

If the number of debt defaults, bankruptcies or other factors affecting demand for our restructuring and special situations services declines, our restructuring and special situations business could suffer.

We provide various financial restructuring and reorganization and related advice to companies in financial distress or to their creditors or other stakeholders. A number of factors affect demand for these advisory services,

including general economic conditions, the availability and cost of debt and equity financing, governmental policy and changes to laws, rules and regulations, including those that protect creditors. In addition, providing restructuring and special situations advisory services entails the risk that the transaction will be unsuccessful, takes considerable time and can be subject to a bankruptcy court's discretionary power to disallow or discount our fees. If the number of debt defaults, bankruptcies or other factors affecting demand for our restructuring and special situations advisory services declines, our Restructuring and Special Situations business would be adversely affected.

Third party offerings for which we act as an underwriter have certain inherent risks.

We may be exposed to liabilities arising out of our underwriting activities, including as a result of material misstatements or omissions in prospectuses and other offering documents. In such cases, any indemnification provisions in the applicable underwriting agreement may not be enforceable or available to us, for example, if the client is not financially able to satisfy its indemnification obligations in whole or part or the scope of the indemnity is not sufficient to protect us against financial or reputational losses arising from such liability. We may also incur losses and be subject to reputational harm to the extent that, for any reason, an offering where we act as an underwriter does not perform or close as expected.

Our revenue and profits are highly volatile on a quarterly basis and may cause the price of our Class A common stock to fluctuate and decline.

Our revenue and profits are highly volatile. We earn advisory fees, generally from a limited number of engagements that generate significant fees at key transaction milestones, such as closing, the timing of which is outside of our control. We expect that we will continue to rely on advisory fees for a substantial portion of our revenue for the foreseeable future. Accordingly, a decline in our advisory engagements or the market for advisory services would adversely affect our business. In addition, our financial results will likely fluctuate from quarter to quarter based on the timing of when fees are recognized, and high levels of revenue in one quarter will not necessarily be predictive of continued high levels of revenue in future periods. Because advisory revenue is volatile and represents a significant portion of our total revenue, we may experience greater variations in our revenue and profits than other larger, more diversified competitors in the financial services industry. Fluctuations in our quarterly financial results could, in turn, lead to large adverse movements in the price of our Class A common stock or increased volatility in our stock price generally.

Because in many cases we do not earn our fee until the successful consummation of the underlying transaction, our revenue is highly dependent on market conditions and the decisions and actions of our clients, interested third parties and governmental authorities. For example, we may be engaged by a client, but the transaction may not occur or be consummated because, among other things, anticipated bidders may not materialize, no bidder is prepared to pay our client's price, our client's business experiences unexpected operating or financial problems, because our client may not be the winning bidder, failure to agree upon final terms with the counterparty, failure to obtain necessary regulatory consents or board or stockholder approvals, failure to secure necessary financing, adverse market conditions or because the target's business experiences unexpected operating or financial problems. In these circumstances, we often do not receive significant advisory fees, despite the fact that we have devoted considerable resources to these transactions.

In addition, with respect to PJT Park Hill, our private fund advisory and fundraising business, we face the risk that we may not be able to collect all or a portion of the fees that we recognize. The placement fees earned by PJT Park Hill are generally recognized by us for accounting purposes upon the successful subscription by an investor in a client's fund and/or the closing of that fund. However, those fees are generally paid by a PJT Park Hill client over a period of time with interest (for example, three to four years) following such successful subscription by an investor in a client's fund and/or the closing of that fund. There is a risk that during that period of time, PJT Park Hill may not be able to collect all or a portion of the fees PJT Park Hill is due for the fund advisory services it has already provided to such client. For instance, a PJT Park Hill client's fund may be liquidated prior to the time that all or a portion of the fees due to PJT Park Hill are due to be paid. Moreover, to the extent fewer assets are raised for funds or interest by investors in alternative asset funds declines, the placement fees earned by PJT Park Hill would be adversely affected.

In addition, we face the risk that certain clients may not have the financial resources to pay our agreed-upon advisory fees. Certain clients may also be unwilling to pay our advisory fees in whole or in part, in which case we may have to incur significant costs to bring legal action to enforce our engagement agreements to obtain our advisory fees.

Our failure to deal appropriately with actual, potential or perceived conflicts of interest could damage our reputation and materially adversely affect our business.

We confront actual, potential or perceived conflicts of interest in our business. We have adopted various policies, controls and procedures to address or limit actual or perceived conflicts of interest. However, these policies, controls and procedures may not timely identify or appropriately manage such conflicts of interest as identifying and managing actual or perceived conflicts of interest is complex and difficult. It is possible that actual, potential or perceived conflicts could give rise to client dissatisfaction, litigation or regulatory enforcement actions. Our reputation could be damaged if we fail, or appear to fail, to deal appropriately with one or more potential or actual conflicts of interest. Regulatory scrutiny of, or litigation in connection with, conflicts of interest could have a material adverse effect on our reputation, which could materially adversely affect our business in a number of ways, including a reluctance of some potential clients and counterparties to do business with us.

Policies, controls and procedures that we may be required to implement to address additional regulatory requirements, including as a result of additional foreign jurisdictions in which we operate, or to mitigate actual or potential conflicts of interest, may result in increased costs, including for additional personnel and infrastructure and information technology improvements, as well as limit our activities and reduce the positive synergies that we seek to cultivate across our businesses.

We may face damage to our professional reputation or negative publicity if our services are not regarded as satisfactory or for other reasons.

As an advisory service firm, we depend to a large extent on our relationships with our clients and reputation for integrity and high-caliber professional services to attract and retain clients. As a result, if a client is not satisfied with our services or we experience negative publicity related to our business and our people, regardless of whether the allegations are valid, it may be more damaging in our business than in other businesses.

Our business is subject to various cybersecurity and other operational risks.

We face various cybersecurity and other operational risks related to our business on a day-to-day basis. We rely heavily on financial, accounting, communication and other information technology systems, and the people who operate them. These systems, including the systems of third parties on whom we rely, may fail to operate properly or become disabled as a result of tampering or a breach of our network security systems or otherwise, including for reasons beyond our control.

Our clients typically provide us with sensitive and confidential information. We are dependent on information technology networks and systems to securely process, transmit and store such information and to communicate among our locations around the world and with our clients and other third parties. We may be subject to attempted security breaches and cyberattacks and, while we are not aware of any such occurrence to date, a successful breach of our systems, or the systems used by our clients and other third parties, could lead to shutdowns or disruptions of our systems or third-party systems on which we rely and potential unauthorized disclosure of sensitive or confidential information. Breaches of our or third-party network security systems on which we rely could involve attacks that are intended to obtain unauthorized access to our proprietary information, destroy data or disable, degrade or sabotage our systems, often through the introduction of computer viruses, cyberattacks and other means and could originate from a wide variety of sources, including foreign governments or other unknown third parties. Although we take various measures to ensure the integrity of our and third-party systems on which we rely, there can be no assurance that these measures will provide adequate protection, especially because the cyberattack techniques used change frequently or are not recognized until launched. As cyber threats continue to multiply, become more sophisticated and threaten additional aspects of our businesses, we may also be required to expend additional resources on information security and compliance costs in order to continue to modify or enhance our protective measures or to investigate and remediate any information security vulnerabilities or other exposures. If our or third-party systems on which we rely are compromised, do not operate properly or are disabled, we could suffer a disruption of our business, financial losses, liability to clients, regulatory sanctions and damage to our reputation. Phishing attacks and email spoofing attacks are often used to obtain information to impersonate employees or clients in order to, among other things, direct fraudulent bank transfers or obtain valuable information. Fraudulent transfers resulting from phishing attacks or email spoofing of our employees could result in a material loss of assets, reputational harm or legal liability and in turn materially adversely affect our business.

We operate a business that is highly dependent on information systems and technology. Any failure to keep accurate books and records can render us liable to disciplinary action by governmental and self-regulatory

authorities, as well as to claims by our clients. We rely on third-party service providers for certain aspects of our business. Any interruption or deterioration in the performance of these third parties or failures of their information systems and technology could impair our operations, affect our reputation and adversely affect our business.

In addition, a business continuity problem, such as a pandemic (including but not limited to COVID-19), other man-made or natural disaster or disruption involving electronic communications or other services used by us or third parties with whom we conduct business, could lead us to experience operational challenges, and if we are unable to timely and successfully recover that could materially disrupt our business and cause material financial loss, regulatory actions, reputational harm or legal liability.

We are exposed to risks related to our insurance coverage.

Our operations and financial results are subject to risks and uncertainties related to our use of insurance for a variety of risks, including cybersecurity risk. While we endeavor to purchase insurance coverage appropriate for our risk assessment, we are unable to predict with certainty the frequency, nature or magnitude of claims for direct or consequential damages. Our business may be negatively affected if our insurance coverage proves to be inadequate, unavailable or the insurance carriers deny coverage for whatever reason. Insurance claims may divert management resources away from operating our business.

We may not be able to generate sufficient cash in the future to service any current or future indebtedness or other contractual obligations, or a significant deterioration in the credit markets or the failure of one or more commercial banking institutions, could adversely affect our liquidity.

Our ability to make scheduled payments on or to refinance any current or future debt obligations or other contractual obligations depends on our financial condition and operating performance. We cannot provide assurance that we will maintain a level of cash flows from operating activities sufficient to permit us to pay the principal of, and interest on, any current or future indebtedness. If our cash flows and capital resources are insufficient to fund any current or future debt obligations or contractual obligations, we may be forced to reduce or delay investments and capital expenditures, or to sell assets, seek additional capital or restructure or refinance such indebtedness or other contractual obligations.

As of December 31, 2020, we had cash, cash equivalents and investments of \$437.4 million, of which \$137.7 million was invested in Treasury securities. We monitor developments relating to the liquidity of these instruments on a regular basis. In the event of a significant deterioration of the credit markets or the failure of one or more commercial banking institutions, there can be no assurance that we will be able to liquidate these assets or access our cash. Our inability to access our cash or other assets could have a material adverse effect on our liquidity and result in our inability to meet our obligations timely, which could have a material adverse effect on the value of our common stock.

Our international operations are subject to certain risks, which may affect our revenue.

For the year ended December 31, 2020, we earned 11.3% of our total revenues from our international operations. We intend to continue to grow our non-U.S. business, and this growth is important to our overall success. In addition, many of our clients are non-U.S. entities seeking to enter into transactions involving U.S. businesses. Our international operations carry special financial, business, regulatory and reputational risks, which could include the following: greater difficulties in managing and staffing foreign operations; language and cultural differences; fluctuations in foreign currency exchange rates that could adversely affect our results; unexpected and costly changes in trading policies, regulatory requirements, tariffs and other barriers; restrictions on travel; longer transaction cycles; higher operating costs; local labor conditions and regulations; adverse consequences or restrictions on the repatriation of earnings; potentially adverse tax consequences, such as trapped foreign losses; less stable political and economic environments; civil disturbances or other catastrophic events that reduce business activity; disasters or other business continuity problems, such as pandemics, other man-made or natural disaster or disruption involving electronic communications or other services; and uncertainty regarding the ongoing relationship between the United Kingdom (“U.K.”) and European Union (“E.U.”).

If our international business increases relative to our total business, these factors could have a more pronounced effect on our operating results.

As part of our day-to-day operations outside of the United States, we are required to create compensation programs, employment policies, compliance policies and procedures and other administrative programs that comply with the laws of multiple countries. We also must communicate and monitor standards and directives across our global operations. Our failure to successfully manage and grow our geographically diverse operations could impair our ability to react quickly to changing business and market conditions and to enforce compliance with non-U.S. standards and procedures.

We may enter into new lines of business, joint ventures, strategic investments or jurisdictions, which may result in additional risks and uncertainties in our business.

We currently generate substantially all of our revenue from our strategic advisory, capital markets advisory, restructuring and special situations, shareholder advisory, and private fund advisory and fundraising services businesses. However, we may grow our business by entering into new lines of business, joint ventures, strategic investments or jurisdictions. To the extent we enter into new lines of business, joint ventures, strategic investments or jurisdictions, we will face numerous risks and uncertainties, including risks associated with actual or perceived conflicts of interest because we would no longer be limited to the advisory business, the possibility that we have insufficient expertise to engage in such activities profitably or without incurring inappropriate amounts of risk, the required investment of capital and other resources and the loss of clients due to the perception that we are no longer focusing on our core business.

Entry into certain lines of business, joint ventures, strategic investments or jurisdictions may subject us to new laws and regulations with which we are not familiar, or from which we are currently exempt, and may lead to increased litigation and regulatory risk. In addition, certain aspects of our cost structure, such as costs for compensation, occupancy and equipment, communication and information technology services, and depreciation and amortization will be largely fixed, and we may not be able to timely adjust these costs to match fluctuations in revenue related to our entering into new lines of business. If a new business generates insufficient revenues or if we are unable to efficiently manage our expanded operations, our results of operations could be materially adversely affected.

Fluctuations in foreign currency exchange rates could adversely affect our results.

Because our financial statements are denominated in U.S. dollars and we receive a portion of our revenue in other currencies, we are exposed to fluctuations in foreign currencies. In addition, we pay certain of our expenses in such currencies. We have not entered into any transactions to hedge our exposure to these foreign exchange fluctuations through the use of derivative instruments or otherwise. An appreciation or depreciation of any of these currencies relative to the U.S. dollar would result in an adverse or beneficial impact, respectively, to our financial results.

Restrictions in the credit agreement governing our revolving credit facility may impair our ability to finance our future operations or capital needs or engage in other business activities that may be in our interests.

We have obtained a revolving credit facility in an aggregate principal amount of \$40 million with the option for a temporary increase of up to \$60 million total. On February 1, 2021, the aggregate principal amount of the revolving credit facility was increased to \$60 million with the option for a temporary increase of up to \$80 million.

The credit agreement governing such revolving credit facility contains a number of significant covenants that, among other things, would require us to maintain certain minimum tangible net worth and liquidity and maximum leverage levels and the covenants may restrict our ability to: sell assets; incur more indebtedness; repay certain indebtedness; make certain investments or business acquisitions; make certain capital expenditures; engage in business mergers or consolidations; and engage in certain transactions with subsidiaries and affiliates.

These restrictions could impair our ability to finance our future operations or capital needs or engage in other business activities that may be in our interests. In addition, such credit agreement could also require us to maintain compliance with certain financial ratios, including those relating to earnings before interest, taxes, depreciation and amortization and consolidated indebtedness. Our ability to comply with these ratios and covenants may be affected by events beyond our control. A breach of the provisions of our credit agreement or our inability to comply with the required financial ratios or covenants included therein could result in a default thereunder. In the event of any such default, the lenders under the credit agreement could elect to: declare all outstanding debt, accrued interest and fees to be due and immediately payable; and require us to apply all of our available cash to repay our outstanding debt.

Failure to maintain effective internal controls in accordance with Section 404 of the Sarbanes-Oxley Act could have a material adverse effect on our business and share price.

We have documented and tested our internal control procedures to satisfy the requirements of Section 404(a) of the Sarbanes-Oxley Act of 2002, which requires annual management assessments of the effectiveness of our internal control over financial reporting. Our independent registered public accounting firm may not be able or willing to issue an unqualified report on the effectiveness of our internal control over financial reporting. Matters impacting our internal controls may cause us to be unable to report our financial information on a timely basis and thereby subject us to adverse regulatory consequences, including sanctions by the SEC, or violations of applicable stock exchange listing rules. There could also be a negative reaction in the financial markets due to a loss of investor confidence in us and the reliability of our financial statements. Confidence in the reliability of our financial statements is also likely to suffer if we identify a material weakness in our internal control over financial reporting. This could materially adversely affect us and lead to a decline in the market price of our common stock.

Risks Relating to Talent and Competition

We depend on the efforts and reputations of Mr. Taubman and other key personnel.

We depend on the efforts and reputations of Mr. Taubman and our other senior bankers. Our senior banking team's reputations and relationships with clients and potential clients are critical elements in the success of our business. Mr. Taubman and our other senior executives and bankers are important to our success because they are instrumental in setting our strategic direction, operating our business, identifying, recruiting and training key personnel, maintaining relationships with our clients, and identifying business opportunities. The loss of one or more of these executives or other key individuals could impair our business and development until qualified replacements are found. We may not be able to replace these individuals quickly or with persons of equal experience and capabilities. Although we have employment agreements with certain of these individuals, we cannot prevent them from terminating their employment with us. In addition, our non-competition agreements with such individuals may not be enforced by the courts. The loss of the services of any of them, in particular Mr. Taubman, could have a material adverse effect on our business, including our ability to attract clients.

Our future growth will depend on, among other things, our ability to successfully identify, recruit, motivate and develop talent and will require us to commit additional resources.

It typically takes time for our newly-recruited professionals to become profitable and effective. During that time, we may incur significant expenses and expend significant time and resources toward training, integration and business development aimed at developing this new talent. If we are unable to recruit and develop profitable professionals, we will not be able to implement our growth strategy and our financial results could be materially adversely affected.

The near-term vesting of equity awarded to key personnel may diminish our ability to retain and motivate our professionals. There is no guarantee that our non-competition and current compensation arrangements with our professionals, in which we mandatorily defer a substantial portion of their annual incentive bonus in the form of cash and equity awards with multi-year vesting periods, will provide sufficient protections or incentives to prevent our partners and other key personnel from resigning to join our competitors. The departure of a number of partners or groups of professionals could have a material adverse effect on our business and profitability.

Employee or contractor misconduct, which is difficult to detect and deter, could harm us by impairing our ability to attract and retain clients and talent and by subjecting us to legal liability and reputational harm.

There is a risk that our employees or contractors engage in misconduct that adversely affects our business. Our business often requires that we deal with confidential matters of great significance to our clients. If our employees or contractors were to improperly use or disclose confidential information provided by our clients, we could be subject to regulatory investigations or sanctions and we could suffer serious harm to our reputation, financial position, trading price of our common stock, current client relationships and ability to attract future clients. In addition, our financial professionals and other employees are responsible for following proper measures to maintain the confidentiality of information we hold. If an employee's failure to do so results in the improper release of confidential information, we could be subject to reputational harm and legal liability, which could impair our ability to attract and retain clients and in turn materially adversely affect our business.

U.S. regulators and enforcement agencies, including the U.S. Department of Justice and the SEC, continue to devote significant resources to the enforcement of the FCPA, anti-money laundering laws and anti-corruption laws,

and the United Kingdom and other jurisdictions have significantly expanded the reach of their anti-bribery laws. While we have developed and implemented policies and procedures designed to ensure strict compliance by us and our personnel with anti-bribery, anti-money laundering, anti-corruption and other laws, such policies and procedures may not be effective in all instances to prevent violations. Any determination that we have violated the FCPA or other applicable anti-corruption laws could subject us to, among other things, civil and criminal penalties, material fines, profit disgorgement, injunctions on future conduct, securities litigation and a general loss of investor confidence, any one of which could adversely affect our business prospects, financial position or the market value of our common stock.

Despite our implementation of policies, our emphasis on a culture that supports diversity and inclusion, and training to prevent and detect misconduct, we cannot completely safeguard ourselves against the risk of workplace misconduct, such as sexual harassment or discrimination. In addition to impairing our ability to attract and retain clients, such misconduct may also impair our ability to attract and retain talent resulting in a materially adverse effect on our business. It is not always possible to deter such misconduct, and there can be no assurance that the precautions we take to prevent and detect misconduct will be effective in all cases. If our employees or contractors engage in misconduct, our business could be materially adversely affected.

We face strong competition from other financial advisory firms, many of which have greater resources and broader product and services offerings than we do.

The financial services industry is intensely competitive, highly fragmented and subject to rapid change, and we expect it to remain so. Our competitors are other investment banking and financial advisory firms. We compete on both a global and a regional basis, and on the basis of a number of factors, including the strength and depth of client relationships, industry knowledge, transaction execution skills, our range of products and services, innovation, reputation and price. In addition, in our business there are usually no long-term contracted sources of revenue. Each revenue-generating engagement typically is separately solicited, awarded and negotiated.

We have experienced significant competition when obtaining advisory mandates, and we may experience pricing pressures in our business in the future as some of our competitors may seek to obtain increased market share by reducing fees.

Our primary competitors are large financial institutions, many of which have far greater financial and other resources and have the ability to offer a wider range of products and services. In addition, we may be at a competitive disadvantage with regard to certain of our competitors who are able to, and often do, provide financing or market making services that are often a crucial component of the types of transactions on which we advise. In addition to our larger competitors, over the last several years the number of independent investment banks that offer independent advisory services has increased. As these independent firms or new entrants into the market seek to gain market share, we could experience pricing and competitive pressures, which would adversely affect our revenues and earnings.

In addition, PJT Park Hill operates in a highly competitive environment and the barriers to entry into the private fund advisory and fundraising services business are low.

Legal and Regulatory Risks

As a member of the financial services industry, we face substantial litigation and regulatory risks.

Our role as advisor to our clients on important transactions involves complex analysis and the exercise of professional judgment, including rendering “fairness opinions” in connection with mergers and other transactions. Our activities may subject us to the risk of significant legal liabilities to our clients and affected third parties, including shareholders of our clients who could bring securities class actions against us. In recent years, the volume of claims and amount of damages claimed in litigation and regulatory proceedings against financial services companies have increased. These risks are difficult to assess or quantify and their existence and magnitude often remain unknown for substantial periods of time. Our engagements typically, but not always, include broad indemnities from our clients and provisions to limit our exposure to legal claims relating to our services, but these provisions may not protect us in all cases, including when a client does not have the financial capacity to pay under the indemnity. As a result, we may incur significant legal expenses in defending ourselves against or settling litigation or regulatory action. In addition, we may have to spend a significant amount to adequately insure against these potential claims. Substantial legal liability or significant regulatory action against us could have material

adverse financial effects or cause significant reputational harm to us, which could seriously harm our business prospects.

Extensive and evolving regulation of our business and the business of our clients exposes us to the potential for significant penalties and fines due to compliance failures, increases our costs and may result in limitations on the manner in which our business is conducted.

As a participant in the financial services industry, we are subject to extensive regulation in the U.S. and internationally. We are subject to regulation by governmental and self-regulatory organizations in the jurisdictions in which we operate. As a result of market volatility and disruption in recent years, the U.S. and other governments took unprecedented steps to try to stabilize the financial system, including providing assistance to financial institutions and taking certain regulatory actions. The long-term effects of these actions and of legislative and regulatory initiatives (including the Dodd-Frank Wall Street Reform and Consumer Protection Act) effected in connection with, and as a result of, such extraordinary disruption and volatility is uncertain, both as to the financial markets and participants in general, and as to us in particular.

We face the risk of significant intervention by regulatory authorities, including extended investigation and surveillance activity, adoption of costly or restrictive new regulations and judicial or administrative proceedings that may result in substantial penalties. Among other things, we could be fined or be prohibited from engaging in some of our business activities. In addition, the regulatory environment in which we operate is subject to modification and further regulation. Such changes may increase the expenses we incur without necessarily leading to commensurate increases in revenues. Certain laws and regulations within the U.S. and internationally include extraterritorial application that may lead to overlapping or conflicting legal and regulatory burdens with additional risks and implementation expenses. New laws or regulations applicable to us and our clients also may adversely affect our business, and our ability to function in this environment will depend on our ability to continually monitor and react to these changes.

Our ability to conduct business and our operating results, including compliance costs, may be adversely affected as a result of complying with any new or existing requirements imposed by the SEC, FINRA or other U.S. or foreign governmental regulatory authorities or self-regulatory organizations that regulate financial services firms or supervise financial markets, such as the requirement to maintain sufficient net capital in order to provide certain services. We may be adversely affected by changes in the interpretation or enforcement of existing laws and rules by these governmental authorities and self-regulatory organizations. In addition, some of our clients or prospective clients may adopt policies that exceed regulatory requirements and impose additional restrictions affecting their dealings with us. Accordingly, we may incur significant costs to comply with U.S. and international regulation. In addition, new laws or regulations or changes in enforcement of existing laws or regulations applicable to our clients may adversely affect our business. For example, changes in antitrust laws or the enforcement of antitrust laws could affect the level of M&A activity and changes in applicable regulations could restrict the activities of our clients and their need for the types of advisory services that we provide to them. Further, changes to existing tax laws and regulations in the U.S. and in other jurisdictions in which we and our clients operate may reduce the level of M&A activity, including cross-border M&A activity.

In addition, several states and municipalities in the United States, including, but not limited to, California, Illinois, New York State and New York City have adopted “pay-to-play” and placement agent rules, which, in addition to imposing registration and reporting requirements, limit our ability to charge fees in connection with certain engagements or restrict or prohibit the use of placement agents in connection with investments by public pension funds. These types of measures could materially and adversely impact our PJT Park Hill business.

Our failure to comply with applicable laws or regulations could result in adverse publicity and reputational harm as well as fines, suspensions of personnel or other sanctions, including revocation of our registration or any of our subsidiaries as a financial advisor and could impair retention or recruitment of personnel. In addition, any changes in the regulatory framework could impose additional expenses or capital requirements on us, result in limitations on the manner in which our business is conducted, have an adverse impact upon our financial condition and business and require substantial attention by senior management. Moreover, our business is subject to periodic examination by various regulatory authorities, and we cannot predict the outcome of any such examinations.

A change in relevant income tax laws, regulations or treaties or an adverse interpretation of these items by tax authorities could result in an audit adjustment or revaluation of our deferred tax assets that may cause our effective tax rate and tax liability to be higher than what is currently presented in the consolidated financial statements.

As part of the process of preparing our consolidated financial statements, we are required to estimate income taxes in each of the jurisdictions in which we operate. Significant management judgment is required in determining our provision for income taxes, our deferred tax assets and liabilities and any valuation allowance recorded against our deferred tax assets. This process requires us to estimate our actual current tax liability and to assess temporary differences resulting from differing book versus tax treatment. Our effective tax rate and tax liability is based on the application of current income tax laws, regulations and treaties. These laws, regulations and treaties are complex, and the manner in which they apply to our facts and circumstances is sometimes open to interpretation. Management believes its application of current laws, regulations and treaties to be correct and sustainable upon examination by the tax authorities. However, the tax authorities could challenge our interpretation resulting in additional tax liability or adjustment to our income tax provision that could increase our effective tax rate. In addition, tax laws, regulations or treaties, newly enacted or enacted in the future, may cause us to remeasure our deferred tax assets and have a material change to our effective tax rate.

The cost of compliance with international broker-dealer, employment, labor, benefits, privacy and tax laws and regulations may adversely affect our business and hamper our ability to expand internationally.

Since we operate our business both in the U.S. and internationally, we are subject to many distinct broker-dealer, employment, labor, benefits, privacy and tax laws in each jurisdiction in which we operate, including regulations affecting our employment practices and our relations with our employees and service providers. If we are required to comply with other new regulations or new interpretations of existing regulations, or if we are unable to comply with these regulations or interpretations, our business could be adversely affected or the cost of compliance may make it difficult to expand into new international markets. Additionally, our competitiveness in international markets may be adversely affected by regulations requiring, among other things, the awarding of contracts to local contractors, the employment of local citizens and/or the purchase of services from local businesses or favoring or requiring local ownership.

In May 2018, the E.U.’s General Data Protection Regulations (“GDPR”) came into effect, and changed how businesses can collect, use and process the personal data of E.U. residents. As we engage in significant business in the E.U., we are subject to the GDPR’s requirements. The GDPR has extraterritorial effect and imposes a mandatory duty on businesses to self-report personal data breaches to authorities, and, under certain circumstances, to affected individuals. The GDPR also grants individuals the right to erasure (commonly referred to as the right to be forgotten), which may put a burden on us to erase records upon request. Compliance with the GDPR’s requirements may increase our legal, compliance and operational costs. Non-compliance with the GDPR’s requirements can result in significant penalties, which may have a material adverse effect on our business, expose us to legal and regulatory costs and impair our reputation.

Other jurisdictions, including certain U.S. states and non-U.S. jurisdictions where we conduct business, have also enacted or are considering data privacy legislation. For example, in June 2018, California’s legislature passed the California Consumer Privacy Act of 2018, which went into effect in 2020. Increasingly numerous, fast-changing and complex legislation related to data privacy may result in greater compliance costs, heightened regulatory scrutiny and significant penalties. New and changing regulations may increase compliance costs such that they hamper our ability to expand into new territories.

The outcomes of the ongoing arrangements between the E.U. and the U.K. may adversely affect our business.

The U.K. formally left the E.U. on December 31, 2020. Our U.K. entity, PJT Partners (UK) Limited, previously serviced U.K. as well as European-domiciled clients. The U.K.’s exit from the E.U. caused PJT Partners (UK) Limited to lose its E.U. financial services passporting rights, which allowed it to operate, on a cross-border and off-shore basis, in all E.U. countries. On October 1, 2020, PJT Partners Park Hill (Spain) A.V., S.A.U., the Company’s European licensed investment firm, became fully operational, following its successful registration with Spain’s National Securities Market Commission. This registration allows us to continue conducting certain regulated activities throughout the E.U.

On December 24, 2020, the U.K. and E.U. finalized the Trade and Cooperation Agreement that governs their future trading and security relationship from January 1, 2021. There remains uncertainty as businesses, governments and regulatory authorities interpret and implement the provisions of the agreement.

Risks Relating to Our Organizational Structure

PJT Partners Inc.'s only material asset is its interest in PJT Partners Holdings LP and certain cash and cash equivalents it may hold from time to time, and it is accordingly dependent upon distributions from PJT Partners Holdings LP to pay taxes, make payments under the tax receivable agreement or pay dividends.

PJT Partners Inc. is a holding company and has no material assets other than its ownership of Partnership Units, and certain cash and cash equivalents it may hold from time to time as described herein in “Part II. Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities—Dividend Policy.” PJT Partners Inc. has no independent means of generating revenue. PJT Partners Holdings LP makes distributions to holders of its Partnership Units in an amount sufficient to cover all applicable taxes at assumed tax rates, payments under the tax receivable agreement and dividends, if any, declared by it. Deterioration in the financial condition, earnings or cash flow of PJT Partners Holdings LP and its subsidiaries for any reason could limit or impair their ability to pay such distributions. Additionally, to the extent that PJT Partners Inc. needs funds, and PJT Partners Holdings LP is restricted from making such distributions under applicable law or regulation or under the terms of our financing arrangements, or is otherwise unable to provide such funds, it could materially adversely affect our liquidity and financial condition.

Payments of dividends, if any, will be at the discretion of our Board after taking into account various factors, as described in “Part II. Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities—Dividend Policy.”

Although we currently intend to pay a quarterly cash dividend to our stockholders, we have no obligation to do so, and our dividend policy may change at any time. Whether we continue and the amount and timing of any dividends are subject to capital availability and periodic determinations by our Board that cash dividends are in the best interest of our stockholders and are in compliance with all respective laws and agreements of the Company applicable to the declaration and payment of cash dividends. The reduction in or elimination of our dividend payments could have a negative effect on our stock price.

A significant portion of the voting power in PJT Partners Inc. is controlled by holders of our Class B common stock, whose interests may differ from those of our public stockholders that hold Class A common stock.

The shares of Class B common stock have no economic rights but entitle the holder, without regard to the number of shares of Class B common stock held, to a number of votes that is equal to the aggregate number of vested and unvested Partnership Units and LTIP Units in PJT Partners Holdings LP held by such holder on all matters presented to stockholders of PJT Partners Inc. other than director elections and removals. With respect to the election and removal of directors of PJT Partners Inc., shares of Class B common stock initially entitle holders to only one vote per share, representing significantly less than one percent of the voting power entitled to vote thereon. However, the voting power of Class B common stock with respect to the election and removal of directors of PJT Partners Inc. may be increased to up to the number of votes to which a holder is then entitled on all other matters presented to stockholders. At December 31, 2020, our executive officers and directors held and/or controlled (including by way of the proxy granted to Mr. Taubman by certain executive officers of Blackstone in connection with the spin-off) 3.2% of the voting power of PJT Partners Inc. with regard to the election and removal of directors, and 33.1% of the combined voting power of PJT Partners Inc. with regard to all other matters presented to stockholders of PJT Partners Inc. At December 31, 2020, our Class B common stockholders held significantly less than one percent of the voting power of PJT Partners Inc. with regard to the election and removal of directors, and 42.7% of the combined voting power of PJT Partners Inc., with regard to all other matters presented to stockholders of PJT Partners Inc. As a result, our Class B common stockholders, including Mr. Taubman, have the ability to exercise influence over the outcome of all matters requiring stockholder approval, other than director elections and removals, including those related to equity compensation plans, certain related party transactions, and certain significant issuances of Class A common stock and other significant transactions, such as those involving a change of control or sale of all or substantially all of our assets. This concentration of ownership could deprive our Class A stockholders of an opportunity to receive a premium for their common stock as part of a sale of our company and might ultimately affect the market price of our Class A common stock. Moreover, our Class B common stockholders, including Mr. Taubman, may gain the ability in the future to exercise significant influence over the outcome of director elections and removals as well.

Additionally, as of December 31, 2020, our Class B common stockholders own 41.0% of the Partnership Units. Because they hold all or a portion of their economic ownership interest in our business directly in PJT Partners Holdings LP, rather than through PJT Partners Inc., our Class B common stockholders may have conflicting interests with holders of shares of our Class A common stock. For example, if PJT Partners Holdings LP makes distributions to PJT Partners Inc., the limited partners of PJT Partners Holdings LP will also be entitled to receive such distributions pro rata in accordance with the percentages of their respective partnership interests in PJT Partners Holdings LP and their preferences as to the timing and amount of any such distributions may differ from those of our public stockholders. Our Class B common stockholders may also have different tax positions from us that could influence their decisions regarding whether and when to dispose of assets, especially in light of the existence of the tax receivable agreement that we entered into in connection with the spin-off, whether and when to incur new indebtedness, and whether and when PJT Partners Inc. should terminate the tax receivable agreement and accelerate its obligations thereunder. In addition, the structuring of future transactions may take into consideration these Partnership Unitholders' tax or other considerations even where no similar benefit would accrue to us.

PJT Partners Inc. may be required to make payments under a tax receivable agreement for most of the benefits relating to certain tax depreciation or amortization deductions that we may claim as a result of certain increases in tax basis.

Holders of Partnership Units (other than PJT Partners Inc.) have the right, subject to the terms and conditions set forth in the partnership agreement of PJT Partners Holdings LP, on a quarterly basis (subject to the terms of the exchange agreement), to exchange all or part of their Partnership Units for cash or, at our election, for shares of our Class A common stock on a one-for-one basis, subject to customary conversion rate adjustments for splits, unit distributions and reclassifications. Stock-settled exchanges and certain of these cash-settled exchanges are expected to result in increases in the tax basis of the tangible and intangible assets of PJT Partners Holdings LP. These increases in tax basis may increase (for tax purposes) depreciation and amortization deductions and therefore reduce the amount of tax that PJT Partners Inc. would otherwise be required to pay in the future, although the Internal Revenue Service ("IRS") may challenge all or part of that tax basis increase, and a court could sustain such a challenge.

We entered into a tax receivable agreement with the holders of Partnership Units (other than PJT Partners Inc.) that provides for the payment by PJT Partners Inc. to exchanging holders of Partnership Units of 85% of the benefits, if any, that PJT Partners Inc. is deemed to realize as a result of these increases in tax basis and of certain other tax benefits related to entering into the tax receivable agreement, including tax benefits attributable to payments under the tax receivable agreement.

This payment obligation is an obligation of PJT Partners Inc. and not of PJT Partners Holdings LP. While the actual increase in tax basis, as well as the amount and timing of any payments under the tax receivable agreement, will vary depending upon a number of factors, including the timing of exchanges, the price of shares of our Class A common stock at the time of the exchange, the extent to which such exchanges are taxable and the amount and timing of our income, we expect that as a result of the size of the transfers and increases in the tax basis of the tangible and intangible assets of PJT Partners Holdings LP, the payments that PJT Partners Inc. may make under the tax receivable agreement will be substantial. The payments under the tax receivable agreement are not conditioned upon continued ownership of us by the holders of Partnership Units.

In certain cases, such as upon a change in control, payments under the tax receivable agreement may be accelerated and/or significantly exceed the actual benefits PJT Partners Inc. realizes in respect of the tax attributes subject to the tax receivable agreement.

The tax receivable agreement provides that upon certain changes of control, or if, at any time, PJT Partners Inc. elects an early termination of the tax receivable agreement, PJT Partners Inc.'s obligations under the tax receivable agreement (with respect to all Partnership Units whether or not previously exchanged) would be calculated by reference to the value of all future payments that holders of Partnership Units would have been entitled to receive under the tax receivable agreement using certain valuation assumptions, including that PJT Partners Inc. will have sufficient taxable income to fully utilize the deductions arising from the increased tax deductions and tax basis and other benefits related to entering into the tax receivable agreement and, in the case of an early termination election, that any Partnership Units that have not been exchanged are deemed exchanged for the market value of the shares of Class A common stock at the time of termination. In addition, if PJT Partners Inc. elects an early termination of the tax receivable agreement, holders of Partnership Units will generally not reimburse us for any payments previously made under the tax receivable agreement if such tax basis increase is successfully challenged by the IRS. PJT Partners Inc.'s ability to achieve benefits from any tax basis increase, and the payments to be made under the tax receivable agreement, will depend upon a number of factors, including the timing and amount of our

future income. As a result, even in the absence of a change of control or an election to terminate the tax receivable agreement, payments under the tax receivable agreement could be in excess of PJT Partners Inc.'s actual cash tax savings.

There may be a material negative effect on our liquidity if the payments under the tax receivable agreement exceed the actual cash tax savings that PJT Partners Inc. realizes in respect of the tax attributes subject to the tax receivable agreement and/or if distributions to PJT Partners Inc. by PJT Partners Holdings LP are not sufficient to permit PJT Partners Inc. to make payments under the tax receivable agreement after it has paid taxes and other expenses. Based on the market value of a share of Class A common stock of \$75.25 and the London Interbank Offered Rate ("LIBOR") of 0.34% at December 31, 2020, we estimate that if PJT Partners Inc. exercised its termination on December 31, 2020, the aggregate amount of these termination payments would be \$267.7 million. The foregoing number is merely an estimate and the actual payments could differ materially. We may need to incur additional indebtedness to finance payments under the tax receivable agreement to the extent our cash resources are insufficient to meet our obligations under the tax receivable agreement as a result of timing discrepancies or otherwise.

Anti-takeover provisions in our organizational documents and Delaware law might discourage or delay acquisition attempts for us that you might consider favorable.

Our amended and restated certificate of incorporation and by-laws may discourage, delay or prevent a merger or acquisition that a stockholder may consider favorable by permitting our Board to issue one or more series of preferred stock, requiring advance notice for stockholder proposals and nominations and placing limitations on convening stockholder meetings. In addition, we are subject to provisions of the Delaware General Corporation Law that restrict certain business combinations with interested stockholders. These provisions may also discourage acquisition proposals or delay or prevent a change in control, which could harm our stock price.

Certain provisions of the limited partnership agreement of PJT Partners Holdings LP may also prevent, delay or make more difficult, a transaction or a change in control that might involve a premium price for holders of our Class A common stock or otherwise be in their best interests. These provisions include, among others:

- rights of limited partners of PJT Partners Holdings LP, subject to certain exceptions and qualifications, to approve certain change of control transactions involving us; and
- following the occurrence of a "Board Change of Control," rights of limited partners of PJT Partners Holdings LP to consent to certain corporate actions and transactions.

See "Certain Relationships and Related Person Transactions—PJT Partners Holdings LP Amended and Restated Limited Partnership Agreement" in our definitive proxy statement filed in connection with our 2020 Annual Meeting of Stockholders (our "2020 Proxy Statement").

Risks Relating to Our Class A Common Stock

You may be diluted by the future issuance of additional Class A common stock by PJT Partners Inc. and the future issuance of additional Partnership Units by PJT Partners Holdings LP, in each case in connection with our incentive plans, acquisitions or otherwise.

As of December 31, 2020, we have 2,972,706,915 shares of Class A common stock authorized but unissued, including 16,615,321 shares of Class A common stock that may be issued upon exchange of Partnership Units. Our amended and restated certificate of incorporation authorizes us to issue these shares of Class A common stock and options, rights, warrants and appreciation rights relating to Class A common stock for the consideration and on the terms and conditions established by our Board in its sole discretion, whether in connection with acquisitions or otherwise. Similarly, the limited partnership agreement of PJT Partners Holdings LP permits PJT Partners Holdings LP to issue an unlimited number of additional partnership interests of PJT Partners Holdings LP with designations, preferences, rights, powers and duties that are different from, and may be senior to, those applicable to the Partnership Units, and which may be exchangeable for shares of our Class A common stock. The Company has authorized 17 million shares of Class A common stock for issuance of new awards under our Amended and Restated 2015 Omnibus Incentive Plan (in addition to the shares that were issuable under the plan in connection with the spin-off), of which 7.7 million were available for issuance as of December 31, 2020. In addition, as described under "Report of the Compensation Committee—Narrative Disclosure Relating to the Summary Compensation Table, Grants of Plan-Based Awards Table, Outstanding Equity Awards at 2019 Fiscal Year-End Table, and 2019 Option Exercises and Stock Vested Table—Merger and Spin-off Transaction Equity Grants—Founder Earn-Out Units" in our 2020 Proxy Statement, Mr. Taubman and the other partners and employees of the Company received Earn-Out

Units in PJT Partners Holdings LP that are subject to both service and market conditions. Any Class A common stock that we issue, including under our Amended and Restated 2015 Omnibus Incentive Plan or other equity incentive plans that we may adopt in the future, would dilute your percentage ownership of PJT Partners Inc.

The market price of our Class A common stock may decline due to the large number of shares of Class A common stock eligible for future sale and large number of Partnership Units eligible for exchange.

The market price of shares of our Class A common stock could decline as a result of sales of a large number of shares of Class A common stock in the market or the perception that such sales could occur. These sales, or the possibility that these sales may occur, also might make it more difficult for us to sell shares of Class A common stock in the future at a time and at a price that we deem appropriate.

In addition, we and the holders of Partnership Units (other than PJT Partners Inc.) have entered into an exchange agreement. See “Certain Relationships and Related Person Transactions—Exchange Agreement” in our 2020 Proxy Statement. Depending on our liquidity and capital resources, market conditions, the timing and concentration of exchange requests and other considerations, we may choose to fund exchanges of Partnership Units with available cash, borrowings or new issuances of Class A common stock or to settle exchanges by issuing Class A common stock to the exchanging Partnership Unitholder. The market price of shares of our Class A common stock could decline as a result of sales of our Class A common stock to fund exchanges of Partnership Units, or sales by exchanging holders of Partnership Units of Class A common stock received in stock-settled exchanges or, in each case, the perception that such sales could occur. These sales, or the possibility that these sales may occur, also might make it more difficult for holders of our Class A common stock to sell such stock in the future at a time and at a price that they deem appropriate.

Our decision to repurchase shares of our Class A common stock will reduce our public float, which could cause our share price to decline.

On February 1, 2021, our Board authorized the repurchase of shares of the Company’s Class A common stock in an amount up to \$150 million, which is in addition to the previous authorizations, of which \$36.4 million was remaining as of December 31, 2020. Under the repurchase program, shares of the Company’s Class A common stock may be repurchased through open market purchases, privately negotiated transactions or otherwise, after taking into account our results of operations, financial position and capital requirements, general business conditions, legal, tax and regulatory constraints or restrictions, any contractual restrictions (including any restrictions contained in the credit agreement) and other factors we deem relevant.

The share repurchase plan will reduce our “public float,” (the number of shares of our Class A common stock that are owned by non-affiliated stockholders and available for trading in the securities markets), which may reduce the volume of trading in our shares and result in reduced liquidity and cause fluctuations in the trading price of our common stock unrelated to our performance. Furthermore, certain institutional holders of shares of our Class A common stock (including index funds) may require a minimum market capitalization of each of their holdings in excess of our market capitalization and therefore be required to dispose of shares of our Class A common stock, which may cause the value of our Class A common stock to decline. There can be no assurance that this reduction in our public float will not result in a lower share price or reduced liquidity in the trading market for shares of our Class A common stock during and upon completion of our share repurchase plan.

The market price of our Class A common stock may be volatile, which could cause the value of our Class A common stock to decline.

Securities markets worldwide experience significant price and volume fluctuations. This market volatility, as well as general economic, market or political conditions, could reduce the market price of our Class A common stock in spite of our operating performance. In addition, our operating results could be below the expectations of public market analysts and investors, and in response, the market price of our Class A common stock could decrease significantly.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our principal executive offices are located in leased office space at 280 Park Avenue, New York, New York 10017. We currently lease the space for our offices in Boston, Chicago, Hong Kong, London, Los Angeles, Madrid, and San Francisco. We do not own any real property.

ITEM 3. LEGAL PROCEEDINGS

From time to time, the Company and its affiliates may be subject to legal proceedings and claims in the ordinary course of business. In addition, government agencies and self-regulatory organizations in countries in which we conduct business conduct periodic examinations and may initiate administrative proceedings regarding the Company's and its affiliates' business, including, among other matters, accounting and operational matters, that can result in censure, fine, the issuance of cease-and-desist orders or the suspension or expulsion of a broker-dealer, or its directors, officers or employees. It is our policy to cooperate fully with such governmental requests, examinations and administrative proceedings. In view of the inherent difficulty of determining whether any loss in connection with any such matters is probable and whether the amount of such loss can be reasonably estimated, particularly in cases where claimants seek substantial or indeterminate damages or where investigations and proceedings are in the early stages, we cannot estimate the amount of such loss or range of loss, if any, related to such matters, how or if such matters will be resolved, when they will ultimately be resolved, or what the eventual settlement, fine, penalty or other relief, if any, might be. Subject to the foregoing, we believe, based on current knowledge and after consultation with counsel, that we are not currently party to any material pending proceedings, individually or in the aggregate, the resolution of which would have a material effect on the Company.

In June 2017, an action was filed in New York state court against defendants PJT Partners Inc., Park Hill Group LLC and Andrew W.W. Caspersen, arising out of the fraudulent conduct of Caspersen. PJT Partners Inc. and Park Hill Group LLC moved to dismiss the complaint on August 24, 2017. On August 13, 2018, the court dismissed all of the claims asserted against PJT Partners Inc. and Park Hill Group LLC, except for the fraud-based apparent authority claim. Plaintiffs and PJT Partners Inc. and Park Hill Group LLC appealed the court's August 2018 decision. On December 3, 2019, the appellate court dismissed the complaint in its entirety as against PJT Partners Inc. and Park Hill Group LLC. On January 2, 2020, Plaintiffs filed a motion with the appellate court seeking reargument or, alternatively, leave to appeal, which motion was denied by the appellate court on March 3, 2020. On September 15, 2020, the New York Court of Appeals granted Plaintiffs permission to file an appeal. We believe this matter is without merit and will continue to vigorously oppose any further appeals by Plaintiffs.

On June 16, 2009, Plaintiffs Frank Foy and Suzanne Foy, purportedly as *qui tam* plaintiffs on behalf of the State of New Mexico, filed a case in New Mexico state court against Park Hill Group LLC and one of its officers, as well as The Blackstone Group L.P. (together, "Park Hill Defendants"), in addition to dozens of other named and unnamed defendants, alleging violations of New Mexico's Fraud Against Taxpayers Act ("FATA") in an action styled *Foy v. Austin Capital Management, Ltd., et al.*, Case No. D-101-CV-2009-01189 (N.M. Dist. Ct.). The complaint alleged, among other things, that the New Mexico Educational Retirement Board and the New Mexico State Investment Council made investments that were influenced by kickbacks and other inducements. In the complaint, the Park Hill Defendants were grouped together with other defendants who were all alleged, generically, to have conspired to defraud the State of New Mexico. On November 30, 2015, after several years of motion practice, including an earlier decision by the New Mexico Supreme Court to consolidate this case with another case by the same plaintiffs (in which the Park Hill Defendants were not parties), the New Mexico Attorney General filed a motion on behalf of the State of New Mexico seeking wholesale dismissal of these proceedings. On June 6, 2017, the court granted the motion to dismiss brought on behalf of the State of New Mexico, the effect of which dismissed the action in its entirety, including as against the Park Hill Defendants. On June 9, 2020, Plaintiffs' appeal of this decision was denied by the New Mexico Court of Appeals. On October 9, 2020, Plaintiffs' petition for a writ of certiorari was denied by the New Mexico Supreme Court. On October 26, 2020, Plaintiffs filed a motion for rehearing with the New Mexico Supreme Court. We believe this matter is without merit and will continue to vigorously oppose any further appeals by Plaintiffs.

ITEM 4. MINE SAFETY DISCLOSURES

None.

PART II.

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our Class A common stock is traded on the NYSE under the symbol "PJT." There is no publicly traded market for our Class B common stock, which is held by the limited partners of PJT Partners Holdings LP.

As of February 19, 2021, there were 114 holders of record of our Class A common stock. This does not include the number of holders that hold Class A common stock in "street name" through banks or broker-dealers.

Dividend Policy

The Company currently plans to regularly pay quarterly dividends. The declaration and payment of any future dividends will be at the sole discretion of our Board. Our Board will take into account general economic, market and industry conditions; our financial condition and operating results; our available cash and current anticipated cash needs; cash settlement of Partnership Unit exchanges; previous amounts of dividend payments and share repurchases; level of indebtedness; capital requirements; contractual, legal, tax and regulatory restrictions and implications on the payment of dividends by us to our stockholders; and such other considerations as our Board may deem relevant from time to time.

PJT Partners Inc. is a holding company and has no material assets other than its controlling equity interest in PJT Partners Holdings LP, and certain cash and cash equivalents it may hold from time to time as described below. In accordance with the partnership agreement of PJT Partners Holdings LP, we intend to cause PJT Partners Holdings LP to make pro rata cash distributions, to the extent of available cash, to the holders of the partnership interests in PJT Partners Holdings LP, including PJT Partners Inc., in amounts equal to 50% of the taxable income allocated to such holders for purposes of funding their tax obligations in respect of the income of PJT Partners Holdings LP that is allocated to them, which we refer to as "tax distributions." In certain periods, we expect that PJT Partners Inc. will receive tax distributions in excess of the amount required to cover cash dividends, if any, declared by us, and taxes and payments under the tax receivable agreement payable by PJT Partners Inc. To the extent the amount of accumulated cash at PJT Partners Inc. becomes material in future periods, we anticipate that our Board will consider appropriate actions, which may include special cash dividends to holders of our Class A common stock. Holders of Partnership Units will not be precluded from effecting exchanges under our exchange agreement prior to any such actions being taken. Because PJT Partners Inc. must pay taxes and make payments under the tax receivable agreement, amounts ultimately distributed as dividends to holders of our Class A common stock are expected to be less than the amounts distributed by PJT Partners Holdings LP to its limited partners on a per unit basis.

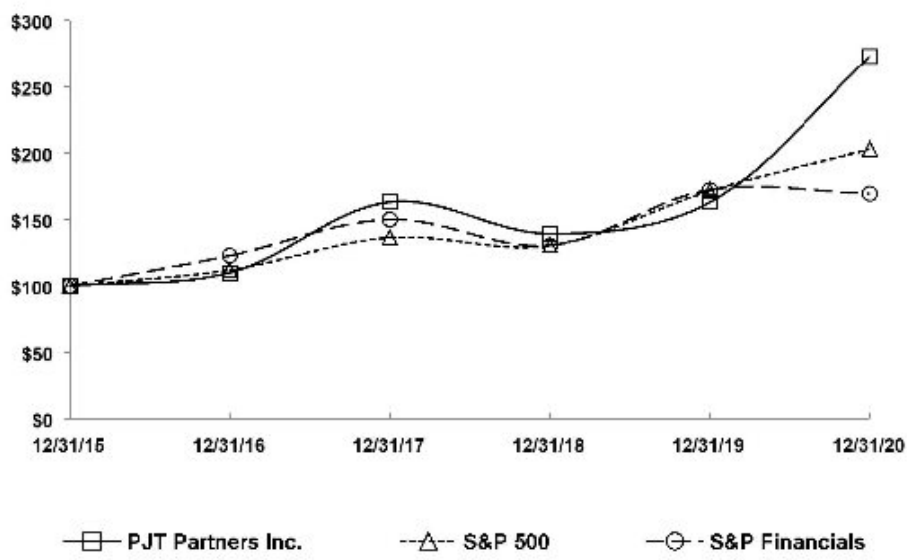
Our revolving credit facility includes, and financing arrangements that we may enter into in the future may include, restrictive covenants that limit our ability to pay dividends or repurchase our capital stock. In addition, PJT Partners Holdings LP is generally prohibited under Delaware law from making a distribution to a partner to the extent that, at the time of the distribution, after giving effect to the distribution, liabilities of PJT Partners Holdings LP (with certain exceptions) exceed the fair value of its assets. Subsidiaries of PJT Partners Holdings LP are generally subject to similar legal limitations on their ability to make distributions to PJT Partners Holdings LP.

Stock Performance

The following performance graph and related information shall not be deemed “soliciting material” or to be “filed” with the SEC, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933, as amended, or the Exchange Act except to the extent we specifically incorporate it by reference into such filing. Our stock price performance shown in the graph below is not indicative of future stock price performance.

The stock performance graph below compares the performance of an investment in our Class A common stock from December 31, 2015 through December 31, 2020, with that of the S&P 500 Index and the S&P Financials Index. The graph assumes \$100 was invested in our Class A common stock on December 31, 2015, and in the S&P 500 Index and the S&P Financials Index on December 31, 2015. It also assumes that the dividends were reinvested on the date of payment without payment of commissions. The performance shown in the graph represents past performance and should not be considered an indication of future performance.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*
Among PJT Partners Inc., the S&P 500 Index
and the S&P Financials Index



*\$100 invested on 12/31/15 in stock or index, including reinvestment of dividends.
Fiscal year ending December 31.
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Share Repurchases in the Fourth Quarter of 2020

	Total Number of Shares Repurchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (a)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (a)
October 1 to October 31	1,890	\$ 59.47	1,890	\$ 43.4 million
November 1 to November 30	95,471	68.34	95,471	36.9 million
December 1 to December 31	6,161	69.22	6,161	36.4 million
Total	103,522	\$ 68.23	103,522	\$ 36.4 million

- (a) On February 1, 2021, our Board authorized the repurchase of shares of the Company's Class A common stock in an amount up to \$150 million, which is in addition to the previous authorizations, of which \$36.4 million is remaining as of December 31, 2020. Under the repurchase program, shares of the Company's Class A common stock may be repurchased from time to time in open market transactions, in privately negotiated transactions or otherwise. The timing and the actual number of shares repurchased depend on a variety of factors, including legal requirements, price and economic and market conditions. The repurchase program may be suspended or discontinued at any time and does not have a specified expiration date.

Unregistered Sales of Equity Securities and Use of Proceeds

In connection with the issuance during the fourth quarter of 2020 of LTIP Units in PJT Partners Holdings LP to certain personnel and the transfer of Partnership Units in PJT Partners Holdings LP, PJT Partners Inc. issued three corresponding shares of its Class B common stock, par value \$0.01 per share, to these limited partners. Shares of Class B common stock have no economic rights but entitle the holder, without regard to the number of shares of Class B common stock held, to a number of votes that is equal to the aggregate number of vested and unvested Partnership Units and LTIP Units in PJT Partners Holdings LP held by such holder on all matters presented to stockholders of PJT Partners Inc. other than director elections and removals. With respect to the election and removal of directors of PJT Partners Inc., shares of Class B common stock will initially entitle holders to only one vote per share. However, the voting power of Class B common stock with respect to the election and removal of directors of PJT Partners Inc. may be increased to up to the number of votes to which a holder is then entitled on all other matters presented to stockholders. The issuance of shares of Class B common stock was not registered under the Securities Act of 1933 because such shares were not issued in a transaction involving the offer or sale of securities.

ITEM 6. SELECTED FINANCIAL DATA

The selected financial data previously required by Item 301 of Regulation S-K has been omitted in reliance on SEC Release No. 33-10890, Management's Discussion and Analysis, Selected Financial Data, and Supplementary Financial Information.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with PJT Partners Inc.'s Consolidated Financial Statements and the related notes included in this Annual Report on Form 10-K.

Our Business

PJT Partners is a premier global advisory-focused investment bank. We offer a unique portfolio of advisory services designed to help our clients achieve their strategic objectives. Our team of senior professionals delivers a range of strategic advisory, capital markets advisory, restructuring and special situations and shareholder advisory services to corporations, financial sponsors, institutional investors and governments around the world. We also provide, through PJT Park Hill, private fund advisory and fundraising services for alternative investment managers, including private equity funds, real estate funds and hedge funds.

We have world-class franchises in each of the areas in which we compete.

- Our Strategic Advisory business offers a broad range of financial advisory and transaction execution capabilities, including advising clients on M&A, joint ventures, minority investments, asset swaps, divestitures and activism defense. Our capital markets advisory team specializes in advice and execution on public and private capital raises in the debt and equity capital markets. We provide in-depth advice on capital structure, acquisition finance, debt execution, SPACs, Pre-IPO and IPO, private capital raising and structured products. Through PJT Camberview, our industry leading shareholder advisory business, we provide investor-led advice to public company boards and management teams around the globe on shareholder engagement, strategic investor relations, activism and contested situations, ESG and sustainability and other complex corporate governance matters.
- Our Restructuring and Special Situations business is one of the world's leading advisors in restructurings and recapitalizations, both in and out of court, around the globe. With expertise in highly complex capital structure challenges, we advise companies, creditors and financial sponsors on liability management and related capital raise transactions including exchanges, recapitalizations, reorganizations, debt repurchases and distressed mergers and acquisitions.
- PJT Park Hill, our leading global alternative asset advisory and fundraising business, provides private fund advisory and fundraising services for a diverse range of investment strategies. Moreover, PJT Park Hill is the only group among its peers with top-tier dedicated private equity, hedge fund, real estate and secondary advisory groups. PJT Park Hill's Secondary Advisory business is a leading advisor to global alternative asset managers and provides clients with a breadth of expertise in the secondary markets, including GP liquidity solutions, GP tender offers, GP recapitalizations, LP portfolio solutions, asset strip sales, single asset SPVs and other structured solutions.

Business Environment

Economic and global financial conditions can materially affect our operational and financial performance. See "Part I. Item 1A. Risk Factors" of this Annual Report on Form 10-K for a discussion of some of the factors that can affect our performance.

On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 to be a pandemic. While we have not experienced a decline in the demand for our services to date as a result of the pandemic, we believe COVID-19's longer-term potential impact on our business, financial performance and operating results will be significantly driven by a number of factors that we are unable to predict or control, such as the depth and duration of the pandemic and the extent of its impact on the U.S. and global economies. These external factors could have a material effect on our financial performance and operating results going forward.

M&A is a cyclical business that is impacted by macroeconomic conditions. According to Refinitiv, worldwide M&A announced volumes during 2020 were down 5% compared with 2019¹. The impact of the COVID-19 pandemic on future M&A activity levels and its resulting impact on our financial results remains uncertain. However, the M&A market remains quite active and we expect corporate boards and management teams to continue to use M&A as a strategic tool.

¹ Source: Refinitiv Global Mergers & Acquisitions Review for Full Year 2020 as of December 31, 2020.

Global restructuring activity continued to be strong in the fourth quarter of 2020 given continued business disruptions across industries and sectors due to the COVID-19 pandemic. While restructuring activity is likely to slow in the near term from current elevated levels, many companies and industries continue to be adversely impacted by the pandemic. Therefore, balance sheets will ultimately need to be restructured given the inevitable tapering of government support programs and changing consumer behaviors over time.

The global fundraising market could continue to be affected by the COVID-19 pandemic with the uncertain environment presenting challenges for both primary and secondary transaction execution. We are experiencing an increased focus on existing relationships between fund managers and institutional investors, making the bar for new relationships in the near term extremely high. Highly successful and tenured firms continue to drive new investor demand as the flight to quality is even more prevalent. There are certain strategies and themes that remain extremely topical among the broader institutional investor base throughout private equity, hedge funds, credit and real estate.

The U.K. formally left the E.U. on December 31, 2020. Our U.K. entity, PJT Partners (UK) Limited, previously serviced U.K. as well as European-domiciled clients. The U.K.'s exit from the E.U. caused PJT Partners (UK) Limited to lose its E.U. financial services passporting rights, which allowed it to operate, on a cross-border and off-shore basis, in all E.U. countries. On October 1, 2020, PJT Partners Park Hill (Spain) A.V., S.A.U., the Company's European licensed investment firm, became fully operational, following its successful registration with Spain's National Securities Market Commission. This registration allows us to continue conducting certain regulated activities throughout the E.U.

On December 24, 2020, the U.K. and E.U. finalized the Trade and Cooperation Agreement that governs their future trading and security relationship from January 1, 2021. There remains uncertainty in the region as businesses, governments and regulatory authorities interpret and implement the provisions of the agreement.

Key Financial Measures

Revenues

Substantially all of our revenues are derived from Advisory Fees and Placement Fees. This revenue is primarily a function of the number of active engagements we have, the size of each of those engagements and the fees we charge for our services.

Advisory Fees – The Company provides a range of strategic advisory, capital markets advisory, restructuring and special situations and shareholder advisory services to corporations, financial sponsors, institutional investors and governments around the world. In conjunction with providing restructuring advice, we may also assist with raising various forms of financing, including debt and equity. Our secondary advisory services provided by PJT Park Hill include providing solutions to investing clients seeking portfolio liquidity, unfunded commitment relief and investments in secondary markets. Advisory Fees typically consist of retainer and transaction-based fee arrangements. The amount and timing of the fees paid vary by the type of engagement. The majority of our Advisory Fees recognized are dependent on the successful completion of a transaction.

A transaction can fail to be completed for many reasons, including global and/or regional economic conditions, failure of parties to agree upon final terms, to secure necessary board or shareholder approvals, to secure necessary financing or to achieve necessary regulatory approvals. In the case of bankruptcy engagements, fees are subject to approval of the court.

Placement Fees – Our fund placement services primarily serve private equity, real estate and hedge funds. Our team advises on all aspects of the fundraising process including competitive positioning and market assessment, marketing materials and related documentation and partnership terms and conditions most prevalent in the current environment. We also provide public and private placement fundraising services to our corporate clients and earn placement fees based on successful completion of the transaction.

Fund placement fees earned for services provided to alternative asset managers are typically recognized upon acceptance by a fund of capital or capital commitments (referred to as a "closing"), in accordance with terms set forth in individual agreements. For commitment based fees, revenue is recognized over time as commitments are accepted. Fees for such closed-end fund arrangements are generally paid in installments over three or four years and interest is charged to the outstanding balance at an agreed upon rate (typically LIBOR plus a market-based margin). For funds with multiple closings, the constraint on variable consideration is lifted upon each closing. For open-end fund structures, placement fees are typically calculated as a percentage of a placed investor's month-end net asset

value. Typically, we earn fees for such open-end fund structures over a 48 month period. For these arrangements, revenue is recognized over time as the constraint over variable consideration is lifted.

We may receive non-refundable up-front fees in our contracts with customers, which are recorded as revenues in the period over which services are estimated to be provided.

Interest Income and Other – Interest Income and Other represents interest typically earned on Cash and Cash Equivalents, investments in Treasury securities and outstanding placement fees receivable; miscellaneous income; foreign exchange gains and losses arising from transactions denominated in currencies other than U.S. dollars; sublease income; and the amount of expense reimbursement invoiced to clients related to out-of-pocket expenses. Interest on placement fees receivable is earned from the time revenue is recognized and is calculated (typically based upon LIBOR) plus an additional percentage as mutually agreed upon with the receivable counterparty. Interest receivable is included in Accounts Receivable, Net in the Consolidated Statements of Financial Condition.

Expenses

Compensation and Benefits – Compensation and Benefits expense includes salaries, cash bonuses, benefits, employer taxes and equity-based compensation associated with the grants of equity-based awards to partners and employees. Changes in this expense are driven by fluctuations in the number of employees, business performance, compensation adjustments in relation to market movements, changes in rates for employer taxes and other cost increases affecting benefit plans. In addition, this expense is affected by the composition of our work force. The expense associated with our bonus and equity plans can also have a significant impact on this expense category and may vary from year to year.

We maintain compensation programs, including salaries, annual incentive compensation (that may include components of cash, restricted cash and/or equity-based awards) and benefits programs. We manage compensation to estimates of competitive levels based on market conditions and performance. Our level of compensation reflects our plan to maintain competitive compensation levels to retain key personnel and it reflects the impact of newly-hired senior professionals, including related grants of equity awards that are generally valued at their grant date fair value.

Increasing the number of high-caliber, experienced senior level employees is critical to our growth efforts. In our advisory businesses, these hires generally do not begin to generate significant revenue in the year they are hired.

Our remaining expenses are the other costs typical to operating our business, which generally consist of:

- *Occupancy and Related* – consisting primarily of costs related to leased property, including rent, maintenance, real estate taxes, utilities and other related costs. Our company headquarters are located in New York, New York, and we maintain additional offices in the U.S. and throughout the world;
- *Travel and Related* – consisting of costs for our partners and employees to render services where our clients are located;
- *Professional Fees* – consisting primarily of consulting, audit and tax, recruiting and legal and other professional services;
- *Communications and Information Services* – consisting primarily of costs for our technology infrastructure and telecommunications costs;
- *Depreciation and Amortization* – consisting of depreciation and amortization on our furniture, equipment, leasehold improvements and intangible assets; and
- *Other Expenses* – consisting primarily of provision for credit losses, regulatory fees, insurance, fees paid for access to external market data, advertising, other general operating expenses and transaction-related payable to The Blackstone Group Inc. (“Blackstone”).

Income Taxes – PJT Partners Inc. is a corporation subject to U.S. federal, state and local income taxes in jurisdictions where it does business. The Company’s businesses generally operate as partnerships for U.S. federal and state purposes and as corporate entities in non-U.S. jurisdictions. In the U.S. federal and state jurisdictions, taxes related to income earned by these entities generally represent obligations of the individual members and partners.

The operating entities have generally been subject to New York City Unincorporated Business Tax and to entity-level income taxes imposed by non-U.S. jurisdictions, as applicable. These taxes have been reflected in the Company's consolidated financial statements.

PJT Partners Inc. is subject to U.S. corporate federal, state and local income tax on its allocable share of results of operations from the operating partnership (PJT Partners Holdings LP).

Non-Controlling Interests

PJT Partners Inc. is a holding company and its only material asset is its controlling equity interest in PJT Partners Holdings LP, and certain cash and cash equivalents it may hold from time to time. As the sole general partner of PJT Partners Holdings LP, PJT Partners Inc. operates and controls all of the business and affairs and consolidates the financial results of PJT Partners Holdings LP and its operating subsidiaries.

The portion of net income attributable to the non-controlling interests is presented separately in the Consolidated Statements of Operations.

Consolidated Results of Operations

The following table sets forth our consolidated results of operations for the years ended December 31, 2020, 2019 and 2018:

	Year Ended December 31,			2020 vs. 2019		2019 vs. 2018	
	2020	2019	2018	\$	%	\$	%
(Dollars in Thousands)							
Revenues							
Advisory Fees	\$ 872,286	\$ 571,771	\$ 451,553	\$ 300,515	53%	\$ 120,218	27%
Placement Fees	162,237	133,180	111,035	29,057	22%	22,145	20%
Interest Income and Other	17,777	12,688	17,660	5,089	40%	(4,972)	(28%)
Total Revenues	1,052,300	717,639	580,248	334,661	47%	137,391	24%
Expenses							
Compensation and Benefits	683,393	502,165	424,459	181,228	36%	77,706	18%
Occupancy and Related	34,282	31,547	27,125	2,735	9%	4,422	16%
Travel and Related	7,345	25,700	23,374	(18,355)	(71%)	2,326	10%
Professional Fees	23,014	21,779	20,631	1,235	6%	1,148	6%
Communications and Information Services	14,669	13,380	12,539	1,289	10%	841	7%
Depreciation and Amortization	15,055	14,496	9,973	559	4%	4,523	45%
Other Expenses	26,581	26,382	20,634	199	1%	5,748	28%
Total Expenses	804,339	635,449	538,735	168,890	27%	96,714	18%
Income Before Provision (Benefit) for Taxes	247,961	82,190	41,513	165,771	202%	40,677	98%
Provision (Benefit) for Taxes	35,535	18,403	(1,045)	17,132	93%	19,448	N/M
Net Income	212,426	63,787	42,558	148,639	233%	21,229	50%
Net Income Attributable to Non-Controlling Interests	94,877	34,225	15,388	60,652	177%	18,837	122%
Net Income Attributable to PJT Partners Inc.	\$ 117,549	\$ 29,562	\$ 27,170	\$ 87,987	298%	\$ 2,392	9%

N/M Not meaningful.

Year Ended December 31, 2020 versus Year Ended December 31, 2019

Revenues

Total Revenues were \$1.05 billion for the year ended December 31, 2020 compared with \$717.6 million for the year ended December 31, 2019, an increase of 47%. The change in Total Revenues was driven by increases of \$300.5 million in Advisory Fees, \$29.1 million in Placement Fees and \$5.1 million in Interest Income and Other. Advisory Fees increased due to significant increases in both restructuring revenues and strategic advisory revenues. Placement Fees increased principally due to increased corporate private placement activity and fund placement activity for private equity clients. The increase in Interest Income and Other was primarily driven by increases in other income, partially offset by a decrease in reimbursable expenses.

The following table provides revenue statistics for the years ended December 31, 2020, 2019 and 2018:

	Year Ended December 31,		
	2020	2019	2018
Advisory Fees			
Number of Clients	301	287	274
Number of Fee-Paying Clients with \$1 Million or More	140	104	107
Number of Fee-Paying Clients Representing Greater than 10% of Advisory Fees	—	—	—
Percentage of Such Clients' Fees of Total Advisory Fees	—	—	—
Placement Fees			
Number of Clients	78	78	81
Number of Fee-Paying Clients with \$1 Million or More	34	39	36
Number of Fee-Paying Clients Representing Greater than 10% of Placement Fees	1	—	—
Percentage of Such Clients' Fees of Total Placement Fees	10%	—	—

Expenses

Expenses were \$804.3 million for the year ended December 31, 2020, an increase of \$168.9 million compared with \$635.4 million for the year ended December 31, 2019. The change in expenses was primarily driven by increases of \$181.2 million in Compensation and Benefits and \$2.7 million in Occupancy and Related, partially offset by a decrease of \$18.4 million in Travel and Related. The increase in Compensation and Benefits was principally the result of significantly improved operating performance during 2020. Occupancy and Related increased due to expansion in certain locations. Travel and Related decreased due to reduced travel and entertainment activity.

Provision for Taxes

The Company's Provision for Taxes for the year ended December 31, 2020 was \$35.5 million compared with \$18.4 million for the year ended December 31, 2019. This resulted in an effective tax rate of 14.3% and 22.4%, respectively, based on our Income Before Provision (Benefit) for Taxes of \$248.0 million and \$82.2 million for the years ended December 31, 2020 and 2019, respectively. The decrease in effective tax rate for the year ended December 31, 2020 from the year ended December 31, 2019 was primarily driven by a decrease in permanent differences related to equity-based compensation, a lower state and local income tax rate and the tax benefit related to the carryback of certain net operating losses in accordance with the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act").

Non-Controlling Interests

Net Income Attributable to Non-Controlling Interests is derived from the Income Before Provision (Benefit) for Taxes and the percentage allocation of the income between the holders of Partnership Units and holders of Class A common stock of PJT Partners Inc. after considering any contractual arrangements that govern the allocation of income.

Year Ended December 31, 2019 versus Year Ended December 31, 2018

We have omitted the discussion of the earliest of the three years covered in the 2020 Annual Report on Form 10-K. Such discussion is included in ["Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations"](#) in the 2019 Annual Report on Form 10-K, as filed with the Securities and Exchange Commission on February 27, 2020, and is incorporated herein by reference.

Liquidity and Capital Resources

General

We regularly monitor our liquidity position, including cash and cash equivalents, investments, working capital assets and liabilities, any commitments and other liquidity requirements.

Our assets have historically comprised of cash and cash equivalents, investments, receivables arising from strategic advisory and placement engagements and operating lease right-of-use assets. Our liabilities primarily include accrued compensation and benefits, accounts payable and accrued expenses, taxes payable and operating lease liabilities. We expect to pay a significant amount of incentive compensation toward the end of each year or during the beginning of the next calendar year with respect to the prior year's results. A portion of annual compensation may be awarded with equity-based compensation and thus requires less cash. We expect levels of cash to decline at year-end or during the first quarter of each year after incentive compensation is paid to our employees. We then expect cash to gradually build throughout the remainder of the year.

On October 1, 2018, PJT Partners Holdings LP, as borrower (the "Borrower"), entered into an Amended and Restated Loan Agreement (the "Amended and Restated Loan Agreement") and related documents with First Republic Bank, as lender (the "Lender"). On February 1, 2021, the Borrower entered into a Renewal and Modification Agreement (the "Renewal Agreement") and related documents with the Lender, amending the terms of the Borrower's revolving credit facility with the Lender under the Amended and Restated Loan Agreement. The Renewal Agreement provides for a revolving credit facility with aggregate commitments in an amount equal to \$60 million, which aggregate commitments may be increased, on the terms and subject to the conditions set forth in the Renewal Agreement, to up to \$80 million during the period beginning December 1 each year through March 1 of the following year. The revolving credit facility will mature and the commitments thereunder will terminate on October 1, 2022, subject to extension by agreement of the Borrower and Lender.

The Renewal Agreement requires the Borrower to maintain certain minimum financial covenants and limits or restricts the ability of the Borrower (subject to certain qualifications and exceptions) to incur additional indebtedness in excess of \$20 million. Outstanding borrowings under the Renewal Agreement are secured by the accounts receivable of PJT Partners LP.

Outstanding borrowings under the revolving credit facility bear interest equal to the greater of a per annum rate of (a) 2.75%, or (b) the prime rate minus 1.0%. During an event of default, overdue principal under the revolving credit facility bear interest at a rate 2.0% in excess of the otherwise applicable rate of interest. In connection with the closing of the Renewal Agreement, the Borrower paid the Lender certain closing costs and fees. In addition, on and after the closing date, the Borrower will also pay a commitment fee on the undrawn portion of the revolving credit facility of 0.125% per annum, payable quarterly in arrears.

As of December 31, 2020 and 2019, we were in compliance with the debt covenants under the Amended and Restated Loan Agreement.

We evaluate our cash needs on a regular basis in light of current market conditions. As of December 31, 2020 and 2019, we had cash, cash equivalents and investments of \$437.4 million and \$217.5 million, respectively.

Our liquidity is highly dependent upon cash receipts from clients, which are generally dependent upon the successful completion of transactions as well as the timing of receivable collections. As of December 31, 2020 and 2019, total accounts receivable were \$233.2 million and \$227.5 million, respectively. The allowance for credit losses was \$1.3 million at December 31, 2020 and there was no allowance for credit losses at December 31, 2019. Included in Accounts Receivable, Net are long-term receivables of \$83.5 million and \$77.6 million as of December 31, 2020 and 2019, respectively, related to placement fees that are generally paid in installments over a period of three to four years.

Sources and Uses of Liquidity

Our primary cash needs are for working capital, paying operating expenses, including cash compensation to our employees, funding the cash redemption of Partnership Units, repurchasing shares of the Company's Class A common stock, paying income taxes, making distributions to our shareholders in accordance with our dividend policy, capital expenditures, commitments and strategic investments. We expect to fund these liquidity requirements through cash flows from operations and borrowings under our revolving credit facility. Our ability to fund these needs through cash flows from operations will depend, in part, on our ability to generate or raise cash in the future. This depends on our future financial results, which are subject to general economic, financial, competitive, legislative and regulatory factors.

Additionally, our ability to generate positive cash flow from operations will be impacted by global economic conditions, including the effect of the COVID-19 pandemic. If our cash flows from operations are significantly reduced, we may need to incur debt, issue additional equity or borrow from our revolving credit facility. Although we believe that the arrangements we have in place will permit us to finance our operations on acceptable terms and conditions for the foreseeable future, our access to, and the availability of, financing on acceptable terms and conditions in the future will be impacted by many factors, including: (a) our credit ratings or absence of a credit rating, (b) the liquidity of the overall capital markets, and (c) the current state of the economy. We cannot provide any assurance that such financing will be available to us on acceptable terms or that such financing will be available at all. We believe that our future cash from operations and availability under our revolving credit facility, together with our access to funds on hand, will provide adequate resources to fund our short-term and long-term liquidity and capital needs.

Estimating the amount of payments that may be made under the tax receivable agreement entered into with the holders of Partnership Units (other than PJT Partners Inc.) is by its nature imprecise, insofar as the calculation of amounts payable depends on a variety of factors. While the actual increase in tax basis, as well as the amount and timing of any payments under the tax receivable agreement, will vary depending upon a number of factors, including the timing of exchanges, the price of shares of our Class A common stock at the time of the exchange, the extent to which such exchanges are taxable and the amount and timing of our income, we expect that as a result of the size of the transfers and increases in the tax basis of the tangible and intangible assets of PJT Partners Holdings LP, the payments that PJT Partners Inc. may make under the tax receivable agreement will be substantial. There may be a material negative effect on our liquidity if, as a result of timing discrepancies or otherwise, the payments under the tax receivable agreement exceed the actual cash tax savings that PJT Partners Inc. realizes in respect of the tax attributes subject to the tax receivable agreement and/or distributions to PJT Partners Inc. by PJT Partners Holdings LP are not sufficient to permit PJT Partners Inc. to make payments under the tax receivable agreement after it has paid taxes. Late payments under the tax receivable agreement generally will accrue interest at an uncapped rate equal to LIBOR plus 500 basis points. The payments under the tax receivable agreement are not conditioned upon continued ownership of us by holders of Partnership Units.

Regulatory Capital

We actively monitor our regulatory capital base. We are subject to regulatory requirements in the U.S. and certain international jurisdictions to ensure general financial soundness and liquidity. This requires, among other things, that we comply with certain minimum capital requirements, recordkeeping, reporting procedures, experience and training requirements for employees and certain other requirements and procedures. These regulatory requirements may restrict the flow of funds to and from affiliates. See Note 16. “Regulated Entities” in the “Notes to Consolidated Financial Statements” in “—Item 8. Financial Statements and Supplementary Data” of this filing for further information. The licenses under which we operate are meant to be appropriate to conduct our business. We believe that we provide each of these entities with sufficient capital and liquidity, consistent with their business and regulatory requirements.

Our activities may also be subject to regulation, including regulatory capital requirements, by various other foreign jurisdictions and self-regulatory organizations.

We do not anticipate that compliance with any and all such requirements will materially adversely impact the availability of funds for domestic and parent-level purposes.

Upon receipt of regulatory approval, on August 31, 2020, Park Hill Group LLC merged with and into PJT Partners LP and the net assets of Park Hill Group LLC were transferred to PJT Partners LP at their respective carrying values.

Exchange Agreement

Subject to the terms and conditions of the exchange agreement between us and certain of the holders of Partnership Units (other than PJT Partners Inc.), Partnership Units are exchangeable at the option of the holder for cash or, at our election, for shares of our Class A common stock on a one-for-one basis. Depending on our liquidity and capital resources, market conditions, the timing and concentration of exchange requests and other considerations, we may choose to fund exchanges of Partnership Units with available cash, borrowings or new issuances of Class A common stock or to settle exchanges by issuing Class A common stock to the exchanging Partnership Unitholder.

Certain Partnership Unitholders exchanged 1.7 million and 0.4 million Partnership Units, respectively, for cash in the amounts of \$101.9 million and \$19.0 million, respectively, for the years ended December 31, 2020 and 2019.

Share Repurchase Program

On February 1, 2021, our Board authorized the repurchase of shares of the Company's Class A common stock in an amount up to \$150 million, which is in addition to the previous authorizations, of which \$36.4 million was remaining as of December 31, 2020. Under the repurchase program, shares of the Company's Class A common stock may be repurchased from time to time in open market transactions, in privately negotiated transactions or otherwise. The timing and the actual number of shares repurchased depend on a variety of factors, including legal requirements, price and economic and market conditions. The repurchase program may be suspended or discontinued at any time and does not have a specified expiration date.

During the year ended December 31, 2020, we repurchased 0.9 million shares of the Company's Class A common stock at an average price per share of \$52.20, or \$48.7 million in aggregate, pursuant to this share repurchase program.

During the year ended December 31, 2019, we repurchased 1.2 million shares of the Company's Class A common stock at an average price of \$40.11, or \$47.8 million in aggregate, pursuant to this share repurchase program.

Contractual Obligations

The following table sets forth information relating to our contractual obligations as of December 31, 2020:

Contractual Obligations	2021	2022–2023	2024–2025	Thereafter	Total
	(Dollars in Thousands)				
Operating Leases (a)	\$ 28,785	\$ 57,507	\$ 50,697	\$ 72,357	\$ 209,346
Finance Leases (including interest)	49	68	17	—	134
Tax Benefit Liability (b)	1,839	550	—	—	2,389
Amount Due Pursuant to Tax Receivable Agreement (c)	952	2,035	2,640	13,946	19,573
Total	<u>\$ 31,625</u>	<u>\$ 60,160</u>	<u>\$ 53,354</u>	<u>\$ 86,303</u>	<u>\$ 231,442</u>

- (a) We lease our office space under agreements that expire at various dates through 2036. Further disclosure regarding our leases is provided in Note 13. "Leases" in the "Notes to Consolidated Financial Statements" in "—Item 8. Financial Statements and Supplementary Data" of this filing. In connection with these lease agreements, we are responsible for escalation payments. The contractual obligation table above includes fixed payments for such leases and does not project potential escalation or other lease-related payments. These leases are classified as operating leases and have been recorded as Operating Lease Liabilities in the Consolidated Statements of Financial Condition.
- (b) Pursuant to the employee matters agreement entered into with Blackstone (the "Employee Matters Agreement"), we have agreed to pay Blackstone the net realized cash benefit resulting from certain compensation-related tax deductions. Amounts are payable annually (for periods in which a cash benefit is realized) within nine months of the end of the relevant tax period. Further disclosure regarding this liability is provided in Note 15. "Commitments and Contingencies—Transactions and Agreements with Blackstone, Employee Matters Agreement" in the "Notes to Consolidated Financial Statements" in "—Item 8. Financial Statements and Supplementary Data" of this filing.
- (c) As of December 31, 2020, we had an amount due of \$19.6 million pursuant to the tax receivable agreement, which represents management's best estimate of the amounts currently expected to be owed under the tax receivable agreement. Actual payments may differ significantly from estimated payments. Further disclosure regarding the tax receivable agreement is presented in Note 2. "Summary of Significant Accounting Policies—Amount Due Pursuant to Tax Receivable Agreement" and Note 14. "Transactions with Related Parties—Tax Receivable Agreement" in the "Notes to Consolidated Financial Statements" in "—Item 8. Financial Statements and Supplementary Data" of this filing.

Commitments and Contingencies

Litigation

With respect to our litigation matters, including the litigation discussed under the caption “Legal Proceedings” elsewhere in this report, we are not currently able to estimate the possible loss or range of loss until developments in such matters have provided sufficient information to support such an assessment, including quantification of a damage demand from plaintiffs, discovery from other parties and investigation of factual allegations, rulings by courts on motions or appeals, analysis by experts or the status of any settlement negotiations. However, the disposition of these contingencies could be material to our financial results in the period in which it occurs.

Guarantee

The Company provides a guarantee to a lending institution for certain loans held by employees for investment in funds of its former Parent, which are secured by the underlying investments in those funds. The amount guaranteed was \$6.0 million and \$8.0 million as of December 31, 2020 and 2019, respectively. In connection with this guarantee, the Company currently expects any associated risk of loss to be insignificant.

Indemnifications

We have entered and may continue to enter into contracts that contain a variety of indemnification obligations. Our maximum exposure under these arrangements is not known; however, we currently expect any associated risk of loss to be insignificant. In connection with these matters, we have incurred and may continue to incur legal expenses, which are expensed as incurred.

Other

See Notes 9, 11, 13 and 15 in the “Notes to Consolidated Financial Statements” in “—Item 8. Financial Statements and Supplementary Data” of this filing for further information in connection with income taxes, equity-based and other deferred compensation plans, leasing arrangements and commitments, respectively.

Off-Balance Sheet Arrangements

The Company is not involved with any off-balance sheet arrangements that are not elsewhere reflected in our consolidated financial statements.

Critical Accounting Policies

We prepare our consolidated financial statements in conformity with accounting principles generally accepted in the United States of America. In applying many of these accounting principles, we need to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. We base our estimates and judgments on historical experience and other assumptions that we believe are reasonable under the circumstances, which are often subjective. Actual results may be affected negatively based on changing circumstances. If actual amounts are ultimately different from our estimates, the revisions are included in our results of operations for the period in which the actual amounts become known. We believe the following critical accounting policies could potentially produce materially different results if we were to change underlying assumptions, estimates and/or judgments. (See Note 2. “Summary of Significant Accounting Policies” in the “Notes to Consolidated Financial Statements” in “—Item 8. Financial Statements and Supplementary Data” of this filing.)

Revenue from Contracts with Customers

The services provided under contracts with customers include advisory and placement services, which are recorded as Advisory Fees and Placement Fees, respectively, in the Consolidated Statements of Operations. Additionally, we are typically reimbursed for certain professional fees and other expenses incurred that are necessary in order to provide services to the customer. These expenses are recorded in the relevant expense caption in the Consolidated Statements of Operations when incurred and recognized as revenue and recorded in Accounts Receivable, Net when these amounts are invoiced to the customer. Such revenue amounts are recorded in Interest Income and Other in the Consolidated Statements of Operations.

At contract inception, we assess the services promised in our contracts with customers and identify a performance obligation for each promise to transfer to the customer a service (or a bundle of services) that is distinct. To identify the performance obligations, we consider all of the services promised in the contract regardless of whether they are explicitly stated or are implied by customary business practices. Additionally, we allocate the transaction price to the respective performance obligation(s) by estimating the amount of consideration in which we expect to be entitled in exchange for transferring the promised services to the customer.

For performance obligations that are satisfied over time, determining a measure of progress requires management to make judgments that affect the timing of revenue recognized.

For performance obligations that are satisfied at a point in time, we have determined that the customer is able to direct the use of, and obtain substantially all of the benefits from, the output of the service at the time it is provided to the client. Additionally, at that point we have a present right to payment, we have transferred the output of the service and the customer has significant risks and rewards of ownership.

Expenses

Compensation and Benefits – Compensation and Benefits includes salaries, cash bonuses, benefits, employer taxes and equity-based compensation associated with the grants of equity-based awards to partners and employees. Compensation cost relating to the issuance of equity-based awards with a requisite service period to partners and employees is measured at fair value at the grant date, taking into consideration expected forfeitures, and expensed over the vesting period on a straight-line basis. Equity-based awards that do not require future service are expensed immediately. Cash settled equity-based awards are classified as liabilities and are remeasured at the end of each reporting period.

In certain instances, we may grant equity-based awards containing both a service and a market condition. The effect of the market condition is reflected in the grant date fair value of the award. Compensation cost is recognized for an award with a market condition over the requisite service period, provided that the requisite service period is completed, irrespective of whether the market condition is satisfied. If a recipient terminates employment before completion of the requisite service period, any compensation cost previously recognized is reversed unless the market condition has been satisfied prior to termination. If the market condition has been satisfied during the vesting period, the remaining unrecognized compensation cost is accelerated.

At our discretion, we may provide compensation to certain employees with repayment obligations and/or service provisions. Such payments are recorded in Compensation and Benefits in the Consolidated Statements of Operations. We assess the potential risk of forfeiture and likelihood of recouping amounts paid, and if deemed necessary, record a provision for forfeitures in the financial statements.

Income Taxes

We use the asset and liability method of accounting for deferred tax assets and liabilities. Under this method, deferred tax assets and liabilities are recognized for the expected future tax consequences of differences between the carrying amounts of assets and liabilities and their respective tax bases, using the enacted tax rates in effect for the year in which the differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period when the change is enacted. Deferred tax assets are reduced by a valuation allowance when we believe that it is more likely than not that some portion or all of the deferred tax assets will not be realized.

The realization of deferred tax assets arising from timing differences and net operating losses requires taxable income in future years in order to deduct the reversing timing differences and absorb the net operating losses. We assess positive and negative evidence in determining whether to record a valuation allowance with respect to deferred tax assets. This assessment is performed separately for each taxing jurisdiction.

Recent Accounting Developments

Information regarding recent accounting developments and their impact on PJT Partners can be found in Note 2. “Summary of Significant Accounting Policies—Recent Accounting Developments” in the “Notes to Consolidated Financial Statements” in “—Item 8. Financial Statements and Supplementary Data” of this filing.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risk and Credit Risk

Our business is not capital-intensive and we do not invest in derivative instruments or, generally, borrow. As a result, we are not subject to significant market risk (including interest rate risk, foreign currency exchange rate risk and commodity price risk) or credit risk. Notwithstanding, the COVID-19 pandemic and its impact on the U.S. and global economies could have a material adverse effect on the Company’s consolidated financial statements.

Risks Related to Cash, Cash Equivalents and Investments

Our cash and cash equivalents include short-term highly liquid investments that are readily convertible to known amounts of cash and have original maturities of three months or less from the date of purchase. Cash and cash equivalents are primarily held at four major financial institutions. In addition to cash and cash equivalents, we hold investments in Treasury securities, certain of which are classified as Investments in our Consolidated Statements of Financial Condition. We believe our cash, cash equivalents and investments are not subject to any material interest rate risk, equity price risk, credit risk or other market risk based on the short-term nature of the securities.

Credit Risk

We estimate our allowance for credit losses using relevant available information from internal and external sources relating to past events, current conditions, including as a result of market dislocations caused by COVID-19, and reasonable and supportable forecasts. We maintain an allowance for credit losses that, in our opinion, reflects current expected credit losses. As of December 31, 2020, the allowance for credit losses was \$1.3 million. We had no allowance for credit losses as of December 31, 2019.

Exchange Rate Risk

We are exposed to the risk that the exchange rate of the U.S. dollar relative to other currencies may have an adverse effect on the reported value of our non-U.S. dollar denominated or based assets and liabilities. In addition, the reported amounts of our revenues may be affected by movements in the rate of exchange between the currency in which an invoice is issued and paid and the U.S. dollar, the currency in which our financial statements are denominated. The principal non-U.S. dollar currencies include the pound sterling, the euro, the Japanese yen and the Hong Kong dollar. For the years ended December 31, 2020, 2019 and 2018, the impact of the fluctuation of foreign currencies in Other Comprehensive Income (Loss), Net of Tax – Currency Translation Adjustment in the Consolidated Statements of Comprehensive Income were gains of \$2.3 million and \$1.5 million, and a loss of \$1.6 million, respectively, and in Interest Income and Other in the Consolidated Statements of Operations, losses of \$0.2 million, \$2.7 million and \$0.1 million, respectively. We have not entered into any transaction to hedge our exposure to these foreign currency fluctuations through the use of derivative instruments or other methods at this time. Given the uncertainty of the COVID-19 pandemic and the ongoing economic impact, exchange rate fluctuations between the U.S. dollar and other currencies could unfavorably affect our consolidated financial statements.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

<u>Report of Independent Registered Public Accounting Firm</u>	43
<u>Consolidated Statements of Financial Condition as of December 31, 2020 and 2019</u>	45
<u>Consolidated Statements of Operations for the Years Ended December 31, 2020, 2019 and 2018</u>	46
<u>Consolidated Statements of Comprehensive Income for the Years Ended December 31, 2020, 2019 and 2018</u>	47
<u>Consolidated Statements of Changes in Equity (Deficit) for the Years Ended December 31, 2020, 2019 and 2018</u>	48
<u>Consolidated Statements of Cash Flows for the Years Ended December 31, 2020, 2019 and 2018</u>	51
<u>Notes to Consolidated Financial Statements</u>	53
Supplemental Financial Information	
<u>Financial Statement Schedule: Schedule II – Valuation and Qualifying Accounts</u>	83

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of PJT Partners Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated statements of financial condition of PJT Partners Inc. and subsidiaries (the “Company”) as of December 31, 2020 and 2019, the related consolidated statements of operations, comprehensive income, changes in equity (deficit), and cash flows for each of the three years in the period ended December 31, 2020, and the related notes and the schedule listed in the Index at Item 8 (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company’s internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 26, 2021, expressed an unqualified opinion on the Company’s internal control over financial reporting.

Change in Accounting Principle

Effective January 1, 2019, the Company adopted FASB ASC Topic 842, *Leases*, using the modified retrospective method.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Revenue from Contracts with Customers – Refer to Notes 2 & 4 to the financial statements

Critical Audit Matter Description

The Company’s services provided under contracts with customers include advisory and placement services. Fees related to these services are recognized over time using a time-based method as the customer simultaneously receives and consumes the benefits as they are provided. With respect to the transaction price, the consideration to

which the Company expects to be entitled is predominantly variable as the consideration is susceptible to factors outside of the Company's influence and/or contains a large number and broad range of possible consideration amounts. As such, these amounts are excluded from the transaction price until the uncertainty associated with the variable consideration is subsequently resolved and the Company has determined it is probable that there is not a significant risk of a revenue reversal in the future.

In certain circumstances, management may be required to apply judgment in determining the timing of when there is no longer uncertainty associated with the variable consideration and when it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur (e.g. when publicly available information regarding the close of a transaction is not available). We identified revenue recognition as a critical audit matter because of the judgment involved in determining the timing of when there is no longer uncertainty associated with the variable consideration and whether it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur. This required a high degree of auditor judgment and increased extent of effort to audit and evaluate the client's determination.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the timing of recording of revenue from contracts with customers included the following, among others:

- We tested the effectiveness of controls over revenue, including those over the timing of recording revenue.
- We selected a sample of contracts for which revenue was recognized in 2020 and January 2021 and performed the following:
 - Evaluated whether the Company appropriately recognized revenue in the correct period by obtaining and evaluating evidence, including, but not limited to, inquiry with management, transaction close documents, transaction related press releases, confirmations, court approvals, executed agreements and communications regarding the extent of uncertainty associated with variable consideration.
 - Evaluated whether it was probable that a significant reversal in the amount of cumulative revenue recognized would not occur by obtaining and evaluating evidence indicated above.

/s/ Deloitte & Touche LLP

New York, New York
February 26, 2021

We have served as the Company's auditor since 2015.

PJT Partners Inc.
Consolidated Statements of Financial Condition
(Dollars in Thousands, Except Share and Per Share Data)

	December 31,	
	2020	2019
Assets		
Cash and Cash Equivalents	\$ 299,513	\$ 215,950
Investments	137,889	1,543
Accounts Receivable (net of allowance for credit losses of \$1,330 and \$0 at December 31, 2020 and 2019, respectively)	233,166	227,516
Intangible Assets, Net	32,030	39,806
Goodwill	172,725	172,725
Furniture, Equipment and Leasehold Improvements, Net	38,777	37,123
Operating Lease Right-of-Use Assets	150,848	166,519
Other Assets	53,329	43,358
Deferred Tax Asset, Net	53,330	48,237
Total Assets	\$ 1,171,607	\$ 952,777
Liabilities and Equity		
Accrued Compensation and Benefits	\$ 253,456	\$ 120,750
Accounts Payable, Accrued Expenses and Other Liabilities	25,944	24,767
Operating Lease Liabilities	172,291	182,924
Amount Due Pursuant to Tax Receivable Agreement	19,573	9,289
Taxes Payable	2,735	4,841
Deferred Revenue	9,762	14,189
Loan Payable	—	21,500
Total Liabilities	483,761	378,260
Commitments and Contingencies		
Equity		
Class A Common Stock, par value \$0.01 per share (3,000,000,000 shares authorized; 27,293,085 and 25,621,451 issued at December 31, 2020 and 2019, respectively; 23,816,354 and 23,076,794 outstanding at December 31, 2020 and 2019, respectively)	267	251
Class B Common Stock, par value \$0.01 per share (1,000,000 shares authorized; 194 issued and outstanding at December 31, 2020; 204 issued and outstanding at December 31, 2019)	—	—
Additional Paid-In Capital	349,363	290,896
Accumulated Deficit	(33,127)	(144,919)
Accumulated Other Comprehensive Income	1,414	146
Treasury Stock at Cost (3,476,731 and 2,544,657 shares at December 31, 2020 and 2019, respectively)	(163,658)	(114,984)
Total PJT Partners Inc. Equity	154,259	31,390
Non-Controlling Interests	533,587	543,127
Total Equity	687,846	574,517
Total Liabilities and Equity	\$ 1,171,607	\$ 952,777

See notes to consolidated financial statements.

PJT Partners Inc.
Consolidated Statements of Operations
(Dollars in Thousands, Except Share and Per Share Data)

	Year Ended December 31,		
	2020	2019	2018
Revenues			
Advisory Fees	\$ 872,286	\$ 571,771	\$ 451,553
Placement Fees	162,237	133,180	111,035
Interest Income and Other	17,777	12,688	17,660
Total Revenues	<u>1,052,300</u>	<u>717,639</u>	<u>580,248</u>
Expenses			
Compensation and Benefits	683,393	502,165	424,459
Occupancy and Related	34,282	31,547	27,125
Travel and Related	7,345	25,700	23,374
Professional Fees	23,014	21,779	20,631
Communications and Information Services	14,669	13,380	12,539
Depreciation and Amortization	15,055	14,496	9,973
Other Expenses	26,581	26,382	20,634
Total Expenses	<u>804,339</u>	<u>635,449</u>	<u>538,735</u>
Income Before Provision (Benefit) for Taxes	<u>247,961</u>	<u>82,190</u>	<u>41,513</u>
Provision (Benefit) for Taxes	<u>35,535</u>	<u>18,403</u>	<u>(1,045)</u>
Net Income	<u>212,426</u>	<u>63,787</u>	<u>42,558</u>
Net Income Attributable to Non-Controlling Interests	<u>94,877</u>	<u>34,225</u>	<u>15,388</u>
Net Income Attributable to PJT Partners Inc.	<u>\$ 117,549</u>	<u>\$ 29,562</u>	<u>\$ 27,170</u>
Net Income Per Share of Class A Common Stock			
Basic	<u>\$ 4.80</u>	<u>\$ 1.23</u>	<u>\$ 1.23</u>
Diluted	<u>\$ 4.40</u>	<u>\$ 1.21</u>	<u>\$ 1.16</u>
Weighted-Average Shares of Class A Common Stock Outstanding			
Basic	<u>24,496,285</u>	<u>24,007,138</u>	<u>21,879,574</u>
Diluted	<u>43,127,166</u>	<u>25,014,569</u>	<u>24,254,061</u>

See notes to consolidated financial statements.

PJT Partners Inc.
Consolidated Statements of Comprehensive Income
(Dollars in Thousands)

	Year Ended December 31,		
	2020	2019	2018
Net Income	\$ 212,426	\$ 63,787	\$ 42,558
Other Comprehensive Income (Loss), Net of Tax — Currency Translation Adjustment	2,310	1,476	(1,552)
Comprehensive Income	214,736	65,263	41,006
Less:			
Comprehensive Income Attributable to Non-Controlling Interests	95,919	34,928	14,618
Comprehensive Income Attributable to PJT Partners Inc.	<u>\$ 118,817</u>	<u>\$ 30,335</u>	<u>\$ 26,388</u>

See notes to consolidated financial statements.

PJT Partners Inc.
Consolidated Statements of Changes in Equity (Deficit)
(Dollars in Thousands, Except Share Data)

	Shares							Accumulated			
	Class A Common Stock	Class B Common Stock	Treasury Stock	Class A Common Stock	Class B Common Stock	Additional Paid-In Capital	Accumulated Deficit	Other Comprehensive Income	Treasury Stock	Non- Controlling Interests	Total
Balance at December 31, 2019	25,621,451	204	(2,544,657)	\$ 251	\$ —	\$ 290,896	\$ (144,919)	\$ 146	\$ (114,984)	\$ 543,127	\$ 574,517
Adoption of Accounting Standard	—	—	—	—	—	—	(938)	—	—	—	(938)
Net Income	—	—	—	—	—	—	117,549	—	—	94,877	212,426
Other Comprehensive Income	—	—	—	—	—	—	—	1,268	—	1,042	2,310
Dividends Declared (\$0.20 Per Share of Class A Common Stock)	—	—	—	—	—	—	(4,819)	—	—	—	(4,819)
Tax Distributions	—	—	—	—	—	—	—	—	—	(54,685)	(54,685)
Equity-Based Compensation	—	—	—	—	—	112,713	—	—	—	8,199	120,912
Net Share Settlement	—	—	—	—	—	(12,704)	—	—	—	—	(12,704)
Deliveries of Vested Shares of Class A Common Stock	1,671,634	—	—	16	—	(16)	—	—	—	—	—
Change in Ownership Interest	—	(10)	—	—	—	(41,526)	—	—	—	(58,973)	(100,499)
Treasury Stock Purchases	—	—	(932,074)	—	—	—	—	—	(48,674)	—	(48,674)
Balance at December 31, 2020	<u>27,293,085</u>	<u>194</u>	<u>(3,476,731)</u>	<u>\$ 267</u>	<u>\$ —</u>	<u>\$ 349,363</u>	<u>\$ (33,127)</u>	<u>\$ 1,414</u>	<u>\$ (163,658)</u>	<u>\$ 533,587</u>	<u>\$ 687,846</u>

(continued)

See notes to consolidated financial statements.

PJT Partners Inc.
Consolidated Statements of Changes in Equity (Deficit)
(Dollars in Thousands, Except Share Data)

	Shares							Accumulated			
	Class A	Class B		Class A	Class B	Additional		Other		Non-	
	Common	Common	Treasury	Common	Common	Paid-In	Accumulated	Comprehensive	Treasury	Controlling	Total
	Stock	Stock	Stock	Stock	Stock	Capital	Deficit	Income (Loss)	Stock	Interests	
Balance at December 31, 2018	23,940,185	199	(1,353,398)	\$ 240	\$ —	\$ 210,939	\$ (169,836)	\$ (627)	\$ (67,172)	\$ 514,205	\$ 487,749
Net Income	—	—	—	—	—	—	29,562	—	—	34,225	63,787
Other Comprehensive Income	—	—	—	—	—	—	—	773	—	703	1,476
Dividends Declared (\$0.20 Per Share of Class A Common Stock)	—	—	—	—	—	—	(4,645)	—	—	—	(4,645)
Tax Distributions	—	—	—	—	—	—	—	—	—	(11,428)	(11,428)
Equity-Based Compensation	—	—	—	—	—	75,826	—	—	—	35,742	111,568
Forfeiture Liability for Equity Awards	—	—	—	—	—	10	—	—	—	—	10
Net Share Settlement	—	—	—	—	—	(9,598)	—	—	—	—	(9,598)
Deliveries of Vested Shares of Class A Common Stock	1,631,502	—	—	11	—	(11)	—	—	—	—	—
Acquisition-Related Equity Issuance	49,764	—	—	—	—	1,889	—	—	—	398	2,287
Change in Ownership Interest	—	5	—	—	—	11,841	—	—	—	(30,718)	(18,877)
Treasury Stock Purchases	—	—	(1,191,259)	—	—	—	—	—	(47,812)	—	(47,812)
Balance at December 31, 2019	25,621,451	204	(2,544,657)	\$ 251	\$ —	\$ 290,896	\$ (144,919)	\$ 146	\$ (114,984)	\$ 543,127	\$ 574,517

(continued)

See notes to consolidated financial statements.

PJT Partners Inc.
Consolidated Statements of Changes in Equity (Deficit)
(Dollars in Thousands, Except Share Data)

	Shares							Accumulated			
	Class A Common Stock	Class B Common Stock	Treasury Stock	Class A Common Stock	Class B Common Stock	Additional Paid-In Capital	Accumulated Deficit	Other Comprehensive Income (Loss)	Treasury Stock	Non- Controlling Interests	Total
Balance at December 31, 2017	18,599,454	221	(60,333)	\$ 186	\$ —	\$ 23,891	\$ (185,991)	\$ 155	\$ (2,302)	\$ 586,515	\$ 422,454
Adoption of Accounting Standard	—	—	—	—	—	—	(6,696)	—	—	—	(6,696)
Net Income	—	—	—	—	—	—	27,170	—	—	15,388	42,558
Other Comprehensive Loss	—	—	—	—	—	—	—	(782)	—	(770)	(1,552)
Dividends Declared (\$0.20 Per Share of Class A Common Stock)	—	—	—	—	—	—	(4,319)	—	—	—	(4,319)
Tax Distributions	—	—	—	—	—	—	—	—	—	(15)	(15)
Equity-Based Compensation	—	—	—	—	—	72,939	—	—	—	45,052	117,991
Forfeiture Liability for Equity Awards	—	—	—	—	—	(529)	—	—	—	—	(529)
Net Share Settlement	—	—	—	—	—	(22,432)	—	—	—	—	(22,432)
Deliveries of Vested Shares of											
Class A Common Stock	3,987,274	—	—	40	—	(40)	—	—	—	—	—
Acquisition-Related Equity Issuance	1,353,457	—	—	14	—	69,520	—	—	—	3,563	73,097
Change in Ownership Interest	—	(22)	—	—	—	67,590	—	—	—	(135,528)	(67,938)
Treasury Stock Purchases	—	—	(1,293,065)	—	—	—	—	—	(64,870)	—	(64,870)
Balance at December 31, 2018	<u>23,940,185</u>	<u>199</u>	<u>(1,353,398)</u>	<u>\$ 240</u>	<u>\$ —</u>	<u>\$ 210,939</u>	<u>\$ (169,836)</u>	<u>\$ (627)</u>	<u>\$ (67,172)</u>	<u>\$ 514,205</u>	<u>\$ 487,749</u>

See notes to consolidated financial statements.

PJT Partners Inc.
Consolidated Statements of Cash Flows
(Dollars in Thousands)

	Year Ended December 31,		
	2020	2019	2018
Operating Activities			
Net Income	\$ 212,426	\$ 63,787	\$ 42,558
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities			
Equity-Based Compensation Expense	120,912	111,568	117,991
Depreciation and Amortization Expense	15,055	14,496	9,973
Amortization of Operating Lease Right-of-Use Assets	21,305	18,312	—
Deferred Taxes	6,911	11,509	(7,832)
Provision for Credit Losses	1,266	—	—
Other	(4,137)	3,566	708
Cash Flows Due to Changes in Operating Assets and Liabilities			
Accounts Receivable	(4,943)	(11,059)	(36,593)
Other Assets	(6,490)	(17,612)	(930)
Accrued Compensation and Benefits	129,618	29,944	(5,417)
Accounts Payable, Accrued Expenses and Other Liabilities	818	1,355	(1,602)
Operating Lease Liabilities	(16,596)	(18,546)	—
Deferred Rent Liability	—	—	(638)
Taxes Payable	(2,133)	(2,209)	4,811
Deferred Revenue	(4,426)	6,294	(89)
Net Cash Provided by Operating Activities	<u>469,586</u>	<u>211,405</u>	<u>122,940</u>
Investing Activities			
Cash Paid for Acquisition, Net of Cash Received	—	—	(61,463)
Purchases of Investments	(278,060)	(11,253)	(22,000)
Proceeds from Sales and Maturities of Investments	141,162	10,859	59,176
Purchases of Furniture, Equipment and Leasehold Improvements	(8,854)	(8,811)	(7,206)
Settlement of Acquisition-Related Escrow	—	7,485	—
Net Cash Used in Investing Activities	<u>(145,752)</u>	<u>(1,720)</u>	<u>(31,493)</u>

(continued)

See notes to consolidated financial statements.

PJT Partners Inc.
Consolidated Statements of Cash Flows
(Dollars in Thousands)

	Year Ended December 31,		
	2020	2019	2018
Financing Activities			
Dividends	\$ (4,819)	\$ (4,645)	\$ (4,319)
Proceeds from Revolving Credit Facility	16,000	15,000	—
Payments on Revolving Credit Facility	(16,000)	(15,000)	—
Proceeds from Term Loan	—	—	30,000
Principal Payments on Term Loan	(21,500)	(8,500)	—
Tax Distributions	(54,685)	(11,428)	(15)
Employee Taxes Paid for Shares Withheld	(12,704)	(9,598)	(22,432)
Cash-Settled Exchanges of Partnership Units	(101,895)	(18,953)	(68,928)
Treasury Stock Purchases	(48,674)	(47,812)	(64,870)
Payments Pursuant to Tax Receivable Agreement	—	(210)	(10)
Principal Payments on Finance Leases	(144)	(145)	(106)
Net Cash Used in Financing Activities	(244,421)	(101,291)	(130,680)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	4,150	1,446	(276)
Net Increase (Decrease) in Cash and Cash Equivalents	83,563	109,840	(39,509)
Cash and Cash Equivalents, Beginning of Period	215,950	106,110	145,619
Cash and Cash Equivalents, End of Period	<u>\$ 299,513</u>	<u>\$ 215,950</u>	<u>\$ 106,110</u>
Supplemental Disclosure of Cash Flows Information			
Payments for Income Taxes, Net of Refunds Received	<u>\$ 36,161</u>	<u>\$ 3,843</u>	<u>\$ 501</u>
Payments for Interest	<u>\$ 116</u>	<u>\$ 1,386</u>	<u>\$ 368</u>
Non-Cash Receipt of Shares	<u>\$ 1,138</u>	<u>\$ —</u>	<u>\$ 2,254</u>
Supplemental Disclosure of Significant Non-Cash Activities			
Acquisition of CamberView Partners Holdings, LLC			
Assets Acquired	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 150,256</u>
Liabilities Assumed	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 15,696</u>
Equity Purchase Price Consideration	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 73,097</u>

See notes to consolidated financial statements.

PJT Partners Inc.
Notes to Consolidated Financial Statements
(All Dollars Are in Thousands, Except Share and Per Share Data, Except Where Noted)

1. ORGANIZATION

PJT Partners Inc. and its consolidated subsidiaries (the “Company” or “PJT Partners”) offer a unique portfolio of advisory services designed to help clients achieve their strategic objectives. The Company’s team of senior professionals delivers a range of strategic advisory, capital markets advisory, restructuring and special situations and shareholder advisory services to corporations, financial sponsors, institutional investors and governments around the world. The Company also provides, through PJT Park Hill, private fund advisory and fundraising services for alternative investment managers, including private equity funds, real estate funds and hedge funds.

On October 1, 2015, The Blackstone Group Inc. (“Blackstone” or the “former Parent”) distributed on a pro rata basis to its common unitholders all of the issued and outstanding shares of Class A common stock of PJT Partners Inc. held by it. This pro rata distribution is referred to as the “Distribution.” The separation of the PJT Partners business from Blackstone and related transactions, including the Distribution, the internal reorganization that preceded the Distribution and the acquisition by PJT Partners of PJT Capital LP (together with its general partner and their respective subsidiaries, “PJT Capital”) that occurred substantially concurrently with the Distribution, is referred to as the “spin-off.”

As the sole general partner of PJT Partners Holdings LP, PJT Partners Inc. operates and controls all of the business and affairs and consolidates the financial results of PJT Partners Holdings LP and its operating subsidiaries. The Company operates through the following subsidiaries: PJT Partners LP, PJT Partners (UK) Limited, PJT Partners (HK) Limited and PJT Partners Park Hill (Spain) A.V., S.A.U.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Company prepared the accompanying consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”).

Intercompany transactions have been eliminated for all periods presented.

Use of Estimates

The preparation of consolidated financial statements and related disclosures in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the period in which they are determined to be necessary. In preparing the consolidated financial statements, management makes estimates regarding the recognition of revenue, adequacy of the allowance for credit losses, evaluation of goodwill and intangible assets for impairment, realization of deferred taxes, measurement of equity-based compensation and other matters that affect the reported amounts and disclosures in the consolidated financial statements.

Revenue Recognition

The services provided under contracts with customers include advisory and placement services, which are recorded as Advisory Fees and Placement Fees, respectively, in the Consolidated Statements of Operations. Additionally, the Company is typically reimbursed for certain professional fees and other expenses incurred that are necessary in order to provide services to the customer. These expenses are recorded in the relevant expense caption in the Consolidated Statements of Operations when incurred and recognized as revenue and recorded in Accounts Receivable, Net when these amounts are invoiced to the customer. Such revenue amounts are recorded in Interest Income and Other in the Consolidated Statements of Operations.

PJT Partners Inc.
Notes to Consolidated Financial Statements – Continued
(All Dollars Are in Thousands, Except Share and Per Share Data, Except Where Noted)

At contract inception, the Company assesses the services promised in its contracts with customers and identifies a performance obligation for each promise to transfer to the customer a service (or a bundle of services) that is distinct. To identify the performance obligations, the Company considers all of the services promised in the contract regardless of whether they are explicitly stated or are implied by customary business practices. Additionally, the Company allocates the transaction price to the respective performance obligation(s) by estimating the amount of consideration in which the Company expects to be entitled in exchange for transferring the promised services to the customer.

Advisory Fees

The Company provides a range of strategic advisory, capital markets advisory, restructuring and special situations and shareholder advisory services to corporations, financial sponsors, institutional investors and governments around the world. In conjunction with providing restructuring advice, the Company may also assist with raising various forms of financing, including debt and equity. Secondary advisory services provided by PJT Park Hill include providing solutions to investing clients seeking portfolio liquidity, unfunded commitment relief and investments in secondary markets.

With respect to contracts for which Advisory Fees are recognized, the Company's primary performance obligation is to stand ready to perform a broad range of services the client may need over the course of the engagement. For such engagements, the customer obtains a benefit from the assurance that the Company is available to it, when-and-if needed or desired. Fees related to these stand-ready performance obligations are recognized over time using a time-based measure of progress.

The Company may also be engaged to provide a fairness opinion to the client, amendment of contract terms, or the client may request that the Company arrange interim financing. The Company has determined that the delivery of these services represents a separate performance obligation that is satisfied at a point in time when each is completed and delivered to the client as the customer is able to direct the use of, and obtain substantially all of the benefits from, the service at that point.

With respect to the transaction price for advisory services, the consideration to which the Company expects to be entitled is predominantly variable as the consideration is susceptible to factors outside of the Company's influence and/or contain a large number and broad range of possible consideration amounts. As such, these amounts are excluded from the transaction price until the uncertainty associated with the variable consideration is subsequently resolved and the Company has determined it is probable that there is not a significant risk of a revenue reversal in the future. The types of fees may vary in each engagement, but payments for Advisory Fees are generally due promptly upon completion of a specified event or, for retainer fees, periodically over the course of the engagement.

Placement Fees

The Company's fund placement services primarily serve private equity, real estate and hedge funds. The Company advises on all aspects of the fundraising process including competitive positioning and market assessment, marketing materials and related documentation and partnership terms and conditions most prevalent in the current environment. The Company also provides public and private placement fundraising services to corporate clients and earns placement fees based on successful completion of the transaction.

With respect to contracts for which Placement Fees are recognized, the Company has determined that the provision of overall capital advisory services in contemplation of a potential fund placement or capital raise is satisfied over time. Fees related to this performance obligation are recognized over time using a time-based method as the customer simultaneously receives and consumes the benefits of the capital advisory services as they are provided.

The Company has determined that the provision of underwriting of securities represents a separate performance obligation that is satisfied at a point in time when the underwriting is completed as the customer is able to direct the use of, and obtain substantially all of the benefits from, the service at that point.

PJT Partners Inc.
Notes to Consolidated Financial Statements – Continued
(All Dollars Are in Thousands, Except Share and Per Share Data, Except Where Noted)

With respect to the transaction price for placement services, the consideration to which the Company expects to be entitled is predominantly variable as the consideration is susceptible to factors outside of the Company's influence and/or contain a large number and broad range of possible consideration amounts. As such, these amounts are excluded from the transaction price until the uncertainty associated with the variable consideration is subsequently resolved and the Company has determined it is probable that there is not a significant risk of a revenue reversal in the future. Placement Fees are generally payable upon completion of a fund closing or may be paid in installments over three or four years with interest being charged to the outstanding balance. With respect to such fees paid over time, the Company has determined there is not a significant financing component related to such contracts. Placement Fees earned for services to corporate clients are typically payable upon completion.

Determining the Timing of Satisfaction of Performance Obligations

For performance obligations that are satisfied over time, determining a measure of progress requires management to make judgments that affect the timing of revenue recognized. The Company has determined that the methods described above provide a faithful depiction of the transfer of services to the customer.

For performance obligations that are satisfied at a point in time, the Company has determined that the customer is able to direct the use of, and obtain substantially all of the benefits from, the output of the service at the time it is provided to the client. Additionally, at that point the Company has a present right to payment, the Company has transferred the output of the service and the customer has significant risks and rewards of ownership.

Contract Balances

The timing of revenue recognition may differ from the timing of payment. The Company records a receivable when revenue is recognized prior to payment and the Company has an unconditional right to payment. The beginning and ending balances of Accounts Receivable, Net are included in the Consolidated Statements of Financial Condition.

The Company may receive non-refundable up-front fees in its contracts with customers, which are recorded as revenues in the period over which services are estimated to be provided. Additionally, the Company may receive payment of certain announcement, retainer or milestone fees before the performance obligation has been fully satisfied. Such fees give rise to a contract liability and are recorded as Deferred Revenue in the Consolidated Statements of Financial Condition. The beginning and ending balances of Deferred Revenue are included in the Consolidated Statements of Financial Condition.

The Company does not establish a provision for refunds or similar obligations. Additionally, the Company is the principal in the satisfaction of performance obligations.

To obtain a contract with a customer, the Company may incur costs such as advertising, marketing costs, bid and proposal costs and legal fees. The Company has determined that these costs would have been incurred regardless of whether the contract with the customer was obtained. Additionally, the Company does not expect to recover any of these costs from the customer; therefore, the costs of obtaining contracts with customers are expensed as incurred.

Costs to fulfill contracts consist of out-of-pocket expenses that are part of performing advisory services and are generally expensed as incurred, except for performance obligations that are satisfied at a point in time. For contracts with customers where a performance obligation is satisfied at a point in time, out-of-pocket expenses, where material, are capitalized and subsequently expensed in the Consolidated Statements of Operations upon satisfaction of the performance obligation.

Interest Income and Other – Interest Income and Other represents interest typically earned on Cash and Cash Equivalents, investments in Treasury securities and outstanding placement fees receivable; miscellaneous income; foreign exchange gains and losses arising on transactions denominated in currencies other than U.S. dollars; sublease income; and the amount of expense reimbursement invoiced to clients related to out-of-pocket expenses. Interest on placement fees receivable is earned from the time revenue is recognized and is calculated (typically based upon the London Interbank Offered Rate ("LIBOR")) plus an additional percentage as mutually agreed upon

PJT Partners Inc.
Notes to Consolidated Financial Statements – Continued
(All Dollars Are in Thousands, Except Share and Per Share Data, Except Where Noted)

with the receivable counterparty. Interest receivable is included in Accounts Receivable, Net in the Consolidated Statements of Financial Condition.

Fair Value of Financial Instruments

The carrying value of financial instruments approximates fair value. Financial instruments held by the Company include cash equivalents, investments and accounts receivable.

GAAP establishes a hierarchical disclosure framework that prioritizes and ranks the level of market price observability used in measuring financial instruments at fair value. Market price observability is affected by a number of factors, including the type of financial instrument, the characteristics specific to the financial instrument and the state of the marketplace, including the existence and transparency of transactions between market participants. Financial instruments with readily available quoted prices in active markets generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

Financial instruments measured and reported at fair value are classified and disclosed based on the observability of inputs used in the determination of fair values, as follows:

- Level I – Quoted prices are available in active markets for identical financial instruments as of the reporting date.
- Level II – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.
- Level III – Pricing inputs are unobservable for the financial instruments and includes situations where there is little, if any, market activity for the financial instrument. The inputs into the determination of fair value require significant management judgment or estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the determination of which category within the fair value hierarchy is appropriate for any given financial instrument is based on the lowest level of input that is significant to the fair value measurement.

In making an assessment of the fair value hierarchy classification of investments in Treasury securities, the Company considers the amount of trading activity, observability of pricing inputs as well as whether the securities are of the most recent issuance of that security with the same maturity (referred to as “on-the-run”, which is the most liquid version of the maturity band). These securities are recorded at fair value using broker quotes, reflecting inputs from auction yields.

Cash, Cash Equivalents and Investments

Cash and Cash Equivalents include short-term highly liquid investments that are readily convertible to known amounts of cash and have original maturities of three months or less from the date of purchase. Cash and Cash Equivalents are primarily held at four major financial institutions. Also included in Cash and Cash Equivalents are amounts held in bank accounts that are subject to advance notification to withdraw. Such amounts totaled \$47.8 million and \$16.8 million as of December 31, 2020 and 2019, respectively.

Treasury securities with original maturities greater than three months when purchased are classified as Investments in the Consolidated Statements of Financial Condition.

Accounts Receivable

Accounts Receivable, Net includes receivables related to placement fees, advisory fees and interest income earned on certain engagements. Included in Accounts Receivable, Net are long-term receivables that relate to placement fees that are generally paid in installments over a period of three to four years. The Company generally charges interest on long-term receivables (typically based upon LIBOR) plus an additional percentage as mutually agreed upon with the receivable counterparty.

PJT Partners Inc.
Notes to Consolidated Financial Statements – Continued
(All Dollars Are in Thousands, Except Share and Per Share Data, Except Where Noted)

Additional disclosures regarding accounts receivable are discussed in Note 5. “Accounts Receivable and Allowance for Credit Losses.”

Allowance for Credit Losses

The Company adopted the new credit losses guidance as of January 1, 2020. The Company estimates the allowance for credit losses using relevant available information from internal and external sources relating to past events, current conditions and reasonable and supportable forecasts. Historical credit loss experience, including write-offs and recoveries that have occurred during the period, provides the basis for the estimation of expected credit losses.

The allowance for credit losses is measured on a collective basis when similar risk characteristics exist in the Company’s accounts receivable. The Company has classified its accounts receivable into short-term and long-term receivables, both of which relate to revenues from contracts with customers, in estimating the allowance for credit losses. Short-term receivables generally have payment terms less than one year and share similar historical credit loss patterns including write-offs and recoveries. These receivables arise from the Company’s performance obligation of standing ready to perform. Long-term receivables are generally paid in installments over a period of three to four years. These receivables share similar historical credit loss patterns including write-offs and recoveries, and arise from the Company’s performance obligation of providing capital advisory services.

The Company measures the allowance for credit losses using the loss-rate method by multiplying the historical loss rate by the asset’s amortized cost (including accrued interest) at the balance sheet date. The historical loss rate is derived from the Company’s historical loss experience over the prior three year period.

The Company reduces both the gross receivable and the allowance for credit losses in the period in which the receivable(s) are deemed uncollectible. The Company considers a receivable to be uncollectible at the point when all efforts at collection have been exhausted. A recovery may occur if cash is received after a receivable balance has been written-off. Such recovery would be recorded as an increase to the allowance at the time of the recovery.

Goodwill and Intangible Assets

Goodwill recorded arose from the contribution and reorganization of Blackstone’s predecessor entities in 2007 immediately prior to Blackstone’s initial public offering (“IPO”), the acquisition of PJT Capital LP that occurred on October 1, 2015 and the acquisition of CamberView Partners Holdings, LLC (“CamberView”) that occurred on October 1, 2018. Goodwill is reviewed for impairment at least annually utilizing a qualitative or quantitative approach and more frequently if circumstances indicate impairment may have occurred. Goodwill is tested for impairment at the reporting unit level. A reporting unit is a component of an operating segment for which discrete financial information is available that is regularly reviewed by management. The impairment testing for goodwill under the qualitative approach is based first on a qualitative assessment to determine if it is more likely than not that the fair value of the Company’s reporting unit is less than its respective carrying value. If it is determined that it is more likely than not that the reporting unit’s fair value is less than its carrying value or when the quantitative approach is used, a quantitative assessment is performed to (a) calculate the fair value of the reporting unit and compare it to its carrying value, and (b) if the carrying value exceeds its fair value, to measure an impairment loss.

The Company’s intangible assets are derived from (a) customer relationships that were established as part of Blackstone’s IPO and the acquisition of CamberView, and (b) the value of the trade name as part of the acquisitions of PJT Capital LP and CamberView. Identifiable finite-lived intangible assets are amortized on a straight-line basis over their estimated useful lives of four to fifteen years, reflecting the average time over which such intangible assets are expected to contribute to cash flows. Amortization expense is included in Depreciation and Amortization in the Consolidated Statements of Operations. The Company does not hold any indefinite-lived intangible assets. Intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

PJT Partners Inc.
Notes to Consolidated Financial Statements – Continued
(All Dollars Are in Thousands, Except Share and Per Share Data, Except Where Noted)

Furniture, Equipment and Leasehold Improvements

Furniture, Equipment and Leasehold Improvements, Net consist primarily of leasehold improvements, furniture, fixtures and equipment and office equipment, and are recorded at cost less accumulated depreciation and amortization. Depreciation and amortization are calculated using the straight-line method over the assets' estimated useful economic lives, which for leasehold improvements are the lesser of the lease terms or the life of the asset, generally ten to fifteen years, and five to seven years for other fixed assets. The Company evaluates long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Depreciation and amortization are included in Depreciation and Amortization in the Consolidated Statements of Operations.

Fixed assets held under finance leases are recorded at the present value of the future minimum lease payments, less accumulated depreciation and amortization in Furniture, Equipment and Leasehold Improvements, Net in the Consolidated Statements of Financial Condition. Depreciation and amortization are calculated using the straight-line method over the life of the lease and are included in Depreciation and Amortization in the Consolidated Statements of Operations. Finance lease liabilities are included in Accounts Payable, Accrued Expenses and Other Liabilities in the Consolidated Statements of Financial Condition.

Leases

The Company determines at inception if an arrangement is, or contains, a lease.

The Company leases office space under non-cancelable lease agreements, which expire at various dates through 2036. The lease arrangements for office space typically contain payments to the lessor for common area maintenance charges and reimbursement for certain other costs that are not fixed. The Company accounts for these costs as variable lease costs and does not include them in the lease component. The Company has also entered into arrangements to sublease a portion of its office space, which expire at various dates through 2021.

The Company leases certain office equipment pursuant to finance leases, which expire at various dates through 2024. The Company does not elect the practical expedient to include the non-lease component with the lease component as a single lease component.

Right-of-Use Assets ("ROU assets") represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the commencement date based on the present value of the lease payments over the lease term. The Company's lease agreements generally do not provide an implicit rate, so the Company estimates the incremental borrowing rate considering the collateral, term and the economic environment of the lease arrangement with reference to the Company's loan agreement. Certain leases may include options to extend or terminate and the Company reflects such renewal or termination option in the lease term when it is reasonably certain to exercise the option.

The Company records ROU assets and lease liabilities for operating leases in Operating Lease Right-of-Use Assets and Operating Lease Liabilities, respectively, on the Consolidated Statements of Financial Condition.

The Company does not record ROU assets or lease liabilities for leases with a term of twelve months or less. Lease expense for such leases is recognized on a straight-line basis.

Foreign Currency

In the normal course of business, the Company may enter into transactions not denominated in U.S. dollars. Foreign exchange gains and losses arising on such transactions are recorded in Interest Income and Other in the Consolidated Statements of Operations. In addition, the Company consolidates a number of businesses that have a non-U.S. dollar functional currency. Non-U.S. dollar denominated assets and liabilities are translated to U.S. dollars at the exchange rate prevailing at the reporting date and income, expenses, gains and losses are translated at the prevailing monthly average exchange rate on the dates they were recorded. Cumulative translation adjustments

PJT Partners Inc.
Notes to Consolidated Financial Statements – Continued
(All Dollars Are in Thousands, Except Share and Per Share Data, Except Where Noted)

arising from the translation of non-U.S. dollar denominated operations are recorded in Other Comprehensive Income (Loss).

Non-Controlling Interests

Non-Controlling Interests are presented separately from Equity in the Consolidated Statements of Financial Condition and the portion of net income attributable to the non-controlling interests is presented separately in the Consolidated Statements of Operations.

Repurchases of Common Stock

Shares of the Company's Class A common stock may be repurchased from time to time in open market transactions, in privately negotiated transactions or otherwise. The Company may structure such repurchases as either a purchase of treasury stock or a retirement of shares. The Company records its purchases of treasury stock at cost as a separate component of Equity. The Company may re-issue treasury stock, at average cost.

Compensation and Benefits

Compensation and Benefits includes salaries, cash bonuses, benefits, employer taxes and equity-based compensation associated with the grants of equity-based awards to partners and employees. Compensation cost relating to the issuance of equity-based awards with a requisite service period to partners and employees is measured at fair value at the grant date, taking into consideration expected forfeitures, and expensed over the vesting period on a straight-line basis. Equity-based awards that do not require future service are expensed immediately. Cash settled equity-based awards are classified as liabilities and are remeasured at the end of each reporting period.

In certain instances, the Company may grant equity-based awards containing both a service and a market condition. The effect of the market condition is reflected in the grant date fair value of the award. Compensation cost is recognized for an award with a market condition over the requisite service period, provided that the requisite service period is completed, irrespective of whether the market condition is satisfied. If a recipient terminates employment before completion of the requisite service period, any compensation cost previously recognized is reversed unless the market condition has been satisfied prior to termination. If the market condition has been satisfied during the vesting period, the remaining unrecognized compensation cost is accelerated.

At the Company's discretion, the Company may provide compensation to certain employees with repayment obligations and/or service provisions. Such payments are recorded in Compensation and Benefits in the Consolidated Statements of Operations. The Company assesses the potential risk of forfeiture and likelihood of recouping amounts paid, and if deemed necessary, records a provision for forfeitures in the financial statements.

Income Taxes

PJT Partners Inc. is a corporation subject to U.S. federal, state and local income taxes in jurisdictions where it does business. The Company's businesses generally operate as partnerships for U.S. federal and state purposes and as corporate entities in non-U.S. jurisdictions. In the U.S. federal and state jurisdictions, taxes related to income earned by these entities generally represent obligations of the individual members and partners.

The operating entities have generally been subject to New York City Unincorporated Business Tax and to entity-level income taxes imposed by non-U.S. jurisdictions, as applicable. These taxes have been reflected in the Company's consolidated financial statements.

PJT Partners Inc. is subject to U.S. corporate federal, state and local income tax on its allocable share of results of operations from the operating partnership (PJT Partners Holdings LP).

Current tax liabilities are recorded in Taxes Payable in the Consolidated Statements of Financial Condition.

PJT Partners Inc.
Notes to Consolidated Financial Statements – Continued
(All Dollars Are in Thousands, Except Share and Per Share Data, Except Where Noted)

The Company uses the asset and liability method of accounting for deferred tax assets and liabilities. Under this method, deferred tax assets and liabilities are recognized for the expected future tax consequences of differences between the carrying amounts of assets and liabilities and their respective tax bases, using the enacted tax rates in effect for the year in which the differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period when the change is enacted. Deferred tax assets are reduced by a valuation allowance when the Company believes that it is more likely than not that some portion or all of the deferred tax assets will not be realized.

The Company records uncertain tax positions on the basis of a two-step process: (a) a determination is made whether it is more likely than not that the tax positions will be sustained based on the technical merits of the position, and (b) those tax positions that meet the recognition threshold described in the first step are recorded based on the largest amount of tax benefit that is more likely than not to be realized upon ultimate settlement with the tax authority.

The effects of tax adjustments and settlements with taxing authorities are presented in the Company's consolidated financial statements in the period to which they relate as if the Company were a separate tax filer in those years.

The Company recognizes accrued interest and penalties related to uncertain tax positions in Other Expenses in the Consolidated Statements of Operations, as applicable.

Unrecognized tax benefits are recorded in Taxes Payable in the Consolidated Statements of Financial Condition, as applicable.

Amount Due Pursuant to Tax Receivable Agreement

Holders of common units of partnership interest in PJT Partners Holdings LP ("Partnership Units") (other than PJT Partners Inc.) may, subject to the terms and conditions set forth in the partnership agreement of PJT Partners Holdings LP, on a quarterly basis (subject to the terms of the exchange agreement), exchange their Partnership Units for cash or, at the Company's election, for shares of Class A common stock of PJT Partners Inc. on a one-for-one basis, subject to customary conversion rate adjustments for splits, unit distributions and reclassifications. PJT Partners Holdings LP has made an election under Section 754 of the Internal Revenue Code effective for each taxable year in which an exchange of Partnership Units for cash or for shares of Class A common stock occurs, which is expected to result in increases to the tax basis of the assets of PJT Partners Holdings LP at the time of an exchange of Partnership Units. Stock-settled exchanges and certain of these cash-settled exchanges are expected to result in increases in the tax basis of the tangible and intangible assets of PJT Partners Holdings LP. These increases in tax basis may reduce the amount of tax that PJT Partners Inc. would otherwise be required to pay in the future. These increases in tax basis may also decrease gains (or increase losses) on future dispositions of certain capital assets to the extent tax basis is allocated to those capital assets.

The Company has entered into a tax receivable agreement with the holders of Partnership Units (other than PJT Partners Inc.) that provides for the payment by PJT Partners Inc. to exchanging holders of Partnership Units of 85% of the benefits, if any, that PJT Partners Inc. is deemed to realize as a result of the increases in tax basis related to such exchanges of Partnership Units and of certain other tax benefits related to entering into the tax receivable agreement, including tax benefits attributable to payments under the tax receivable agreement. This payment obligation is an obligation of PJT Partners Inc. and not of PJT Partners Holdings LP. PJT Partners Inc. expects to benefit from the remaining 15% of cash tax savings, if any, in income tax it realizes.

For purposes of the tax receivable agreement, the cash tax savings in income tax is computed by comparing the actual income tax liability of PJT Partners Inc. (calculated with certain assumptions) to the amount of such taxes that PJT Partners Inc. would have been required to pay had there been no increase to the tax basis of the assets of PJT Partners Holdings LP as a result of the exchanges and had PJT Partners Inc. not entered into the tax receivable agreement. The term of the tax receivable agreement continues until all such tax benefits have been utilized or expired, unless PJT Partners Inc. exercises its right to terminate the tax receivable agreement for an amount based on the agreed payments remaining to be made under the agreement or PJT Partners Inc. breaches any of its material

PJT Partners Inc.
Notes to Consolidated Financial Statements – Continued
(All Dollars Are in Thousands, Except Share and Per Share Data, Except Where Noted)

obligations under the tax receivable agreement in which case all obligations generally will be accelerated and due as if PJT Partners Inc. had exercised its right to terminate the tax receivable agreement.

The Company accounts for the effects of these increases in tax basis and associated payments under the tax receivable agreement arising from exchanges as follows:

- the Company records an increase in deferred tax assets for the estimated income tax effects of the increases in tax basis based on enacted federal, state and local tax rates at the date of the exchange;
- to the extent the Company estimates that it will not realize the full benefit represented by the deferred tax asset, based on an analysis that will consider, among other things, the Company's expectation of future earnings, the Company reduces the deferred tax asset with a valuation allowance; and
- the Company records 85% of the estimated realizable tax benefit (which is the recorded deferred tax asset less any recorded valuation allowance) as an increase to the Amount Due Pursuant to Tax Receivable Agreement and the remaining 15% of the estimated realizable tax benefit as an increase to Additional Paid-In Capital.

The effects of changes in estimates after the date of the redemption or exchange as well as subsequent changes in the enacted tax rates are included in net income.

Net Income Per Share of Class A Common Stock

Basic Net Income Per Share is computed using the weighted-average number of shares of Class A common stock outstanding; vested, undelivered restricted stock units ("RSUs"); and unvested RSUs that have met requisite service requirements.

Diluted Net Income Per Share is computed using the number of shares of Class A common stock included in the Basic Net Income Per Share calculation, and if dilutive, the incremental common stock that the Company would issue upon the assumed vesting of RSUs using the treasury stock method and the assumed conversion of Partnership Units using the if-converted method.

Contingencies and Litigation

The Company records loss contingencies if (a) information available prior to issuance of the consolidated financial statements indicates that it is probable that an asset had been impaired or a liability had been incurred at the date of the consolidated financial statements, and (b) the amount of loss can be reasonably estimated. If one or both criteria for accrual are not met, but there is at least a reasonable possibility that a loss will occur, the Company does not record an accrual for a loss contingency but describes the contingency and provides detail, when possible, of the estimated potential loss or range of loss. If an estimate cannot be made, a statement to that effect is made. Costs incurred with defending matters are expensed as incurred. Accruals related to loss contingencies are recorded in Other Expenses in the Consolidated Statements of Operations.

Business Combinations

The purchase price allocations for acquisitions are based on estimates of the fair value of tangible and intangible assets acquired and liabilities assumed. The Company engages independent valuation specialists, when necessary, to assist with purchase price allocations and uses recognized valuation techniques, including the income and market approaches, to determine fair value. Management makes estimates and assumptions in determining purchase price allocations and valuation analyses, which may involve significant unobservable inputs. The excess of the purchase price over the estimated fair values of the underlying assets acquired and liabilities assumed is allocated to goodwill. In certain circumstances, the allocations of the purchase price are based upon preliminary estimates and assumptions. Accordingly, the allocations may be subject to revision when the Company receives final information, including appraisals and other analyses.

Assets acquired and liabilities assumed in business combinations are recorded in the Company's Consolidated Statements of Financial Condition as of the respective acquisition dates based upon their estimated fair values at

PJT Partners Inc.
Notes to Consolidated Financial Statements – Continued
(All Dollars Are in Thousands, Except Share and Per Share Data, Except Where Noted)

such dates. The results of operations of businesses acquired by the Company are included in the Company's Consolidated Statements of Operations from their respective dates of acquisition.

Recent Accounting Developments

In June 2016, the Financial Accounting Standards Board ("FASB") issued guidance regarding the measurement of credit losses on financial instruments. The new guidance replaces the incurred loss impairment methodology with a methodology that reflects current expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates, which primarily impacts the Company's allowance for credit losses on accounts receivable balances.

The Company adopted this guidance using the modified retrospective method as of January 1, 2020. The comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods.

The impact of adoption of the credit loss guidance as of January 1, 2020 was as follows:

	December 31, 2019	Adjustments	January 1, 2020
Accounts Receivable, Net	\$ 227,516	\$ (1,107)	\$ 226,409
Deferred Tax Asset, Net	\$ 48,237	\$ 169	\$ 48,406
Accumulated Deficit	\$ (144,919)	\$ (938)	\$ (145,857)

In August 2018, the FASB issued updated guidance on the accounting for implementation costs incurred in a cloud computing arrangement. The updated guidance requires the capitalization of implementation costs incurred in a cloud computing arrangement to be aligned with the requirements for capitalizing costs incurred to develop or obtain internal-use software. The Company adopted this guidance on January 1, 2020 for cloud computing arrangements on a prospective basis.

In August 2018, the FASB issued updated guidance that modifies the disclosure requirements for fair value measurements. The updated guidance removes and modifies various disclosures under current guidance and includes additional requirements. The Company adopted this guidance on January 1, 2020 with no material impact on its consolidated financial statements.

In December 2019, the FASB issued guidance that modifies the accounting for income taxes. The guidance provides clarification on multiple topics, including hybrid tax regimes, the tax basis step-up in goodwill that is not classified as a business combination, separate financial statements of legal entities not subject to tax, intraperiod tax allocation, ownership changes in investments, interim period accounting for enacted changes in tax law and year-to-date loss limitations in interim period tax accounting. The guidance is effective for annual and interim periods beginning after December 15, 2020, with early adoption permitted. The Company adopted this guidance on January 1, 2021 with no material impact on its consolidated financial statements.

In August 2020, the FASB issued updated guidance that simplifies the accounting for certain financial instruments with characteristics of liabilities and equity, including convertible instruments and contracts in an entity's own equity. The guidance is effective for annual and interim periods beginning after December 15, 2021, with early adoption permitted. The Company is currently assessing the impact that adoption will have on its consolidated financial statements.

3. BUSINESS COMBINATIONS

Acquisition of CamberView

On October 1, 2018, the Company completed the acquisition of CamberView. CamberView is a leading advisory firm providing independent advice to assist public company boards of directors and management teams in building strong and successful relationships with investors. The acquisition of CamberView expands the Company's ability to serve clients.

PJT Partners Inc.
Notes to Consolidated Financial Statements – Continued
(All Dollars Are in Thousands, Except Share and Per Share Data, Except Where Noted)

Pursuant to the Agreement and Plan of Merger, by and among the Company, PJT Partners Holdings LP (“Purchaser”), Blue Merger Sub LLC, a wholly owned subsidiary of Purchaser, CamberView and CC CVP Partners Holdings, L.L.C., solely in its capacity as securityholder representative, dated as of August 27, 2018 (the “Agreement”), the Company acquired 100% ownership of CamberView. A portion of the closing consideration was placed into escrow to cover potential post-closing obligations of the selling unitholders.

This transaction was accounted for as a business combination and CamberView’s operating results have been included in the Company’s consolidated financial statements from the date of the transaction. The Company incurred \$1.8 million of costs related to the acquisition, which were primarily recorded in Professional Fees in the Consolidated Statement of Operations for the year ended December 31, 2018.

The purchase price was comprised of the following:

Cash (a)	\$	60,765
Common Stock (b)		71,423
Partnership Units (c)		3,961
Total Purchase Price	\$	<u>136,149</u>

- (a) Reflects cash paid to selling unitholders and employees of CamberView at closing, payoff of an existing term loan facility held by CamberView at closing and settlement of escrow balances in March 2019.
- (b) Reflects the value of 1.4 million shares of PJT Partners Inc. Class A common stock issued to the selling unitholders of CamberView at closing based on the Company’s closing stock price of \$51.55 on October 1, 2018 and the value of an additional 0.1 million shares of PJT Partners Inc. Class A common stock issued to the selling unitholders related to the settlement of escrow balances in March 2019 based on the Company’s closing stock price of \$40.61 on March 15, 2019.
- (c) Reflects the value of 0.1 million Partnership Units issued to certain CamberView employees at closing using a fair value of \$47.53, which represented the closing stock price of \$51.55 on October 1, 2018 discounted for holding period risk as well as an additional 0.1 million Partnership Units issued to certain CamberView employees upon the settlement of escrow balances in March 2019 using a fair value of \$37.44, which represented the closing stock price of \$40.61 on March 15, 2019 discounted for holding period risk. Partnership Units shall be eligible for exchange in accordance with the Exchange Agreement starting on the first exchange date when the Partnership Units have been both outstanding and fully vested for at least six months as of the applicable exchange date.

Under the terms of the acquisition agreement, the Company was required to replace a portion of CamberView employees’ former equity awards and, as such, was required to allocate a portion of the newly issued awards to the purchase price. The portion not included in the purchase price is recorded in compensation expense according to the vesting conditions of the respective equity award agreements.

PJT Partners Inc.
Notes to Consolidated Financial Statements – Continued
(All Dollars Are in Thousands, Except Share and Per Share Data, Except Where Noted)

The following table summarizes the allocation of the total purchase price:

	December 31, 2018	Measurement Period Adjustments	December 31, 2019
Assets			
Cash	\$ 6,787	\$ —	\$ 6,787
Accounts Receivable	2,602	—	2,602
Furniture, Equipment and Leasehold Improvements, Net	283	—	283
Other Assets	2,915	(81)	2,834
Identifiable Intangible Assets	40,600	(1,700)	38,900
Goodwill	103,745	(3,306)	100,439
Deferred Tax Asset	111	(111)	—
Total Assets	157,043	(5,198)	151,845
Liabilities			
Accrued Compensation and Benefits	192	—	192
Accounts Payable, Accrued Expenses and Other Liabilities	8,660	—	8,660
Deferred Rent Liability	230	—	230
Taxes Payable	54	—	54
Deferred Revenue	6,560	—	6,560
Total Liabilities	15,696	—	15,696
Net Assets	<u>\$ 141,347</u>	<u>\$ (5,198)</u>	<u>\$ 136,149</u>

The excess of the purchase price over the fair value of the net assets acquired of \$100.4 million was recorded as goodwill. Goodwill included the in-place workforce, which allowed the Company to continue serving its existing client base, begin marketing to potential clients and avoid significant costs reproducing the workforce.

The business combination was 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 was recorded as goodwill for tax purposes. The amount of goodwill recorded for tax purposes was determined based on the consideration paid at closing and is amortized for tax purposes ratably over a fifteen year period.

The fair value of the intangible assets acquired, which consisted of CamberView's customer relationships and trade name, is based, in part, on a valuation using an income approach. The Company considered, among other factors, the analyses of historical financial performance and an estimate of the future performance of the CamberView business. The risk adjusted discount rates used to compute the present value of individual intangible assets expected net cash flows were based upon PJT Partners Inc.'s estimated weighted average cost of capital. The estimated fair value ascribed to the identifiable intangible assets is amortized on a straight-line basis over the estimated useful life of each of the intangible assets over periods ranging between four to eight years. The carrying value of all other assets and liabilities was deemed to approximate their estimated fair value. Goodwill represented the excess of the purchase price over the fair value of net assets acquired.

The Consolidated Statements of Operations for the years ended December 31, 2020 and 2019 include the results of CamberView and the Consolidated Statement of Operations for the year ended December 31, 2018 includes the results of CamberView from the date of acquisition, October 1, 2018, through December 31, 2018. Supplemental information on an unaudited pro forma basis, as if the acquisition had been consummated as of January 1, 2017 is as follows for the year ended December 31, 2018:

Total Revenues	\$ 615,643
Net Income Attributable to PJT Partners Inc.	\$ 26,195

PJT Partners Inc.
Notes to Consolidated Financial Statements – Continued
(All Dollars Are in Thousands, Except Share and Per Share Data, Except Where Noted)

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, 2017 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.

4. REVENUES FROM CONTRACTS WITH CUSTOMERS

The following table provides a disaggregation of revenues recognized from contracts with customers for the years ended December 31, 2020, 2019 and 2018:

	Year Ended December 31,		
	2020	2019	2018
Advisory Fees	\$ 872,286	\$ 571,771	\$ 451,553
Placement Fees	162,237	133,180	111,035
Interest Income from Placement Fees and Other	10,485	11,800	13,141
Revenues from Contracts with Customers	<u>\$ 1,045,008</u>	<u>\$ 716,751</u>	<u>\$ 575,729</u>

Remaining Performance Obligations and Revenue Recognized from Past Performance

As of December 31, 2020, the aggregate amount of the transaction price allocated to performance obligations yet to be satisfied is \$29.2 million and the Company generally expects to recognize this revenue within the next twelve months. Such amounts relate to the Company's performance obligations of providing capital advisory services and standing ready to perform.

The Company recognized revenue of \$28.0 million and \$33.7 million for the years ended December 31, 2020 and 2019, respectively, related to performance obligations that were fully satisfied in prior periods, primarily due to constraints on variable consideration in prior periods being resolved. Such amounts related primarily to the provision of capital advisory services. The majority of Fee Revenue recognized by the Company during the years ended December 31, 2020 and 2019 was predominantly related to performance obligations that were partially satisfied in prior periods.

Contract Balances

There were no significant impairments related to contract balances during the years ended December 31, 2020 and 2019.

For the years ended December 31, 2020 and 2019, \$13.7 million and \$7.9 million, respectively, of revenue was recognized that was included in the beginning balance of Deferred Revenue, primarily related to the Company's performance obligation of standing ready to perform. In certain contracts, the Company receives customer deposits, which are also considered to be contract liabilities. As of December 31, 2020 and 2019, the Company recorded \$2.4 million and \$2.2 million, respectively, of customer deposits in Accounts Payable, Accrued Expenses and Other Liabilities in the Consolidated Statements of Financial Condition.

PJT Partners Inc.
Notes to Consolidated Financial Statements – Continued
(All Dollars Are in Thousands, Except Share and Per Share Data, Except Where Noted)

5. ACCOUNTS RECEIVABLE AND ALLOWANCE FOR CREDIT LOSSES

The following table presents the aggregate change in the allowance for credit losses for the year ended December 31, 2020:

Balance, December 31, 2019	\$	—
Adoption of ASC 326		1,107
Provision for Credit Losses		1,266
Write-offs		(1,368)
Recoveries		325
Balance, December 31, 2020	\$	<u>1,330</u>

Included in Accounts Receivable, Net is accrued interest of \$2.5 million and \$3.1 million as of December 31, 2020 and 2019, respectively, related to placement fees.

Included in Accounts Receivable, Net are long-term receivables of \$83.5 million and \$77.6 million as of December 31, 2020 and 2019, respectively, related to placement fees that are generally paid in installments over a period of three to four years. The carrying value of such long-term receivables approximates fair value. Long-term receivables are classified as Level II in the fair value hierarchy.

The Company does not have any long-term receivables on non-accrual status. Of receivables that originated as long-term, there were \$2.9 million and \$11.3 million as of December 31, 2020 and 2019, respectively, which were outstanding more than 90 days. As of December 31, 2020, the Company's allowance for credit losses with respect to long-term receivables was \$0.6 million. There was no allowance for credit losses with respect to such receivables as of December 31, 2019.

6. GOODWILL AND INTANGIBLE ASSETS

Changes in the carrying value of goodwill consist of the following:

	December 31,	
	2020	2019
Balance, Beginning of Year	\$ 172,725	\$ 176,031
Measurement Period Adjustments (a)	—	(3,306)
Balance, End of Year	<u>\$ 172,725</u>	<u>\$ 172,725</u>

- (a) During the year ended December 31, 2019, the Company recorded \$3.3 million of measurement period adjustments to goodwill related to the acquisition of CamberView.

As of December 31, 2020 and 2019, the Company's assessment did not result in any impairment of goodwill.

Intangible Assets, Net consists of the following:

	December 31,	
	2020	2019
Finite-Lived Intangible Assets		
Customer Relationships	\$ 61,276	\$ 61,276
Trade Name	9,800	9,800
Total Intangible Assets	71,076	71,076
Accumulated Amortization		
Customer Relationships	(33,747)	(27,566)
Trade Name	(5,299)	(3,704)
Total Accumulated Amortization	(39,046)	(31,270)
Intangible Assets, Net	<u>\$ 32,030</u>	<u>\$ 39,806</u>

PJT Partners Inc.
Notes to Consolidated Financial Statements – Continued
(All Dollars Are in Thousands, Except Share and Per Share Data, Except Where Noted)

Changes in the Company's Intangible Assets, Net consist of the following:

	Year Ended December 31,		
	2020	2019	2018
Balance, Beginning of Year	\$ 39,806	\$ 49,160	\$ 12,295
Additions	—	—	40,600
Amortization Expense	(7,776)	(7,654)	(3,735)
Measurement Period Adjustments (a)	—	(1,700)	—
Balance, End of Year	<u>\$ 32,030</u>	<u>\$ 39,806</u>	<u>\$ 49,160</u>

- (a) During the year ended December 31, 2019, the Company recorded \$1.7 million of measurement period adjustments to intangible assets related to the acquisition of CamberView. As a result of this decrease in intangible assets, the Company recorded a cumulative decrease to accumulated amortization of \$0.2 million as of September 30, 2019. Such change was also reflected in Depreciation and Amortization in the Consolidated Statements of Operations.

Amortization of Intangible Assets held at December 31, 2020 is expected to be \$7.7 million for the year ending December 31, 2021; \$6.5 million for the year ending December 31, 2022; \$4.9 million for each of the years ending December 31, 2023 and 2024; and \$4.8 million for the year ending December 31, 2025.

7. FURNITURE, EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Furniture, Equipment and Leasehold Improvements, Net consists of the following:

	December 31,	
	2020	2019
Leasehold Improvements	\$ 52,789	\$ 45,368
Furniture and Fixtures	17,773	16,040
Office Equipment	2,327	2,324
Total Furniture, Equipment and Leasehold Improvements	72,889	63,732
Accumulated Depreciation	(34,112)	(26,609)
Furniture, Equipment and Leasehold Improvements, Net	<u>\$ 38,777</u>	<u>\$ 37,123</u>

Depreciation expense was \$7.3 million, \$6.8 million and \$6.2 million for the years ended December 31, 2020, 2019 and 2018, respectively.

8. FAIR VALUE MEASUREMENTS

The following tables summarize the valuation of the Company's investments by the fair value hierarchy:

	December 31, 2020			
	Level I	Level II	Level III	Total
Treasury Instruments	\$ —	\$ 137,669	\$ —	\$ 137,669
Other	—	220	—	220
Total	<u>\$ —</u>	<u>\$ 137,889</u>	<u>\$ —</u>	<u>\$ 137,889</u>

	December 31, 2019			
	Level I	Level II	Level III	Total
Treasury Instruments	\$ —	\$ 23,821	\$ —	\$ 23,821

Investments in Treasury securities were included in Investments at December 31, 2020 and in both Cash and Cash Equivalents and Investments at December 31, 2019 in the Consolidated Statements of Financial Condition.

PJT Partners Inc.
Notes to Consolidated Financial Statements – Continued
(All Dollars Are in Thousands, Except Share and Per Share Data, Except Where Noted)

9. INCOME TAXES

The Company's pretax income is associated with activities in domestic and international jurisdictions, as follows:

	Year Ended December 31,		
	2020	2019	2018
Income Before Provision (Benefit) for Taxes			
Domestic	\$ 260,361	\$ 110,012	\$ 6,579
International	(12,400)	(27,822)	34,934
Total	<u>\$ 247,961</u>	<u>\$ 82,190</u>	<u>\$ 41,513</u>

The Provision (Benefit) for Income Taxes consists of the following:

	Year Ended December 31,		
	2020	2019	2018
Current			
Federal Income Tax	\$ 20,306	\$ 3,442	\$ 219
State and Local Income Tax	7,747	3,142	1,323
Foreign Income Tax	571	310	5,245
	<u>28,624</u>	<u>6,894</u>	<u>6,787</u>
Deferred			
Federal Income Tax	2,308	12,385	(5,220)
State and Local Income Tax	300	3,365	(2,544)
Foreign Income Tax	4,303	(4,241)	(68)
	<u>6,911</u>	<u>11,509</u>	<u>(7,832)</u>
Provision (Benefit) for Taxes	<u>\$ 35,535</u>	<u>\$ 18,403</u>	<u>\$ (1,045)</u>

The following table summarizes the Company's tax position:

	Year Ended December 31,		
	2020	2019	2018
Income Before Provision (Benefit) for Taxes	\$ 247,961	\$ 82,190	\$ 41,513
Provision (Benefit) for Taxes	\$ 35,535	\$ 18,403	\$ (1,045)
Effective Income Tax Rate	14.3%	22.4%	-2.5%

PJT Partners Inc.
Notes to Consolidated Financial Statements – Continued
(All Dollars Are in Thousands, Except Share and Per Share Data, Except Where Noted)

The following table reconciles the U.S. federal statutory tax rate to the effective income tax rate:

	Year Ended December 31,		
	2020	2019	2018
Expected Income Tax Expense at the Federal Statutory Rate	21.0%	21.0%	21.0%
Permanent Differences for Compensation	-0.1%	4.1%	-18.6%
Accrual to Blackstone Related to Employee Matters Agreement	0.0%	0.1%	0.6%
Partnership (Income) Loss Not Subject to U.S. Corporate Income Taxes	-8.3%	-8.6%	-9.3%
Foreign Income Taxes	0.7%	-1.5%	5.4%
State and Local Income Taxes, Net of Federal Benefit	2.9%	5.7%	1.3%
Return to Provision	-0.4%	-0.2%	0.0%
Rate Change Impact	0.0%	1.3%	-4.6%
Tax Benefit from NOL Carryback under the CARES Act	-1.5%	—	—
Other	0.0%	0.5%	1.7%
Effective Income Tax Rate	14.3%	22.4%	-2.5%

Deferred income taxes reflect the net tax effects of temporary differences that may exist between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes using enacted tax rates in effect for the year in which the differences are expected to reverse. A summary of the tax effects of the temporary differences is as follows:

	December 31,	
	2020	2019
Deferred Tax Assets		
Operating Lease Liabilities	\$ 21,579	\$ 23,669
Tax Basis Step-Up from Blackstone	18,314	21,891
Deferred Compensation	17,481	13,759
Partner Exchange Basis Step-Up	20,451	9,624
Net Operating Loss	—	4,222
Other	2,648	1,337
Total Deferred Tax Assets	\$ 80,473	\$ 74,502
Deferred Tax Liabilities		
Operating Lease Right-of-Use Assets	\$ 18,762	\$ 21,549
Intangible Assets	1,302	1,099
Fixed Assets	1,823	468
Other	5,256	3,149
Total Deferred Tax Liabilities	27,143	26,265
Deferred Tax Asset, Net	\$ 53,330	\$ 48,237

On March 27, 2020, the President of the United States signed the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) into law, which includes several provisions for corporations regarding the tax treatment of net operating losses, interest deductions and payroll benefits. The Company has elected to carryback certain net operating losses, which resulted in a \$3.7 million decrease in the Company’s Provision for Income Taxes for the year ended December 31, 2020.

The realization of deferred tax assets arising from timing differences and net operating losses requires taxable income in future years in order to deduct the reversing timing differences and absorb the net operating losses. The Company assesses positive and negative evidence in determining whether to record a valuation allowance with respect to deferred tax assets. This assessment is performed separately for each taxing jurisdiction.

PJT Partners Inc.
Notes to Consolidated Financial Statements – Continued
(All Dollars Are in Thousands, Except Share and Per Share Data, Except Where Noted)

The Company considered its cumulative taxable income earned in recent periods and projections of future taxable income based on the growth trajectory of its business as positive evidence in evaluating its ability to utilize the deferred tax assets. The Company's projections of future taxable income currently indicate that it is more likely than not that the deferred tax assets will be realized.

The Company does not believe that it meets the indefinite reversal criteria that would allow the Company to refrain from recognizing any deferred tax liability with respect to its foreign subsidiaries. Accordingly, the Company records a deferred tax liability with respect to an outside basis difference in its investment in a foreign subsidiary, where applicable.

The Company is subject to taxation in the United States and various state, local and foreign jurisdictions. As of December 31, 2020, the Company is not generally subject to examination by the tax authorities for years before 2017.

The Company had no unrecognized tax benefits as of December 31, 2020 and 2019.

The Company does not anticipate a material increase or decrease in unrecognized tax benefits during the coming year.

For the years ended December 31, 2020, 2019 and 2018, no interest or penalties were accrued with respect to unrecognized tax positions and there were no settlements with taxing authorities.

10. NET INCOME PER SHARE OF CLASS A COMMON STOCK

Basic and diluted net income per share of Class A common stock for the years ended December 31, 2020, 2019 and 2018 is presented below:

	Year Ended December 31,		
	2020	2019	2018
<i>Numerator:</i>			
Net Income Attributable to PJT Partners Inc.	\$ 117,549	\$ 29,562	\$ 27,170
Less:			
Dividends on Participating Securities	11	20	128
Net Income Attributable to Participating Securities	41	34	143
Net Income Attributable to Shares of Class A			
Common Stock — Basic	117,497	29,508	26,899
Incremental Net Income from Dilutive Securities	72,452	879	1,325
Net Income Attributable to Shares of Class A			
Common Stock — Diluted	\$ 189,949	\$ 30,387	\$ 28,224
<i>Denominator:</i>			
Weighted-Average Shares of Class A Common			
Stock Outstanding — Basic	24,496,285	24,007,138	21,879,574
Weighted-Average Number of Incremental Shares from			
Unvested RSUs and Partnership Units	18,630,881	1,007,431	2,374,487
Weighted-Average Shares of Class A Common			
Stock Outstanding — Diluted	43,127,166	25,014,569	24,254,061
Net Income Per Share of Class A Common Stock			
Basic	\$ 4.80	\$ 1.23	\$ 1.23
Diluted	\$ 4.40	\$ 1.21	\$ 1.16

PJT Partners Inc.
Notes to Consolidated Financial Statements – Continued
(All Dollars Are in Thousands, Except Share and Per Share Data, Except Where Noted)

Partnership Units may be exchanged for PJT Partners Inc. Class A common stock on a one-for-one basis, subject to applicable vesting and transfer restrictions. If all Partnership Units were exchanged for Class A common stock, weighted-average Class A common stock outstanding would be 40,004,937 for the year ended December 31, 2020, excluding unvested RSUs and participating RSUs. In computing the dilutive effect, if any, which the aforementioned exchange would have on net income per share, net income attributable to holders of Class A common stock would be adjusted due to the elimination of the non-controlling interests associated with the Partnership Units (including any tax impact).

The following table summarizes the anti-dilutive securities for the years ended December 31, 2020, 2019 and 2018:

	Year Ended December 31,		
	2020	2019	2018
Weighted-Average Unvested RSUs	(a)	(a)	(a)
Weighted-Average Participating RSUs	16,483	40,544	139,519
Weighted-Average Partnership Units	(a)	15,912,203	15,673,976

(a) These securities were determined to be dilutive.

11. EQUITY-BASED AND OTHER DEFERRED COMPENSATION

Overview

On October 1, 2015, the Company adopted the PJT Partners Inc. 2015 Omnibus Incentive Plan, and on April 24, 2019, the Company adopted the Amended and Restated PJT Partners Inc. Omnibus Plan (the “PJT Equity Plan”) for the purpose of providing incentive compensation measured by reference to the value of the Company’s Class A common stock or Partnership Units. The PJT Equity Plan provides for the granting of incentive stock options, nonqualified stock options, stock appreciation rights, restricted stock, restricted stock units, partnership interests and other stock-based or cash-based awards. The Company has authorized 17 million shares of Class A common stock for issuance of new awards under the PJT Equity Plan, (in addition to the shares that were issuable under the plan in connection with the spin-off), of which 7.7 million were available for issuance as of December 31, 2020. The Company intends to use newly-issued shares of the Company’s Class A common stock to satisfy vested RSU awards under the PJT Equity Plan.

The following table represents equity-based compensation expense and related income tax benefit for the years ended December 31, 2020, 2019 and 2018:

	Year Ended December 31,		
	2020	2019	2018
Equity-Based Compensation Expense	\$ 120,912	\$ 111,568	\$ 117,991
Income Tax Benefit	\$ 16,417	\$ 10,709	\$ 9,987

Restricted Stock Units

Pursuant to the PJT Equity Plan and in connection with the spin-off, acquisition of CamberView, annual compensation process and ongoing hiring process, the Company has issued RSUs, which generally vest over a service life of three to five years. Awards are generally forfeited if the employee ceases to be employed by the Company prior to vesting.

PJT Partners Inc.
Notes to Consolidated Financial Statements – Continued
(All Dollars Are in Thousands, Except Share and Per Share Data, Except Where Noted)

The following table summarizes activity related to unvested RSUs for the year ended December 31, 2020:

	Restricted Stock Units			
	PJT Partners Inc.		PJT Partners Holdings LP	
	Number of Units	Weighted- Average Grant Date Fair Value (in dollars)	Number of Units	Weighted- Average Grant Date Fair Value (in dollars)
Balance, December 31, 2019	4,137,595	\$ 44.84	18,302	\$ 41.57
Granted	2,770,231	53.70	—	—
Vested	(1,965,690)	43.00	(18,302)	41.57
Forfeited	(160,459)	49.86	—	—
Dividends Reinvested on RSUs	19,721	50.57	—	—
Balance, December 31, 2020	4,801,398	\$ 50.56	—	\$ —

As of December 31, 2020, there was \$115.7 million of estimated unrecognized compensation expense related to unvested RSU awards. This cost is expected to be recognized over a weighted-average period of 0.9 years. The Company assumes a forfeiture rate of 1.0% to 9.0% annually based on expected turnover and periodically reassesses this rate. The weighted-average grant date fair value with respect to RSUs granted for the years ended December 31, 2019 and 2018 was \$43.87 and \$48.21, respectively.

RSU Awards with Both Service and Market Conditions

In connection with the acquisition of CamberView and ongoing hiring process, the Company has granted RSU awards containing both service and market conditions. The service condition requirement with respect to such equity-based awards is four years with 100% vesting occurring at the end of the fourth year. The market condition requirement will generally be satisfied upon the publicly traded shares of Class A common stock achieving a volume-weighted average share price target over any consecutive 30-day trading period subsequent to the grant date.

The following table summarizes activity related to unvested RSU awards with both a service and market condition for the year ended December 31, 2020:

	RSU Awards with Both Service and Market Conditions	
	Number of Units	Weighted- Average Grant Date Fair Value (in dollars)
Balance, December 31, 2019	262,342	\$ 24.84
Granted	100,000	34.42
Vested	(2,787)	13.52
Forfeited	(685)	26.19
Dividends Reinvested on RSUs	2,916	24.13
Balance, December 31, 2020	361,786	\$ 27.56

As of December 31, 2020, there was \$5.0 million of estimated unrecognized compensation expense related to RSU awards with both a service and market condition. This cost is expected to be recognized over a weighted-average period of 1.7 years. The Company assumes a forfeiture rate of 4.0% to 9.0% annually based on expected turnover and periodically reassesses this rate. The weighted-average grant date fair value with respect to RSUs with both a service and market condition granted for the years ended December 31, 2019 and 2018 was \$12.07 and \$26.19, respectively.

PJT Partners Inc.
Notes to Consolidated Financial Statements – Continued
(All Dollars Are in Thousands, Except Share and Per Share Data, Except Where Noted)

The Company estimated the fair value of RSU awards with both a service and market condition at grant using a Monte Carlo simulation. The following table presents the assumptions used for the years ended December 31, 2020, 2019 and 2018:

	Year Ended December 31,		
	2020	2019	2018
Risk-Free Interest Rate	0.2%	1.7% - 2.3%	2.9%
Dividend Yield	0.5%	0.5%	0.4%
Volatility Factor (a)	52.3%	28.2% - 29.8%	31.8%
Expected Life (in years)	1.3	2.8 - 3.2	4.0

(a) The weighted-average volatility factor was 29.0% for the year ended December 31, 2019.

Restricted Share Awards

In connection with the acquisition of CamberView, certain individuals were issued restricted shares of the Company's Class A common stock. Based on the terms of the award, compensation expense will be recognized over four years. For the year ended December 31, 2020, no restricted share awards were granted. For the year ended December 31, 2019, 3,591 restricted share awards were granted. As of December 31, 2020, 3,506 restricted shares have vested, no restricted shares have been forfeited and there was \$0.2 million of estimated unrecognized compensation expense related to restricted share awards. This cost is expected to be recognized over a weighted-average period of 1.3 years.

Partnership Units

In connection with the spin-off, acquisition of CamberView, annual compensation process and ongoing hiring process, certain individuals were issued Partnership Units that, subject to certain terms and conditions, are exchangeable at the option of the holder for cash or, at the Company's election, for shares of PJT Partners Inc. Class A common stock on a one-for-one basis. These Partnership Units generally vest over a service life of three to five years.

The following table summarizes activity related to unvested Partnership Units for the year ended December 31, 2020:

	Partnership Units	
	Number of Partnership Units	Weighted-Average Grant Date Fair Value (in dollars)
Balance, December 31, 2019	564,437	\$ 38.18
Granted	95,160	49.92
Vested	(303,307)	33.67
Balance, December 31, 2020	356,290	\$ 45.16

As of December 31, 2020, there was \$9.1 million of estimated unrecognized compensation expense related to unvested Partnership Units. This cost is expected to be recognized over a weighted-average period of 1.1 years. The Company assumes a forfeiture rate of 4.0% annually based on expected turnover and periodically reassesses this rate. The weighted-average grant date fair value with respect to Partnership Units granted for the years ended December 31, 2019 and 2018 was \$38.90 and \$49.35, respectively.

PJT Partners Inc.
Notes to Consolidated Financial Statements – Continued
(All Dollars Are in Thousands, Except Share and Per Share Data, Except Where Noted)

Partnership Unit Awards with Both Service and Market Conditions

In connection with the spin-off, the Company also granted Partnership Unit awards containing both service and market conditions. The effect of the market condition is reflected in the grant date fair value of the award. Compensation cost is recognized over the requisite service period, provided that the service period is completed, irrespective of whether the market condition is satisfied. The service condition requirement with respect to such Partnership Unit awards is generally five years with 20% vesting in the third year, 30% in the fourth year and 50% in the fifth year. The market condition requirement will be satisfied upon the publicly traded shares of Class A common stock achieving certain volume-weighted average share price targets over any consecutive 30-day trading period following the consummation of the spin-off, pro rata at \$48, \$55, \$63, \$71 and \$79 per share of Class A common stock. During the year ended December 31, 2020, the \$63 and \$71 share price targets were achieved. The \$48 and \$55 share price targets were previously achieved.

The market condition requirements must be met prior to the sixth anniversary of the consummation of the spin-off. No portion of these awards will become vested until both the service and market conditions have been satisfied.

The following table summarizes activity related to unvested Partnership Unit awards with both a service and market condition for the year ended December 31, 2020:

	Partnership Unit Awards with Both Service and Market Conditions	
	Number of Partnership Units	Weighted- Average Grant Date Fair Value (in dollars)
Balance, December 31, 2019	3,806,183	\$ 5.72
Vested	(2,580,167)	5.72
Forfeited	(15,190)	5.72
Balance, December 31, 2020	1,210,826	\$ 5.72

As of December 31, 2020, there was no unrecognized compensation expense related to Partnership Unit awards with both a service and market condition.

Units Expected to Vest

The following unvested units, after expected forfeitures, as of December 31, 2020, are expected to vest:

	Units	Weighted-Average Service Period in Years
Partnership Units (a)	344,054	1.1
Restricted Stock Units	4,875,361	1.0
Restricted Share Awards	5,223	1.3
Total Equity-Based Awards	5,224,638	1.0

(a) Excludes 1.2 million outstanding Partnership Units subject to market conditions.

Deferred Cash Compensation

The Company has periodically issued deferred cash compensation in connection with annual incentive compensation as well as other hiring or retention related awards. These awards typically vest over a period of one to four years. Compensation expense related to deferred cash awards was \$34.7 million, \$25.5 million and \$8.8 million for the years ended December 31, 2020, 2019 and 2018, respectively. As of December 31, 2020, there was \$38.0 million of unrecognized compensation expense related to these awards. The weighted-average period over which this compensation cost is expected to be recognized is 1.5 years.

PJT Partners Inc.
Notes to Consolidated Financial Statements – Continued
(All Dollars Are in Thousands, Except Share and Per Share Data, Except Where Noted)

12. STOCKHOLDERS' EQUITY

Class A and Class B Common Stock

Holders of shares of the Company's Class A common stock are (a) entitled to one vote for each share held of record on all matters on which stockholders are entitled to vote generally, including the election or removal of directors; (b) entitled to receive dividends when and if declared by the Company's Board of Directors ("Board") out of funds legally available therefor; and (c) entitled to receive pro rata the Company's remaining assets available for distribution upon any liquidation, dissolution or winding up of the Company.

With respect to all matters presented to stockholders of the Company other than director elections and removals, each holder of Class B common stock is entitled, without regard to the number of shares of Class B common stock held by such holder, to one vote for each partnership unit (including for this purpose, the number of Partnership Units that would be held by such holder assuming the conversion on such date of all vested and unvested LTIP Units held of record by such holder) in PJT Partners Holdings LP held by such holder. Shares of Class B common stock will initially entitle holders to only one vote per share in the election and removal of directors of PJT Partners Inc. However, all or a portion of the voting power of Class B common stock with respect to the election of directors of the Company may be increased to up to the number of votes to which a holder is then entitled on all other matters presented to stockholders. By written notice to the Company, each holder of Class B common stock may, at any time, request that such holder become entitled to a number of votes in the election and removal of directors of the Company not to exceed at any time the number of votes to which such holder is then entitled on all other matters presented to stockholders, or such lesser number of votes as may be specified in such holder's request. The Board, in its sole discretion, may approve or decline any such request, and no such holder shall become entitled to such requested voting power in respect of such shares of Class B common stock unless and until the Board approves such request. Class B common stockholders have no economic rights in the Company, and do not have any right to receive dividends or to receive a distribution upon a liquidation or winding up of the Company.

In connection with the acquisition of CamberView, the Company issued 1.4 million shares of its Class A common stock on the acquisition date, October 1, 2018, and an additional 0.1 million shares of its Class A common stock during March 2019 related to the settlement of escrow balances.

Non-Controlling Interests

PJT Partners Inc. is the sole general partner of PJT Partners Holdings LP. PJT Partners Inc. owns less than 100% of the economic interest in PJT Partners Holdings LP, but has 100% of the voting power and controls the management of PJT Partners Holdings LP. As of December 31, 2020 and 2019, the non-controlling interest was 41.0% and 40.5%, respectively. The percentage of the Net Income Attributable to Non-Controlling Interests will vary from this percentage primarily due to the differing level of income taxes applicable to the controlling interest.

Partnership Units are exchangeable at the option of the holder for cash or, at the Company's election, for shares of Class A common stock on a one-for-one basis. The election to exchange Partnership Units is entirely within the control of the Partnership Unitholder, although the Company retains the sole option to determine whether to settle the exchange in either cash or shares of Class A common stock.

PJT Partners Inc. operates and controls all of the business and affairs of PJT Partners Holdings LP and its operating subsidiaries indirectly through its equity interest in PJT Partners Holdings LP; therefore, the shares of Class A common stock outstanding represent the controlling interest.

In connection with the acquisition of CamberView, the Company issued 0.1 million Partnership Units to certain CamberView employees. Such issuance has been reflected in Non-Controlling Interests in the Consolidated Statement of Changes in Equity (Deficit). An additional 0.1 million Partnership Units were issued during March 2019 related to the settlement of escrow balances.

PJT Partners Inc.
Notes to Consolidated Financial Statements – Continued
(All Dollars Are in Thousands, Except Share and Per Share Data, Except Where Noted)

Treasury Stock

On February 1, 2021, the Company's Board authorized the repurchase of shares of the Company's Class A common stock in an amount up to \$150 million, which is in addition to the previous authorizations, of which \$36.4 million was remaining as of December 31, 2020. Under the repurchase program, shares of the Company's Class A common stock may be repurchased from time to time in open market transactions, in privately negotiated transactions or otherwise. The timing and the actual number of shares repurchased depend on a variety of factors, including legal requirements, price and economic and market conditions. The repurchase program may be suspended or discontinued at any time and does not have a specified expiration date.

During the year ended December 31, 2020, the Company repurchased 0.9 million shares of the Company's Class A common stock at an average price per share of \$52.20, or \$48.7 million in aggregate, pursuant to this share repurchase program. The result of these repurchases was an increase of \$48.7 million in Treasury Stock in the Company's Consolidated Statement of Financial Condition for the year ended December 31, 2020. With respect to repurchases of the Company's Class A common stock during the year ended December 31, 2019, the Company recorded an increase of \$47.8 million in Treasury Stock in the Company's Consolidated Statement of Financial Condition.

13. LEASES

The components of lease expense were as follows:

	Year Ended December 31,	
	2020	2019
Operating Lease Cost	\$ 27,492	\$ 25,473
Finance Lease Cost		
Amortization of Right-of-Use Assets	130	141
Interest on Lease Liabilities	5	6
Total Finance Lease Cost	135	147
Short-Term Lease Cost	—	234
Variable Lease Cost	3,101	2,900
Sublease Income	(2,757)	(3,642)
Total Lease Cost	<u>\$ 27,971</u>	<u>\$ 25,112</u>

Supplemental information related to leases was as follows:

	Year Ended December 31,	
	2020	2019
Cash Paid for Amounts Included in Measurement of Lease Liabilities		
Operating Cash Flows from Operating Leases	\$ 16,596	\$ 18,546
Operating Cash Flows from Finance Leases	\$ 4	\$ 6
Financing Cash Flows from Finance Leases	\$ 144	\$ 145
Right-of-Use Assets Obtained in Exchange for Lease Liabilities		
Operating Leases	\$ 4,043	\$ 183,672
Finance Leases	\$ 77	\$ 68

	December 31,	
	2020	2019
Weighted-Average Remaining Lease Term (in years)		
Operating Leases	8.4	9.0
Finance Leases	3.1	2.1
Weighted-Average Discount Rate		
Operating Leases	4.7%	4.8%
Finance Leases	3.7%	3.5%

PJT Partners Inc.
Notes to Consolidated Financial Statements – Continued
(All Dollars Are in Thousands, Except Share and Per Share Data, Except Where Noted)

For the year ended December 31, 2018, rent expense was \$24.9 million. Rent expense is included in Occupancy and Related in the Consolidated Statements of Operations. This amount includes escalation payments, which are paid when invoiced.

The following is a maturity analysis of the annual undiscounted cash flows of the finance and operating lease liabilities as of December 31, 2020:

Year Ending December 31,	Finance		Operating	
2021	\$	49	\$	28,785
2022		38		28,707
2023		30		28,800
2024		17		27,254
2025		—		23,443
Thereafter		—		72,357
Total Lease Payments		134		209,346
Less: Imputed Interest		7		37,055
Total	\$	127	\$	172,291

14. TRANSACTIONS WITH RELATED PARTIES

Exchange Agreement

The Company has entered into an exchange agreement with the limited partners of PJT Partners Holdings LP pursuant to which they (or certain permitted transferees) have the right, subject to the terms and conditions set forth in the limited partnership agreement of PJT Partners Holdings LP, on a quarterly basis, to exchange all or part of their Partnership Units for cash or, at the Company's election, for shares of PJT Partners Inc. Class A common stock on a one-for-one basis, subject to customary conversion rate adjustments for splits, unit distributions and reclassifications. Further, pursuant to the terms in the partnership agreement of PJT Partners Holdings LP, the Company may also require holders of Partnership Units who are not Service Providers (as defined in the partnership agreement of PJT Partners Holdings LP) to exchange such Partnership Units. The price per Partnership Unit to be received in a cash-settled exchange will be equal to the fair value of a share of PJT Partners Inc. Class A common stock (determined in accordance with and subject to adjustment under the exchange agreement). In the event cash-settled exchanges of Partnership Units are funded with new issuances of Class A common stock, the fair value of a share of PJT Partners Inc. Class A common stock will be deemed to be equal to the net proceeds per share of Class A common stock received by PJT Partners Inc. in the related issuance. Accordingly, in this event, the price per Partnership Unit to which an exchanging Partnership Unitholder will be entitled may be greater than or less than the then-current market value of PJT Partners Inc. Class A common stock. The exchange agreement also provides that a holder of Partnership Units will not have the right to exchange Partnership Units in the event that PJT Partners Inc. determines that such exchange would be prohibited by law, or would result in any breach of any debt agreement or other material contract of PJT Partners Inc. or PJT Partners Holdings LP.

Certain Partnership Unitholders exchanged 1.7 million and 0.4 million Partnership Units, respectively, for cash in the amounts of \$101.9 million and \$19.0 million, respectively, for the years ended December 31, 2020 and 2019. Such amounts are recorded as a reduction of Non-Controlling Interests in the Consolidated Statements of Financial Condition.

With respect to the fourth quarter 2020 exchange, the Company has elected to settle the exchange of 680,368 Partnership Units on February 9, 2021 for cash for an aggregate payment of \$48.5 million. The price per Partnership Unit paid by the Company was \$71.25, which was equal to the volume-weighted average price of a share of the Company's Class A common stock on February 4, 2021.

PJT Partners Inc.
Notes to Consolidated Financial Statements – Continued
(All Dollars Are in Thousands, Except Share and Per Share Data, Except Where Noted)

Registration Rights Agreement

The Company has entered into a registration rights agreement with the limited partners of PJT Partners Holdings LP pursuant to which the Company granted them, their affiliates and certain of their transferees the right, under certain circumstances and subject to certain restrictions, to require the Company to register under the Securities Act of 1933 shares of Class A common stock delivered in exchange for Partnership Units. The registration rights agreement does not contain any penalties associated with failure to file or to maintain the effectiveness of a registration statement covering the shares owned by individuals covered by such agreement.

Tax Receivable Agreement

The Company has entered into a tax receivable agreement with the holders of Partnership Units (other than PJT Partners Inc.) that provides for the payment by PJT Partners Inc. to exchanging holders of Partnership Units of 85% of the benefits, if any, that PJT Partners Inc. is deemed to realize as a result of the increases in tax basis related to such exchanges of Partnership Units and of certain other tax benefits related to entering into the tax receivable agreement, including tax benefits attributable to payments under the tax receivable agreement. As of December 31, 2020 and 2019, the Company had amounts due of \$19.6 million and \$9.3 million, respectively, pursuant to the tax receivable agreement, which represent management's best estimate of the amounts currently expected to be owed in connection with the tax receivable agreement. The Company expects to make the following payments with respect to the tax receivable agreement: \$1.0 million for the year ending December 31, 2021; \$0.7 million for the year ending December 31, 2022; \$1.3 million for each of the years ending December 31, 2023, 2024 and 2025; and \$13.9 million in years thereafter. Actual payments may differ significantly from estimated payments.

Aircraft Lease

We make available to our partners, and on occasion, family members of these individuals, personal use of a company leased business aircraft when the aircraft is not being used for business purposes, for which the partners pay the full incremental costs associated with such use. Such amount is not material to the consolidated financial statements.

15. COMMITMENTS AND CONTINGENCIES

Commitments

Line of Credit

On October 1, 2018, PJT Partners Holdings LP, as borrower ("Borrower") entered into an Amended and Restated Loan Agreement (the "Amended and Restated Loan Agreement") and related documents with First Republic Bank, as lender (the "Lender"). The Amended and Restated Loan Agreement provides for a revolving credit facility with aggregate commitments in an amount equal to \$40.0 million, which aggregate commitments may be increased, on the terms and subject to the conditions set forth in the Amended and Restated Loan Agreement, to up to \$60.0 million during the period beginning December 1 each year through March 1 of the following year. The revolving credit facility will mature and the commitments thereunder will terminate on the maturity date, subject to extension by agreement of the Borrower and Lender.

On February 1, 2021, Borrower entered into a Renewal and Modification Agreement (the "Renewal Agreement") and related documents with Lender, amending the terms of the Borrower's revolving credit facility with the Lender under the Amended and Restated Loan Agreement. The Renewal Agreement provides for a revolving credit facility with aggregate commitments in an amount equal to \$60.0 million, which aggregate commitments may be increased, on the terms and subject to the conditions set forth in the Renewal Agreement, to up to \$80.0 million during the period beginning December 1 each year through March 1 of the following year. The revolving credit facility will mature and the commitments thereunder will terminate on October 1, 2022, subject to extension by agreement of the Borrower and Lender.

PJT Partners Inc.
Notes to Consolidated Financial Statements – Continued
(All Dollars Are in Thousands, Except Share and Per Share Data, Except Where Noted)

The Renewal Agreement requires the Borrower to maintain certain minimum financial covenants and limits or restricts the ability of the Borrower (subject to certain qualifications and exceptions) to incur additional indebtedness in excess of \$20.0 million. Outstanding borrowings under the Renewal Agreement are secured by the accounts receivable of PJT Partners LP.

Outstanding borrowings under the revolving credit facility bear interest equal to the greater of a per annum rate of (a) 2.75%, or (b) the prime rate minus 1.0%. During an event of default, overdue principal under the revolving credit facility bears interest at a rate 2.0% in excess of the otherwise applicable rate of interest. In connection with the closing of the Renewal Agreement, the Borrower paid the Lender certain closing costs and fees. In addition, on and after the closing date, the Borrower will also pay a commitment fee on the undrawn portion of the revolving credit facility of 0.125% per annum, payable quarterly in arrears.

As of December 31, 2020 and 2019, the Company was in compliance with the debt covenants under the Amended and Restated Loan Agreement.

As of December 31, 2020 and 2019, there were no borrowings under the revolving credit facility.

Term Loan

The Amended and Restated Loan Agreement also provided for a term loan with an aggregate commitment of \$30.0 million (the “Term Loan”). The Term Loan had an original maturity date of January 2, 2021, which was repaid in full during the year ended December 31, 2020.

Contingencies

Litigation

From time to time, the Company is named as a defendant in legal actions relating to transactions conducted in the ordinary course of business. Some of these matters may involve claims of substantial amounts. Although there can be no assurance of the outcome of such legal actions, in the opinion of management, after consultation with external counsel, the Company believes it is not probable and/or reasonably possible that any current legal proceedings or claims would individually or in the aggregate have a material adverse effect on the consolidated financial statements of the Company. The Company is not currently able to estimate the possible loss or range of loss until developments in such matters have provided sufficient information to support such an assessment, including quantification of a damage demand from plaintiffs, discovery from other parties and investigation of factual allegations, rulings by courts on motions or appeals, analysis by experts or the status of any settlement negotiations.

Guarantee

The Company provides a guarantee to a lending institution for certain loans held by employees for investment in funds of its former Parent, which are secured by the underlying investments in those funds. The amount guaranteed was \$6.0 million and \$8.0 million as of December 31, 2020 and 2019, respectively. In connection with this guarantee, the Company currently expects any associated risk of loss to be insignificant.

Indemnifications

The Company has entered and may continue to enter into contracts that contain a variety of indemnification obligations. The Company’s maximum exposure under these arrangements is not known; however, the Company currently expects any associated risk of loss to be insignificant. In connection with these matters, the Company has incurred and may continue to incur legal expenses, which are expensed as incurred.

PJT Partners Inc.
Notes to Consolidated Financial Statements – Continued
(All Dollars Are in Thousands, Except Share and Per Share Data, Except Where Noted)

Transactions and Agreements with Blackstone

Employee Matters Agreement

The Company is required to reimburse Blackstone for the value of forfeited unvested equity awards granted to former Blackstone employees that transitioned to PJT Partners in connection with the spin-off. Such reimbursement is recorded in Accounts Payable, Accrued Expenses and Other Liabilities with an offset to Equity in the Consolidated Statements of Financial Condition. The accrual for these forfeitures was \$0.9 million as of December 31, 2020 and 2019.

Pursuant to the Employee Matters Agreement, the Company has agreed to pay Blackstone the net realized cash benefit resulting from certain compensation-related tax deductions. The amount payable to Blackstone arising from the tax deductions has been recorded in Other Expenses in the Consolidated Statements of Operations and is payable annually (for periods in which a cash benefit is realized) within nine months of the end of the relevant tax period. As of December 31, 2020 and 2019, the Company had accrued \$2.4 million and \$1.8 million, respectively, which the Company anticipates will be payable to Blackstone after the Company files its respective tax returns. The tax deduction and corresponding payable to Blackstone related to such deliveries will fluctuate primarily based on the price of Blackstone common units at the time of delivery.

16. REGULATED ENTITIES

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

Upon receipt of regulatory approval, on August 31, 2020, Park Hill Group LLC merged with and into PJT Partners LP and the net assets of Park Hill Group LLC were transferred to PJT Partners LP at their respective carrying values.

PJT Partners LP is a registered broker-dealer through which strategic advisory, capital markets advisory, restructuring and special situations, shareholder advisory, private fund advisory and fundraising services are conducted in the United States and is subject to the net capital requirements of Rule 15c3-1 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). PJT Partners LP computes net capital based upon the aggregate indebtedness standard, which requires the maintenance of minimum net capital, as defined, which shall be the greater of \$100 thousand or 6 2/3% of aggregate indebtedness, as defined, and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. PJT Partners LP had net capital of \$243.2 million and \$74.4 million as of December 31, 2020 and 2019, respectively, which exceeded the minimum net capital requirement by \$241.2 million and \$72.8 million, respectively.

PJT Partners LP does not carry customer accounts and does not otherwise hold funds or securities for, or owe money or securities to, customers and, accordingly, has no obligations under the SEC Customer Protection Rule (Rule 15c3-3).

PJT Partners (UK) Limited is authorized and regulated by the United Kingdom’s Financial Conduct Authority and is required to maintain regulatory net capital of €50 thousand. PJT Partners (HK) Limited is licensed with the Hong Kong Securities and Futures Commission and is subject to a minimum liquid capital requirement of HK\$3 million. PJT Partners Park Hill (Spain) A.V., S.A.U. is an investment firm regulated by Spain’s National Securities Market Commission and is required to maintain minimum capital of €60 thousand. As of December 31, 2020 and 2019, all of these entities were in compliance with local capital adequacy requirements.

17. BUSINESS INFORMATION

The Company’s activities providing strategic advisory, capital markets advisory, restructuring and special situations, shareholder advisory, private fund advisory and fundraising services constitute a single reportable segment. An operating segment is a component of an entity that conducts business and incurs revenues and expenses for which discrete financial information is available that is reviewed by the chief operating decision maker in

PJT Partners Inc.
Notes to Consolidated Financial Statements – Continued
(All Dollars Are in Thousands, Except Share and Per Share Data, Except Where Noted)

assessing performance and making resource allocation decisions. The Company has a single operating segment and therefore a single reportable segment.

The Company is organized as one operating segment in order to maximize the value of advice to clients by drawing upon the diversified expertise and broad relationships of senior professionals across the Company. The chief operating decision maker assesses performance and allocates resources based on broad considerations, including the market opportunity, available expertise across the Company and the strength and efficacy of professionals' collaboration, and not based upon profit or loss measures for the Company's separate product lines.

Since the financial markets are global in nature, the Company generally manages its business based on the operating results of the Company taken as a whole, not by geographic region. The following tables set forth the geographical distribution of revenues and assets based on the location of the office that generates the revenues or holds the assets and therefore may not be reflective of the geography in which the Company's clients are located.

	Year Ended December 31,		
	2020	2019	2018
Revenues			
Domestic	\$ 933,580	\$ 652,108	\$ 468,754
International	118,720	65,531	111,494
Total	<u>\$ 1,052,300</u>	<u>\$ 717,639</u>	<u>\$ 580,248</u>
	December 31,		
	2020	2019	
Assets			
Domestic	\$ 975,762	\$ 792,403	
International	195,845	160,374	
Total	<u>\$ 1,171,607</u>	<u>\$ 952,777</u>	

The Company was not subject to any material concentrations with respect to its revenues for the years ended December 31, 2020, 2019 and 2018. The Company was not subject to any material concentrations of credit risk with respect to its accounts receivable as of December 31, 2020 and 2019.

18. SUBSEQUENT EVENTS

The Board has declared a quarterly dividend of \$0.05 per share of Class A common stock, which will be paid on March 17, 2021 to Class A common stockholders of record on March 3, 2021.

The Company has evaluated the impact of subsequent events through the date these financial statements were issued, and determined there were no subsequent events requiring adjustment or further disclosure to the financial statements besides those described in Note 12. "Stockholders' Equity—Treasury Stock," Note 14. "Transactions with Related Parties—Exchange Agreement" and Note 15. "Commitments and Contingencies—Commitments, Line of Credit."

PJT Partners Inc.
Notes to Consolidated Financial Statements – Continued
(All Dollars Are in Thousands, Except Share and Per Share Data, Except Where Noted)

19. QUARTERLY FINANCIAL DATA (UNAUDITED)

	Three Months Ended			
	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020
Revenues	\$ 200,171	\$ 232,563	\$ 297,563	\$ 322,003
Expenses	166,612	182,886	227,467	227,374
Income Before Provision for Taxes	\$ 33,559	\$ 49,677	\$ 70,096	\$ 94,629
Net Income	\$ 32,009	\$ 40,917	\$ 58,107	\$ 81,393
Net Income Attributable to Non-Controlling Interests	13,149	19,247	27,200	35,281
Net Income Attributable to PJT Partners Inc.	\$ 18,860	\$ 21,670	\$ 30,907	\$ 46,112
Net Income Per Share of Class A Common Stock				
Basic	\$ 0.78	\$ 0.88	\$ 1.25	\$ 1.87
Diluted	\$ 0.72	\$ 0.86	\$ 1.22	\$ 1.67
Dividends Declared Per Share of Class A Common Stock	\$ 0.05	\$ 0.05	\$ 0.05	\$ 0.05

	Three Months Ended			
	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019
Revenues	\$ 128,056	\$ 166,704	\$ 174,227	\$ 248,652
Expenses	128,143	153,112	154,444	199,750
Income (Loss) Before Provision for Taxes	\$ (87)	\$ 13,592	\$ 19,783	\$ 48,902
Net Income	\$ 937	\$ 10,026	\$ 14,781	\$ 38,043
Net Income (Loss) Attributable to Non-Controlling Interests	(164)	5,200	7,956	21,233
Net Income Attributable to PJT Partners Inc.	\$ 1,101	\$ 4,826	\$ 6,825	\$ 16,810
Net Income Per Share of Class A Common Stock				
Basic	\$ 0.05	\$ 0.20	\$ 0.28	\$ 0.71
Diluted	\$ 0.04	\$ 0.20	\$ 0.28	\$ 0.69
Dividends Declared Per Share of Class A Common Stock	\$ 0.05	\$ 0.05	\$ 0.05	\$ 0.05

PJT Partners Inc.
Schedule II – Valuation and Qualifying Accounts
(Dollars in Thousands)

	Allowance for Credit Losses		
	Year Ended December 31,		
	2020 (a)	2019	2018
Balance, Beginning of Period	\$ —	\$ 726	\$ 1,934
Additions:			
Bad Debt Expense	—	2,081	1,007
Adoption of ASC 326	1,107	—	—
Provision for Credit Losses	1,266	—	—
Recoveries	325	—	—
Deductions:			
Charge-offs of Uncollectible Balances	(1,368)	(2,807)	(2,215)
Balance, End of Period	<u>\$ 1,330</u>	<u>\$ —</u>	<u>\$ 726</u>

(a) The Company adopted new guidance regarding the measurement of credit losses using the modified retrospective approach as of January 1, 2020. The comparative information has not been restated and is presented under the accounting standards in effect for those periods.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure 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 Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this report. Based upon this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective.

Changes in Internal Control over Financial Reporting

No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) occurred during our most recent quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Management's Report on Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control over financial reporting is a process designed under the supervision of its principal executive and principal financial officers to provide reasonable assurance regarding the reliability of financial reporting and the preparation of its financial statements for external reporting purposes in accordance with accounting principles generally accepted in the United States of America.

The Company's internal control over financial reporting includes policies and procedures that pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets; provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorizations of management and the directors; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on its financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. In addition, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Management conducted an assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2020 based on the framework established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management has determined that the Company's internal control over financial reporting as of December 31, 2020 was effective.

Deloitte & Touche LLP, an independent registered public accounting firm, has audited the Company's consolidated financial statements included in this Annual Report on Form 10-K and issued its report on the effectiveness of the Company's internal control over financial reporting as of December 31, 2020, which is included below.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of PJT Partners Inc.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of PJT Partners Inc. and subsidiaries (the “Company”) as of December 31, 2020, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2020, of the Company and our report dated February 26, 2021, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management’s Report on Internal Control over Financial Reporting*. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte & Touche LLP

New York, New York
February 26, 2021

ITEM 9B. OTHER INFORMATION

None.

PART III.

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information regarding directors and executive officers set forth under the caption “Proposal 1—Election of Directors” and “Executive Officers” in our definitive proxy statement to be filed in connection with our 2021 Annual Meeting of Stockholders (the “Proxy Statement”) is incorporated herein by reference.

The information regarding our Code of Business Conduct and Ethics, our audit committee and our audit committee financial expert under the caption “Corporate Governance Matters” in the Proxy Statement is incorporated herein by reference.

We post our Code of Business Conduct and Ethics on our corporate website at www.pjtpartners.com under the “Investor Relations/Corporate Governance/Governance Documents” section. Our Code of Business Conduct and Ethics applies to all directors, officers and employees, including our chairman and chief executive officer and our principal financial and accounting officer. We will post any amendments to the Code of Business Conduct and Ethics, and any waivers that are required to be disclosed by the rules of either the SEC or the NYSE, on our website within the required periods.

ITEM 11. EXECUTIVE COMPENSATION

The information contained in the sections captioned “Compensation of Our Executive Officers,” “Compensation of Our Directors” and “Report of the Compensation Committee” in the Proxy Statement is incorporated herein by reference.

Information regarding our compensation committee and compensation committee interlocks under the caption “Corporate Governance Matters—Board Committees” and “Corporate Governance Matters—Compensation Committee Interlocks and Insider Participation” in the Proxy Statement is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information contained in the sections captioned “Compensation of Our Executive Officers—Equity Compensation Plan Information” and “Security Ownership of Certain Beneficial Owners and Management” in the Proxy Statement is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information contained in the sections captioned “Certain Relationships and Related Person Transactions” and “Corporate Governance Matters—Director Independence” in the Proxy Statement is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information regarding our independent registered public accounting firm fees and services in the section captioned “Proposal 3—Ratification of Independent Registered Public Accounting Firm” in the Proxy Statement is incorporated herein by reference.

PART IV.

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

1. Financial Statements

The consolidated financial statements required to be filed in this Annual Report on Form 10-K are included in Item 8 above.

2. Financial Statement Schedules

See “Index to Consolidated Financial Statements” in this Annual Report on Form 10-K included in Item 8 above.

3. Exhibits:

Exhibit Number	
2.1*	<u>Separation and Distribution Agreement by and among The Blackstone Group L.P., Blackstone Holdings I L.P., New Advisory GP L.L.C., PJT Partners Inc. and PJT Partners Holdings LP, dated as of October 1, 2015 (incorporated herein by reference to Exhibit 2.1 to the Registrant’s Current Report on Form 8-K (File No. 001-36869) filed with the Securities and Exchange Commission on October 5, 2015).</u>
2.2*	<u>Agreement and Plan of Merger by and among CamberView Partners Holdings, LLC, PJT Partners Inc., PJT Partners Holdings LP, Blue Merger Sub LLC and CC CVP Partners Holdings, L.L.C., dated as of August 27, 2018 (incorporated herein by reference to Exhibit 2.2 to the Registrant’s Quarterly Report on Form 10-Q (File No. 001-36869) filed with the Securities and Exchange Commission on November 2, 2018.)</u>
3.1	<u>Amended and Restated Certificate of Incorporation of PJT Partners Inc. (incorporated herein by reference to Exhibit 3.1 to the Registrant’s Current Report on Form 8-K (File No. 001-36869) filed with the Securities and Exchange Commission on October 5, 2015).</u>
3.2	<u>Amended and Restated By-Laws of PJT Partners Inc. (incorporated herein by reference to Exhibit 3.2 to the Registrant’s Current Report on Form 8-K (File No. 001-36869) filed with the Securities and Exchange Commission on October 5, 2015).</u>
4.1	<u>Description of Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934 (incorporated herein by reference to Exhibit 4.1 to the Registrant’s Annual Report on Form 10-K (File No. 001-36869) filed with the Securities and Exchange Commission on February 27, 2020).</u>
10.1	<u>Employee Matters Agreement by and among The Blackstone Group L.P., Blackstone Holdings I L.P., New Advisory GP L.L.C., PJT Partners Inc., PJT Partners Holdings LP, PJT Capital LP, and PJT Management, LLC, dated as of October 1, 2015 (incorporated herein by reference to Exhibit 10.1 to the Registrant’s Current Report on Form 8-K (File No. 001-36869) filed with the Securities and Exchange Commission on October 5, 2015).</u>
10.2	<u>Tax Matters Agreement by and among The Blackstone Group L.P., Blackstone Holdings I/II GP Inc., PJT Partners Inc., PJT Partners Holdings LP, StoneCo IV Corporation, PJT Capital LP, PJT Management, LLC and the seller parties defined therein, dated as of October 1, 2015 (incorporated herein by reference to Exhibit 10.2 to the Registrant’s Current Report on Form 8-K (File No. 001-36869) filed with the Securities and Exchange Commission on October 5, 2015).</u>
10.3	<u>Amended and Restated Loan Agreement, by and between PJT Partners Holdings LP and First Republic Bank, dated as of October 1, 2018 (incorporated herein by reference to Exhibit 10.1 to the Registrant’s Quarterly Report on Form 10-Q (File No. 001-36869) filed with the Securities and Exchange Commission on November 2, 2018).</u>

Exhibit Number	
10.4	<u>Renewal Agreement, by and between PJT Partners Holdings LP and First Republic Bank, dated as of February 4, 2020 (incorporated herein by reference to Exhibit 10.4 to the Registrant's Annual Report on Form 10-K (File No. 001-36869) filed with the Securities and Exchange Commission on February 27, 2020).</u>
10.5	<u>Renewal and Modification Agreement, by and between PJT Partners Holdings LP and First Republic Bank, dated as of February 1, 2021.</u>
10.6	<u>Second Amended and Restated Limited Partnership Agreement of PJT Partners Holdings LP, dated as of October 1, 2015 (incorporated herein by reference to Exhibit 10.5 to the Registrant's Current Report on Form 8-K (File No. 001-36869) filed with the Securities and Exchange Commission on October 5, 2015).</u>
10.7	<u>Amendment to the Second Amended and Restated Limited Partnership Agreement of PJT Partners Holdings LP, dated as of October 1, 2015 (incorporated herein by reference to Exhibit 10.6 to the Registrant's Annual Report on Form 10-K (File 001-36869) filed with the Securities and Exchange Commission on February 29, 2016).</u>
10.8	<u>Amendment No. 2 to the Second Amended and Restated Limited Partnership Agreement of PJT Partners Holdings LP, dated as of October 12, 2016 (incorporated herein by reference to Exhibit 10.8 to the Registrant's Annual Report on Form 10-K (File 001-36869) filed with the Securities and Exchange Commission on February 28, 2017).</u>
10.9	<u>Amendment No. 3 to the Second Amended and Restated Limited Partnership Agreement of PJT Partners Holdings LP, dated as of January 1, 2018 (incorporated herein by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q (File 001-36869) filed with the Securities and Exchange Commission on May 4, 2018).</u>
10.10	<u>Exchange Agreement by and among PJT Partners Inc., PJT Partners Holdings LP and the holders of partnership units from time to time party thereto, dated as of October 1, 2015 (incorporated herein by reference to Exhibit 10.6 to the Registrant's Current Report on Form 8-K (File No. 001-36869) filed with the Securities and Exchange Commission on October 5, 2015).</u>
10.11	<u>Tax Receivable Agreement by and among PJT Partners Inc., PJT Partners Holdings LP and each of the limited partners from time to time party thereto, dated as of October 1, 2015 (incorporated herein by reference to Exhibit 10.7 to the Registrant's Current Report on Form 8-K (File No. 001-36869) filed with the Securities and Exchange Commission on October 5, 2015).</u>
10.12	<u>Registration Rights Agreement by and among PJT Partners Inc. and the covered persons from time to time party thereto, dated as of October 1, 2015 (incorporated herein by reference to Exhibit 10.8 to the Registrant's Current Report on Form 8-K (File No. 001-36869) filed with the Securities and Exchange Commission on October 5, 2015).</u>
10.13+	<u>PJT Partners Inc. 2015 Omnibus Incentive Plan, dated as of October 1, 2015 (incorporated herein by reference to Exhibit 10.10 to the Registrant's Current Report on Form 8-K (File No. 001-36869) filed with the Securities and Exchange Commission on October 5, 2015).</u>
10.14+	<u>Amended and Restated PJT Partners Inc. 2015 Omnibus Incentive Plan (incorporated herein by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (File No. 001-36869) filed with the Securities and Exchange Commission on April 25, 2019).</u>
10.15+	<u>PJT Partners Inc. Amended and Restated Bonus Deferral Plan, dated as of February 23, 2021.</u>
10.16+	<u>Form of PJT Partners Holdings LP Restricted Bonus Component Agreement (incorporated herein by reference to Exhibit 10.13 to the Registrant's Annual Report on Form 10-K (File 001-36869) filed with the Securities and Exchange Commission on February 29, 2016).</u>
10.17+	<u>Partner Agreement between PJT Partners Holdings LP and Paul J. Taubman, dated as of October 9, 2014 (incorporated herein by reference to Exhibit 10.9 to the Registrant's Registration Statement on Form 10 (File No. 001-36869) filed with the Securities Exchange Commission on September 3, 2015).</u>

Exhibit Number	
10.18+	<u>Partner Agreement between PJT Partners Holdings LP and Ji-Yeun Lee, dated as of October 9, 2014 (incorporated herein by reference to Exhibit 10.15 to the Registrant's Annual Report on Form 10-K (File 001-36869) filed with the Securities and Exchange Commission on February 29, 2016).</u>
10.19+	<u>Amendment to Partner Agreement between PJT Partners Holdings LP and Ji-Yeun Lee, dated as of October 1, 2015 (incorporated herein by reference to Exhibit 10.16 to the Registrant's Annual Report on Form 10-K (File 001-36869) filed with the Securities and Exchange Commission on February 29, 2016).</u>
10.20+	<u>Amendment to Partner Non-Competition and Non-Solicitation Agreement between PJT Partners Holdings LP and Ji-Yeun Lee, dated as of October 1, 2015 (incorporated herein by reference to Exhibit 10.17 to the Registrant's Annual Report on Form 10-K (File 001-36869) filed with the Securities and Exchange Commission on February 29, 2016).</u>
10.21+	<u>Partner Agreement between PJT Partners Holdings LP and Helen T. Meates, dated as of October 1, 2015 (incorporated herein by reference to Exhibit 10.18 to the Registrant's Annual Report on Form 10-K (File 001-36869) filed with the Securities and Exchange Commission on February 29, 2016).</u>
10.22+	<u>Partner Agreement between PJT Partners Holdings LP and James W. Cuminale, dated as of October 1, 2015 (incorporated herein by reference to Exhibit 10.19 to the Registrant's Annual Report on Form 10-K (File 001-36869) filed with the Securities and Exchange Commission on February 29, 2016).</u>
10.23+	<u>Form of Founder Unit Grant Agreement (CEO) (incorporated herein by reference to Exhibit 10.20 to the Registrant's Annual Report on Form 10-K (File 001-36869) filed with the Securities and Exchange Commission on February 29, 2016).</u>
10.24+	<u>Form of Earn-Out Unit Grant Agreement (CEO) (incorporated herein by reference to Exhibit 10.21 to the Registrant's Annual Report on Form 10-K (File 001-36869) filed with the Securities and Exchange Commission on February 29, 2016).</u>
10.25+	<u>Form of Founder Unit Grant Agreement (non-CEO) (incorporated herein by reference to Exhibit 10.22 to the Registrant's Annual Report on Form 10-K (File 001-36869) filed with the Securities and Exchange Commission on February 29, 2016).</u>
10.26+	<u>Form of Earn-Out Unit Grant Agreement (non-CEO) (incorporated herein by reference to Exhibit 10.23 to the Registrant's Annual Report on Form 10-K (File 001-36869) filed with the Securities and Exchange Commission on February 29, 2016).</u>
10.27+	<u>Form of Founder LTIP Unit Grant Agreement (non-CEO) (incorporated herein by reference to Exhibit 10.24 to the Registrant's Annual Report on Form 10-K (File 001-36869) filed with the Securities and Exchange Commission on February 29, 2016).</u>
10.28+	<u>Form of Director Restricted Stock Unit Grant Agreement (one-time award) (incorporated herein by reference to Exhibit 10.25 to the Registrant's Annual Report on Form 10-K (File 001-36869) filed with the Securities and Exchange Commission on February 29, 2016).</u>
10.29+	<u>Form of Director Restricted Stock Unit Grant Agreement (annual retainer) (incorporated herein by reference to Exhibit 10.26 to the Registrant's Annual Report on Form 10-K (File 001-36869) filed with the Securities and Exchange Commission on February 29, 2016).</u>
10.30+	<u>Form of Restricted Stock Unit Award Agreement (incorporated herein by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q (File No. 001-36869) filed with the Securities and Exchange Commission on August 12, 2016).</u>
10.31+	<u>Form of Special Equity Restricted Stock Unit Award Agreement (incorporated herein by reference to Exhibit 10.30 to the Registrant's Annual Report on Form 10-K (File No. 001-36869) filed with the Securities and Exchange Commission on February 28, 2017).</u>

Exhibit Number	
10.32	<u>Form of Director Indemnification Agreement (incorporated herein by reference to Exhibit 10.31 to the Registrant's Annual Report on Form 10-K (File No. 001-36869) filed with the Securities and Exchange Commission on February 28, 2017).</u>
21.1	<u>Subsidiaries of PJT Partners Inc.</u>
23.1	<u>Consent of Deloitte & Touche LLP.</u>
24.1	<u>Power of Attorney (included on signature page hereto).</u>
31.1	<u>Certification of the Chief Executive Officer pursuant to Rule 13a-14(a).</u>
31.2	<u>Certification of the Chief Financial Officer pursuant to Rule 13a-14(a).</u>
32.1	<u>Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).</u>
32.2	<u>Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).</u>
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because iXBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).
+	Indicates management or compensating plan or arrangement
*	Certain schedules and exhibits to this agreement have been omitted in accordance with Item 601(a)(5) of Regulation S-K. The descriptions of the omitted schedules and exhibits are contained within the relevant agreement. A copy of any omitted schedule and/or exhibit will be furnished supplementally to the Securities and Exchange Commission upon request.

The agreements and other documents filed as exhibits to this report are not intended to provide factual information or other disclosure other than with respect to the terms of the agreements or other documents themselves, and you should not rely on them for that purpose. In particular, any representations and warranties made by us in these agreements or other documents were made solely within the specific context of the relevant agreement or document and may not describe the actual state of affairs as of the date they were made or at any other time.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

Date: February 26, 2021

PJT Partners Inc.

By: /s/ Paul J. Taubman
Name: Paul J. Taubman
Title: Chief Executive Officer

Each of the officers and directors of PJT Partners Inc. whose signature appears below, in so signing, also makes, constitutes and appoints Paul J. Taubman and Helen T. Meates, and each of them, his true and lawful attorneys-in-fact and agents, with full power and substitution and resubstitution, for him in any and all capacities, to execute and cause to be filed with the SEC any and all amendments (including post-effective amendments) to this Annual Report on Form 10-K, with exhibits thereto and other documents connected therewith and to perform any acts necessary to be done in order to file such documents, and hereby ratifies and confirms all that said attorneys-in-fact or their substitute or substitutes may do or cause to be done by virtue hereof.

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant, in the capacities and on the dates indicated.

<u>Name</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Paul J. Taubman</u> Paul J. Taubman	Chairman and Chief Executive Officer (Principal Executive Officer)	February 26, 2021
<u>/s/ Helen T. Meates</u> Helen T. Meates	Chief Financial Officer (Principal Financial and Accounting Officer)	February 26, 2021
<u>/s/ James Costos</u> James Costos	Director	February 26, 2021
<u>/s/ Dennis S. Hersch</u> Dennis S. Hersch	Director	February 26, 2021
<u>/s/ Emily K. Rafferty</u> Emily K. Rafferty	Director	February 26, 2021
<u>/s/ Thomas M. Ryan</u> Thomas M. Ryan	Director	February 26, 2021
<u>/s/ Grace Reksten Skaugen</u> Grace Reksten Skaugen	Director	February 26, 2021
<u>/s/ Kenneth C. Whitney</u> Kenneth C. Whitney	Director	February 26, 2021

RENEWAL AND MODIFICATION AGREEMENT

This Renewal and Modification Agreement (this “Agreement”), dated as of February 1, 2021 for reference purposes only, is made by and between PJT Partners Holdings LP (“Borrower”) and First Republic Bank (the “Lender”), with reference to the following facts:

A. The Lender has previously made or committed to make revolving loans in the aggregate maximum principal amount of \$40,000,000.00 (with a provision for an increase to \$60,000,000.00 at certain times of the year) to Borrower (the “Loan”).

B. The Loan arises out of that certain Amended and Restated Loan Agreement dated October 1, 2018 (as amended, the “Loan Agreement”) to which Borrower and the Lender are parties. The Loan is evidenced by Borrower’s Amended and Restated Promissory Note dated October 1, 2018 (the “Note”). All terms with an initial capital letter that are used but not defined in this Agreement shall have the respective meanings given to such terms in the Loan Agreement.

C. Borrower has requested that Lender (i) extend the maturity date of the Note from October 1, 2021 to October 1, 2022, (ii) increase the principal amount of the Commitment from \$40,000,000.00 (with a provision for an increase to \$60,000,000.00 at certain times of the year) to \$60,000,000.00 (with a provision for an increase to \$80,000,000.00 at certain times of the year) and (iii) make certain other changes to the Loan Documents, and Lender has agreed to do so on the terms set forth herein.

THEREFORE, for valuable consideration, the Lender and Borrower agree as follows:

1. **Extension of Line of Credit Note Maturity Date.** The Maturity Date of the Note is extended to October 1, 2022, at which time the entire unpaid principal balance of the Note, all accrued and unpaid interest and any other outstanding amounts due Lender under the Loan Documents shall be due and payable. The Note and the Loan Documents are amended accordingly, and the Line of Credit Note is being concurrently amended and restated as the Second Amended and Restated Promissory Note (Line of Credit – Prime Rate Adjustable – Interest Only) dated February 1, 2021 (the “Second Amended and Restated Promissory Note”), which Second Amended and Restated Promissory Note shall hereafter be deemed to mean the Line of Credit Note, as amended herein.

2. **Principal Amount of the Commitment.** The principal amount of the Commitment (and the face amount of the Line of Credit Note) is hereby increased from the principal amount of \$40,000,000.00 (with a provision for an increase to \$60,000,000.00 at certain times of the year) to \$60,000,000.00 (with a provision for an increase to \$80,000,000.00 at certain times of the year) pursuant to the terms of the Loan Documents and the terms of the Second Amended and Restated Promissory Note. Accordingly, the following provisions of the Loan Agreement are hereby amended to reflect such increase:

2.1 Section 1.24 of the Loan Agreement is amended and restated in its entirety as follows:

1.24 **Request for Increase.** A written request in the form of Exhibit E for a temporary increase of the Commitment up to Eighty Million and no/100 Dollars (\$80,000,000.00) pursuant this Agreement.

2.2 Section 2.1(a) of the Loan Agreement is amended and restated in its entirety as follows:

(a) Borrower may, on or after November 1st of any year, submit a Request for Increase to increase the Commitment (an “Increase”) between December 1st and March 1st of the immediately following calendar year (or a portion of such period). Each Request for Increase shall state the time period during the upcoming three-month period for the Increase to be in place (such period of time for such increase, the “Increase Period”).

2.3 Section 2.1(b) of the Loan Agreement is amended and restated in its entirety as follows:

(b) If an Increase is put into place, Borrower must repay to Lender Line of Credit Advances such that by the end of the Increase Period (but which shall in no event be after March 1st (or if such date is

not a Business Day, then the next succeeding Business Day) of any year in which an Increase is in place) the aggregate outstanding principal amount of the Line of Credit Advances is not greater than \$60,000,000. At the end of the Increase Period the Commitment shall automatically be reduced to \$60,000,000, and in no event shall the Commitment exceed \$60,000,000 at any time between March 2nd and November 30th in any calendar year.

2.4 Exhibit E attached hereto is added to the Loan Agreement as Exhibit E.

3. **Line of Credit Loan Interest Rate.** The interest rate payable on the Line of Credit Loan is amended to provide for an interest rate floor of no less than two and 75/100 percent (2.75%) per annum, pursuant to the terms of the Second Amended and Restated Promissory Note.

4. **Covenants.** Exhibit D to the Loan Agreement is hereby amended and restated in its entirety with Exhibit D attached hereto.

5. **Execution of Second Amended and Restated Promissory Note.** Concurrently with the execution of this Agreement, Borrower shall execute and deliver to Lender the Second Amended and Restated Promissory Note. All references to the "Line of Credit Note" in the Loan Documents shall hereafter refer to and be the Second Amended and Restated Promissory Note, which when executed in favor of and delivered to Lender shall supersede and replace, in its entirety, the Note (as referenced in Recital A hereof).

6. **Merger of Third Party Pledgors.** By their execution of this Agreement, (a) Lender acknowledges its prior consent to the merger of Third Party Pledgor Park Hill Group LLC with and into Third Party Pledgor PJT Partners LP (the "Merger"), (b) Borrower acknowledges that as a result of such Merger the "Collateral" pledged by PJT Partners LP to Lender under the Third Party Pledge Agreement between PJT Partners LP and Lender dated or about October 1, 2015 includes the "Collateral" pledged by Park Hill Group LLC to Lender under the Third Party Pledge Agreement between Park Hill Group LLC and Lender dated on or about October 1, 2015 and (c) Lender and Borrower agree that all references to Park Hill Group LLC as a Third Party Pledgor under the Loan Agreement shall be deemed a reference to PJT Partners LP (as successor by merger to Park Hill Group LLC).

7. **Representations and Warranties.** As a material inducement to the Lender's execution of this Agreement, Borrower makes the following warranties and representations to the Lender:

7.1 Borrower has the full power and authority to enter into and perform all of its obligations under this Agreement, and this Agreement, when executed by the Persons signing this Agreement on behalf of Borrower, shall constitute a legal, valid and binding obligation of Borrower enforceable in accordance with its terms (except as enforcement may be limited by equitable principles and by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to creditors' rights generally and regardless of whether enforcement is sought in equity or at law). The Persons executing this Agreement on behalf of Borrower have been duly authorized to execute this Agreement by all required action on the part of Borrower.

7.2 There are no liens affecting all or part of the Collateral, except for the liens in favor of the Lender and the Permitted Liens.

7.3 No Event of Default has occurred and is continuing.

8. **No Modification of Loan Documents.** Nothing contained in this Agreement shall be construed to obligate the Lender to extend the time for payment of the Second Amended and Restated Promissory Note or otherwise modify any of the Loan Documents in any respect, except as expressly set forth in this Agreement.

9. **No Waiver.** No waiver by the Lender of any of its rights or remedies in connection with the Loan Documents shall be effective unless such waiver is in writing and signed by the Lender. The Lender's rights and remedies under this Agreement are cumulative with and in addition to any and all other legal and equitable rights and remedies which the Lender may have in connection with the Loans.

10. **Entire Agreement.** This Agreement and the other Loan Documents contain the entire agreement and understanding among the parties concerning the matters covered by this Agreement and other Loan Documents and supersede all prior and contemporaneous agreements, statements, understandings, terms, conditions, negotiations,

representations and warranties, whether written or oral, made by the Lender or Borrower concerning the matters covered by this Agreement and the other Loan Documents.

11. **Modifications.** This Agreement may be modified only by a written agreement signed by Borrower and the Lender.

12. **Descriptive Headings; Interpretation.** The headings to sections of this Agreement are for convenient reference only and shall not be used in interpreting this Agreement. For purposes of this Agreement, the term “including” shall be deemed to mean “including without limitation.”

13. **Renewal/Modification Fees.** Borrower shall pay to the Lender, upon execution of this Agreement, (a) a loan fee of \$60,000.00 and (b) all reasonable and documented out-of-pocket costs, charges, and expenses paid or incurred by the Lender in connection with the preparation of this Agreement and the transactions contemplated hereby, including reasonable attorneys’ fees (all of which amounts will be debited from Borrower’s account number [removed]). Borrower shall pay all reasonable and documented out-of-pocket costs and expenses, including reasonable attorneys’ fees and costs, incurred by the Lender in enforcing any of the terms of this Agreement or the other Loan Documents, whether or not any legal proceedings are instituted by the Lender.

14. **Indemnification.** Borrower shall indemnify and hold the Lender and its officers, directors, agents, employees, representatives, shareholders, affiliates, successors and assigns (collectively, the “Indemnified Parties”) harmless from and against any and all claims, demands, damages, liabilities, actions, causes of action, suits, reasonable costs and expenses, including reasonable attorneys’ fees and costs, directly arising out of or relating to any commission or brokerage fee or charge claimed to be due or owing to any Person in connection with the transactions contemplated by this Agreement as a result of any act or agreement by the Borrower.

15. **No Third Party Beneficiaries.** This Agreement is entered into for the sole benefit of the Lender and Borrower, and no other Person shall have any right of action under this Agreement.

16. **NO CLAIMS.** BORROWER ACKNOWLEDGES AND AGREES THAT (A) IT HAS NO OFFSETS OR DEDUCTIONS OF ANY KIND AGAINST ANY OR ALL OF THE OBLIGATIONS; AND (B) IT HAS NO DEFENSES OR OTHER CLAIMS OR CAUSES OF ACTION OF ANY KIND AGAINST THE LENDER IN CONNECTION WITH THE LOANS OR THE COLLATERAL.

17. **Continuing Effect of Documents.** The Second Amended and Restated Promissory Note and the other Loan Documents, as modified by this Agreement, shall remain in full force and effect in accordance with their terms and are affirmed by Borrower.

18. **Counterparts; Successors.** This Agreement may be executed in counterparts, each of which shall constitute an original, and all of which together shall constitute one and the same agreement. This Agreement shall be binding upon and shall inure to the benefit of the parties and their respective permitted successors and assigns.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Renewal and Modification Agreement as of the date first above written.

BORROWER:

PJT Partners Holdings LP

By: PJT Partners Inc.,
its General Partner

By: /s/ Helen T. Meates

Name: Helen T. Meates

Title: CFO

LENDER:

First Republic Bank

By: /s/ Stephen J. Szanto

Name: Stephen J. Szanto

Title: Senior Managing Director

PJT Partners LP executes this Renewal and Modification Agreement for the sole purpose of evidencing its acknowledgement and agreement to Section 6(b) hereof:

PJT Partners LP

By: PJT Management, LLC,
its general partner

By: PJT Partners Holdings LP
its sole member

By: PJT Partners, Inc.,
its general partner

By: /s/ Helen T. Meates

Name: Helen T. Meates

Title: CFO

Exhibit D

COVENANTS

This Exhibit D is an integral part of the Agreement between the Lender and Borrower, and the following terms are incorporated in and made a part of the Agreement to which this Exhibit D is attached:

1. Financial Covenants.

1.1 No Additional Indebtedness. Without the prior written consent of the Lender, Borrower: (a) shall not incur indebtedness for borrowed money during the term of this Agreement, excluding (i) debts owing by Borrower as of the date of this Agreement that were previously disclosed in writing to Lender, (ii) other borrowing from the Lender (or an affiliate of Lender), (iii) unsecured debt incurred in the ordinary course of business, (iv) indebtedness incurred to finance the acquisition, construction or improvement of any fixed or capital assets (including capital lease obligations) and any indebtedness assumed in connection with the acquisition of any such assets, (v) debts owing by Borrower to another Loan Party or any affiliate of a Loan Party and (vi) other indebtedness up to an aggregate amount not to exceed \$20,000,000 at any time outstanding (which other indebtedness under this clause (vi) shall include but not be limited to all indebtedness that is excluded from liabilities pursuant to Sections (b) and (c) of the definition of "Tangible Net Worth" in Section 1.2 of this Exhibit D and all indebtedness that is excluded from the definition of "Debt" in Section 1.3 of this Exhibit D); and (b) shall not directly or indirectly make, create, incur, assume or permit to exist any guaranty of any kind of any indebtedness of any other Person during the term of this Agreement, excluding (i) any guaranties by Borrower as of the date of this Agreement previously disclosed in writing to Lender, (ii) guaranties by Borrower incurred in connection with any employee loan program arranged by Lender, (iii) guaranties incurred in connection with lease agreements entered into by the Borrower or any of its affiliates and other guaranties incurred in the ordinary course of business (including in respect of any leasehold obligations) and not in respect of indebtedness for borrowed money and (iv) guaranties in respect of indebtedness of Borrower's affiliates if the Borrower would have been able to incur such indebtedness directly under the foregoing clause (a), provided that the amount of such guaranties under this Section (1.1)(iii) and (iv) do not exceed an aggregate face value of \$20,000,000 in the aggregate at any time.

1.2 Minimum Tangible Net Worth. Borrower shall at all times maintain a Tangible Net Worth of not less than \$300,000,000.

"Tangible Net Worth" is defined as the excess of total assets minus total liabilities, determined in accordance with generally accepted accounting principles with the following adjustments: (a) there will be excluded from assets (i) notes, accounts receivable and other obligations owing from officers, members, partners or affiliates, and (ii) all assets which would be classified as intangible assets under generally accepted accounting principles including goodwill, licenses, patents, trademarks, trade names, copyrights, capitalized software and organizational costs and franchises; (b) there will be excluded from liabilities all indebtedness which is either secured on a junior lien basis with respect to the Obligations, unsecured or subordinated to the Obligations; and (c) there will be excluded from liabilities all liabilities in respect of any deferred rent obligations.

1.3 Minimum Cash Flow Coverage Ratio. Borrower shall maintain a Minimum Cash Flow Coverage Ratio of not less than 1.50:1.00. This ratio shall be measured on a calendar year-to-date basis as of December 31, 2018 and on a calendar year-to-date basis as of the end of each successive calendar quarter thereafter.

"Minimum Cash Flow Coverage Ratio" for each applicable calendar year-to-date measurement period is defined as (i) annual net income plus interest, taxes, depreciation and amortization plus any recorded non-cash expense related to restricted stock units granted to employees minus dividends and distributions paid divided by (ii) the sum of required principal payments plus interest expense.

1.4 Leverage Ratio. Borrower shall at all times maintain a ratio of Debt to Adjusted EBITDA as follows, measured as of the last day of each quarter:

- (a) if Adjusted EBITDA is equal to or greater than \$35,000,000, then such ratio shall not exceed 2.00:1.00;
- (b) if Adjusted EBITDA is equal to or greater than \$20,000,000 but less than \$35,000,000, then such ratio shall not exceed 1.50:1.00; and
- (c) if Adjusted EBITDA is less than \$20,000,000, then such ratio shall not exceed 1.00:1.00.

The term “Debt” means total liabilities of Borrower minus (x) any indebtedness which is either secured on a junior lien basis with respect to the Obligations, unsecured or subordinated to the Obligations and (y) any unsecured indebtedness that is junior in priority to the Loans. For the avoidance of doubt, “Debt” shall include the indebtedness of any other entity (including any partnership in which the Borrower is a general partner) to the extent the Borrower is liable therefor as a result of the Borrower’s ownership interest in or other relationship with such entity, except to the extent the terms of such indebtedness expressly provide that the Borrower is not liable therefor.

The term “Adjusted EBITDA” means Borrower’s EBITDA for the previous four quarters plus any recorded non-cash expenses related to restricted stock units granted to employees during such four quarters less any dividends paid during such four quarters.

1.5 Liquidity. Borrower shall at all times maintain on a consolidated basis a ratio of Unencumbered Liquid Assets to then total current liabilities of not less than 1.25:1.00. This ratio shall be measured quarterly as of the last day of each quarter.

“Unencumbered Liquid Assets” is defined as the following assets: (a) cash and certificates of deposit; (b) the fair market value of treasury bills and other obligations of the U.S. Federal Government; (c) readily marketable securities that can be converted into cash within three (3) days without penalty or prepayment fee; (d) commercial paper; (e) Eligible Accounts Receivable and (f) money market mutual or similar funds that invest exclusively in assets satisfying the requirements of clauses (a) through (d) of this definition. Excluded from assets are (g) retirement accounts and (h) restricted stock and stock subject to provisions of Rule 144 of the Securities and Exchange Commission.

The term “Eligible Accounts Receivable” means (a) 50% of all bona fide accounts receivable generated in the ordinary course of business of PJT Partners LP’s business unit formerly known as Park Hill Group LLC, and (b) 75% of all bona fide accounts receivable generated in the ordinary course of business of Borrower and PJT Partners LP; provided, however, that the term Eligible Accounts Receivable shall not include (i) any accounts receivable in which Lender does not have a perfected security interest of first priority or (ii) any accounts receivable:

- (A) that have been invoiced and not paid within 90 days of the due date;
 - (B) for which any of the actions described in Sections 4.1(e), (h), (i) or (j) hereof has occurred with respect to the account debtor;
 - (C) with respect to which the account debtor disputes liability or makes any claim and Lender reasonably believes that there is a basis for such dispute (but only up to the disputed or claimed amount);
 - (D) with respect to which the Borrower or any of its affiliates owes the account debtor, but only to the amount owed (i.e., contra accounts); or
 - (E) with respect to which the account debtor is an affiliate of the Borrower or an officer or director of the Borrower or any of its affiliates, or any Person having the power or ability to control the Borrower. For the avoidance of doubt, The Blackstone Group L.P. and its subsidiaries shall not be deemed affiliates of the Borrower.
-

The Eligible Accounts Receivable shall be determined from the quarterly accounts receivable aging statement submitted by the Borrower pursuant to this Agreement.

2. Reporting Covenants.

2.1 Annual Financial Statements for General Partner of the Borrower. Borrower shall deliver to Lender annual financial statements, including balance sheet and income statements, within 90 days after the end of each fiscal year, which financial statements shall be audited by an independent certified public accountant of national standing (or otherwise reasonably acceptable to Lender).

2.2 Interim Financial Statements for General Partner of the Borrower. Borrower shall deliver to Lender internally prepared quarterly financial statements (excluding any notes thereto), including balance sheet and income statements, within 60 days after the end of each fiscal quarter, certified by such entity's chief financial officer or other officer or representative of such entity acceptable to Lender.

2.3 Compliance Certificate. Borrower shall deliver to Lender quarterly a compliance certificate, on Lender's standard form, within 45 days after the end of each quarter, certified by Borrower's chief financial officer or other officer or representative of Borrower acceptable to Lender.

2.4 Accounts Receivable Aging Statement. Borrower shall, and shall ensure that Pledgor shall, deliver to Lender quarterly accounts receivable aging statements, substantially in the form delivered to Lender in connection with the Loan Closing, within 45 days after the end of each fiscal quarter, certified by the chief financial officer of Borrower/Pledgor or other officer or representative of each such entity acceptable to Lender.

EXHIBIT E
FORM OF REQUEST FOR INCREASE

[DATE]¹

First Republic Bank
1230 Avenue of the Americas, 2nd Floor
New York, NY 10020
Attn: Business Banking
Telephone: 415-364-4420
Email: bbnycompliance@firstrepublic.com

RE: That certain Amended and Restated Loan Agreement dated as of October 1, 2018 by and between FIRST REPUBLIC BANK (“**Lender**”) and PJT PARTNERS HOLDINGS LP (“**Borrower**”) (as amended, amended and restated, supplemented or otherwise modified from time to time, the “**Loan Agreement**”). Capitalized terms not defined herein shall have the meanings assigned to such terms in the Loan Agreement.

Ladies and Gentlemen:

This Request for Increase is executed and delivered by Borrower to Lender pursuant to Section 2.1(a) of the Loan Agreement.

1. Borrower hereby requests an Increase in the Commitment in the amount of \$[INCREASE AMOUNT] for an aggregate Commitment of \$[NEW MAXIMUM COMMITMENT] during the Increase Period. The Increase Period for such Increase shall be from [DATE] until [DATE²].

2. In connection with this Request, Borrower hereby represents, warrants and certifies to the Lender that:

(a) As of the effective date of such Increase and immediately after giving effect thereto, the representations and warranties set forth in the Loan Agreement and the other Loan Documents are true and correct in all material respects with the same force and effect as if made on and as of such date;

(b) No Event of Default shall have occurred and is continuing on and as of the date hereof or will exist on the date any request herein becomes effective; and

(c) After any request herein becomes effective the aggregate outstanding Line of Credit Advances will not exceed the Commitment.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

¹ To be submitted on or after November 1 of any year.

² Increase Period shall be between December 1 and March 1 of immediately following year (or a portion of such period).

The undersigned hereby certify each and every matter contained herein to be true and correct.

BORROWER:

PJT Partners Holdings LP

By: PJT Partners Inc., its General Partner

By: _____
Name: _____
Title: _____

ACKNOWLEDGED AND ACCEPTED:

FIRST REPUBLIC BANK

By: _____

Name: _____
Title: _____

Date: _____

**ACKNOWLEDGMENT OF RENEWAL AND MODIFICATION AGREEMENT AND
REAFFIRMATION OF THIRD PARTY PLEDGE AGREEMENT**

Section 1. The undersigned Pledgor hereby acknowledges and confirms that it has reviewed and approves the terms and conditions of the Renewal and Modification Agreement dated on or about even date herewith between PJT Partners Holdings LP (“Borrower”) and First Republic Bank (“Lender”) (the “Amendment”).

Section 2. The undersigned Pledgor hereby consents to the Amendment and agrees that all obligations covered by the Third Party Pledge Agreement executed by the Pledgor in favor of Lender (which include Borrower’s increased obligations under the Second Amended and Restated Promissory Note) shall continue in full force and effect, shall be valid and enforceable and shall not be impaired or otherwise affected by the execution of the Amendment or any other document or instrument delivered in connection herewith.

Section 3. The undersigned Pledgor represents and warrants that, after giving effect to the Amendment, all representations and warranties contained in said Third Party Pledge Agreement are true, accurate and complete as if made the date hereof.

Dated as of February 1, 2021

PLEDGOR

PJT PARTNERS LP

By: PJT Management, LLC, its
general partner
By: PJT Partners Holdings LP, its
sole member

By: PJT Partners Inc., its
general partner

By: /s/ Helen T. Meates
Name: Helen T. Meates
Title: CFO

SECOND AMENDED AND RESTATED PROMISSORY NOTE

(Line of Credit - Prime Rate Adjustable - Interest Only)

\$60,000,000.00

February 1, 2021

1. **Promise to Pay.** At the times stated in this Note, for value received, **PJT Partners Holdings LP** (“Borrower”), promises to pay to **First Republic Bank** (“Lender”), or order, at 111 Pine Street, San Francisco, California 94111, Attention: Commercial Loan Operations, or at such other place as the Lender may from time to time designate in writing, the principal sum of **Sixty Million and no/100 Dollars (\$60,000,000.00)**, or so much thereof as may be disbursed by the Lender, with interest from the date of initial disbursement of all or any part of the principal of this Note (the “Disbursement Date”) on unpaid principal at the interest rate or interest rates provided for in this Note.

The principal amount of this Note is subject to an increase of up to Eighty Million and no/100 Dollars (\$80,000,000) from time to time pursuant to the provisions of the Loan Agreement relating to the Increase.

This Second Amended and Restated Promissory Note (“Note”) supersedes and replaces in its entirety that certain Amended and Restated Promissory Note dated October 1, 2018 (the “2018 Note”), which is deemed cancelled and no longer in effect. Any Line of Credit Advances outstanding on the date hereof shall, without the necessity of any action, become Line of Credit Advances hereunder.

2. Interest Rate; Payment of Principal and Interest.

2.1 **Certain Definitions.** For purposes of this Note, the following terms shall have the following definitions:

- (a) **Note Rate.** The per annum interest rate on the principal sum of this Note which is outstanding from time to time.
- (b) **Index.** The rate of interest published in the Western Edition of The Wall Street Journal as the U.S. “prime rate”.
- (c) **Interest Payment Date.** **February 15, 2021** and the same date of each month thereafter (or if such date is not a Business Day, then the next succeeding Business Day) to and including the same date of the month immediately preceding the month in which the Maturity Date occurs.

2.2 **Interest.** From the Disbursement Date to the Maturity Date of this Note, the Note Rate shall be equal to the greater of (i) the Index **minus one percent (1.0%)** per annum rounded upward to the nearest one-eighth (1/8th) of one percentage point (0.125%), and (ii) two and 75/100 percent (2.75%) per annum, subject to Section 0 below. The Note Rate shall be adjusted concurrently with, and such adjustments shall be effective on the same date as, adjustments announced in the Index.

2.3 **Payments.** Principal and interest shall be due and payable as follows:

- (a) **Interest Payments.** Interest shall be payable in arrears commencing on the first (1st) Interest Payment Date after the Disbursement Date and continuing on each Interest Payment Date thereafter until the Maturity Date.
 - (b) **Payment on Maturity Date.** The entire unpaid principal balance of this Note and all accrued and unpaid interest thereon shall be due and payable on **October 1, 2022** (the “Maturity Date”). BORROWER ACKNOWLEDGES AND AGREES THAT (1) THE LOAN EVIDENCED BY THIS NOTE IS NOT AN AMORTIZING LOAN; AND (2) THE ENTIRE PRINCIPAL BALANCE OF THIS NOTE SHALL BE DUE AND PAYABLE ON THE MATURITY DATE OF THIS NOTE.
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3. **Loan Agreement; Interest Computation.** This Note arises out of an Amended and Restated Loan Agreement dated October 1, 2018 (the “Loan Agreement”) executed by Borrower and Lender. This Note is the “Line of Credit Note” described in the Loan Agreement. All terms with an initial capital letter that are used but not specifically defined in this Note shall have respective meanings given to such terms in the Loan Agreement. All payments under this Note shall be made in immediately available funds and shall be credited first to accrued interest then due, thereafter to unpaid principal, and then to other charges, fees, costs, and expenses payable by Borrower under this Note or in connection with the loan evidenced by this Note (the “Loan”) in such order and amounts as the Lender may determine in its sole and absolute discretion. If any payment of interest is not made when due, at the option of the Lender, such interest payment shall bear interest at the same rate as principal from and after the due date of the interest payment. Principal and interest shall be payable only in lawful money of the United States of America. The receipt of any check or other item of payment (a “payment item”) by the Lender, at its option, shall not be considered a payment until such payment item is honored when presented for payment at the drawee bank or institution, and the Lender, at its option, may delay the credit of such payment until such payment item is so honored. Notwithstanding anything to the contrary contained in this Note, interest at the rates provided for in this Note shall be computed on the basis of a three hundred sixty (360) day year for the actual number of days during which the principal balance of this Note is outstanding. Borrower acknowledges and agrees that the calculation of interest on the basis described in the immediately preceding sentence may result in the accrual and payment of interest in amounts greater than those which would be payable if interest were calculated on the basis of a three hundred sixty-five (365) day year.

4. **After Maturity/Default Rate of Interest.** From and after either (a) the occurrence of an Event of Default (whether or not the Lender has elected to accelerate unpaid principal and interest under this Note as a result of such Event of Default); or (b) the maturity of this Note (whether the stated maturity date of this Note or the maturity date resulting from the Lender’s acceleration of unpaid principal and interest), then in either of such circumstances, interest on any unpaid principal balance of this Note that is overdue shall accrue at a rate equal to two percent (2.00%) per annum above the otherwise applicable Note Rate.

5. **Late Charge.** If any installment of interest under this Note is not paid within ten (10) days after the date on which it is due (other than as a result of Lender’s failure to make any automatic deduction from the Account (if sufficient funds are then in the Account) or Lender’s gross negligence or willful misconduct), Borrower shall immediately pay a late charge equal to two percent (2.00%) of such installment to the Lender to compensate the Lender for administrative costs and expenses incurred in connection with such late payment. Borrower agrees that the actual damages suffered by the Lender because of any late installment payment are extremely difficult and impracticable to ascertain, and the late charge described in this Section represents a reasonable attempt to fix such damages under the circumstances existing at the time this Note is executed. The Lender’s acceptance of any late charge shall not constitute a waiver of any of the terms of this Note and shall not affect the Lender’s right to enforce any of its rights and remedies against any Person liable for payment of this Note.

6. **Waivers.** Borrower and all sureties, guarantors, endorsers and other Persons liable for payment of this Note (a) waive presentment, demand for payment, protest, notice of demand, dishonor, protest and nonpayment, and all other notices and demands in connection with the delivery, acceptance, performance, default under, and enforcement of this Note; (b) waive the right to assert any statute of limitations as a defense to the enforcement of this Note to the fullest extent permitted by law; (c) consent to all extensions and renewals of the time of payment of this Note and to all modifications of this Note by the Lender and Borrower without notice to and without in any way affecting the liability of any Person for payment of this Note; and (d) consent to any forbearance by the Lender and to the release, addition, and substitution of any Person liable for payment of this Note and of any or all of the security for this Note without notice to and without in any way affecting the liability of any Person for payment of this Note.

7. **Default.** The Loan Agreement provides, among other things, for the acceleration of the unpaid principal balance and accrued interest under this Note upon the occurrence of certain events. The Lender, at its option and without notice to or demand on Borrower or any other Person, may terminate any or all obligations which it may have to extend further credit to Borrower and may declare the entire unpaid principal balance of this Note and all accrued interest thereon to be immediately due and payable upon the occurrence and during the continuation of any Event of Default.

8. **Application of Payments.** Upon the occurrence and during the continuation of any Event of Default, the Lender, at its option, shall have the right to apply all payments made under this Note to principal, interest, and other charges, fees, costs and expenses payable by Borrower under this Note or in connection with the Loan in such order and amounts as the Lender may determine in its sole and absolute discretion.

9. **Modifications; Cumulative Remedies; Loss of Note; Time of Essence.** No modification or waiver by the Lender of any of the terms of this Note shall be valid or binding on the Lender unless such modification or waiver is in writing and signed by the Lender. The Lender's rights and remedies under this Note are cumulative with and in addition to all other legal and equitable rights and remedies which the Lender may have in connection with the Loan. The headings to sections of this Note are for convenient reference only and shall not be used in interpreting this Note. If this Note is lost, stolen, or destroyed, upon Borrower's receipt of a reasonably satisfactory indemnification agreement executed by the Lender, or if this Note is mutilated, upon the Lender's surrender of the mutilated Note to Borrower, Borrower shall execute and deliver to the Lender a new promissory note which is identical in form and content to this Note to replace the lost, stolen, destroyed or mutilated Note. Time is of the essence in the performance of each provision of this Note by Borrower.

10. **Attorneys' Fees.** If Borrower defaults under any of the terms of this Note, Borrower shall pay all costs and expenses, including without limitation attorneys' fees and costs, incurred by the Lender in enforcing this Note immediately upon the Lender's demand, whether or not any action or proceeding is commenced by the Lender.

11. **Applicable Law; Prepayment; Successors.** This Note shall be governed by and interpreted in accordance with the laws of the State of New York. Borrower shall have the right to prepay all or part of the outstanding principal balance of this Note at any time without payment to the Lender of a prepayment fee or charge. This Note shall be the joint and several obligation of all Persons executing this Note as Borrower and all sureties, guarantors, and endorsers of this Note, and this Note shall be binding upon each of such Persons and their respective successors and permitted assigns. This Note shall inure to the benefit of the Lender and its successors and permitted assigns.

12. **Index.** If the Index becomes unavailable, the Lender shall, in consultation with the Borrower, select a comparable index (the "Substituted Index"). In such event, if applicable, the Lender shall adjust the interest rate spread set forth above (the "Spread") such that the sum of the Substituted Index and the adjusted Spread equals the sum of the prior Index plus the prior Spread. Borrower acknowledges that the Index may not represent the lowest interest rate charged by the Lender and that Lender may make loans at, above or below the Index or based on other reference rates.

13. **Security.** This Note is secured by the Security Agreements.

14. **Cancellation of 2018 Note.** Lender, by its acceptance of this Note, agrees to promptly return the original 2018 Note marked "cancelled" to Borrower at the address provided by Borrower to Lender.

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BORROWER:

PJT Partners Holdings LP

By: PJT Partners, Inc., its General Partner

By: /s/ Helen T. Meates

Name: Helen T. Meates

Title: CFO

AMENDED AND RESTATED
PJT PARTNERS INC. BONUS DEFERRAL PLAN
(Effective February 2021)

Purpose

This Amended and Restated PJT Partners Inc. Bonus Deferral Plan (the “Plan”) represents a deferred compensation plan for certain eligible employees and partners of PJT Partners Inc. (“PJT Partners”) and certain of its affiliates in order to provide such individuals with pre-tax deferred incentive compensation awards and thereby enhance the alignment of interests between such individuals and the Company and its affiliates. This Plan governs Annual Bonuses (as defined below) earned in respect of 2016 and subsequent calendar years. This Plan operates as a sub-plan to the PJT Partners Inc. 2015 Omnibus Incentive Plan and, accordingly, any Common Shares (as defined below) or equity-based awards thereon issued pursuant to this Plan will be deemed as issued under the share reserve established under the PJT Partners Inc. 2015 Omnibus Incentive Plan.

ARTICLE I.
DEFINITIONS

As used herein, the following terms have the meanings set forth below.

“Affiliated Employer” means, except as provided under Section 409A of the Code and the regulations promulgated thereunder, any company or other entity that is related to the Company as a member of a controlled group of corporations in accordance with Section 414(b) of the Code or as a trade or business under common control in accordance with Section 414(c) of the Code.

“Annual Bonus” means the annual bonus awarded to a Participant with respect to a given Fiscal Year under the applicable annual bonus plan, program, agreement or other arrangement (as designated by the Plan Administrator in its sole discretion); provided that a Participant’s Annual Bonus for purposes of this Plan shall exclude any bonus or other amount, the payment of which has been guaranteed or promised to the Participant at any time prior to the Annual Bonus Notification Date pursuant to any agreement, plan, program or other arrangement between the Participant and the Company (a “Guaranteed Bonus”) unless the document evidencing the Guaranteed Bonus expressly provides for the deferral of all or a specified portion of such Guaranteed Bonus, in which case such deferral will occur pursuant to the terms and conditions set forth in such document. Notwithstanding the foregoing, if the Plan Administrator determines that the deferral under the Plan of a Participant’s Guaranteed Bonus likely would result in the imposition of tax or penalties under Section 409A of the Code, the Participant’s Annual Bonus shall exclude such Guaranteed Bonus.

“Annual Bonus Notification Date” means the date on which the Company notifies a Participant of the amount of such Participant’s Annual Bonus (if any) for the relevant Fiscal Year.

“Board” means the board of directors of PJT Partners.

“Bonus Deferral Amount” has the meaning set forth in Section 3.01(a).

“Cause,” with respect to a Participant, has the meaning set forth in the Employment Agreement to which such Participant is a party.

“Change in Control” means, with respect to the Company, a “Change in Control” as defined under the Equity Incentive Plan, to the extent that such event also constitutes a “change of control” within the meaning of Section 409A of the Code and the regulations and Internal Revenue Service guidance promulgated thereunder.

“Code” means the Internal Revenue Code of 1986, as amended.

“Common Shares” means the publicly-traded shares of Class A Common Stock of PJT Partners which are available for issuance under the Equity Incentive Plan.

“Company” means PJT Partners and each Participating Employer (individually or collectively as the context requires).

“Competitive Activity” means a Participant’s engagement in any activity that would constitute a violation of any non-competition covenants to which the Participant is subject under the Participant’s Employment Agreement, determined without regard to the actual duration of such non-competition covenants pursuant to the Employment Agreement.

“Deferral Award” means such number of Common Shares, RSUs or other equity-based awards denominated in Common Shares calculated in accordance with Section 3.01(b).

“Delivery Date” shall mean the date upon which Common Shares (or, if applicable, cash or other securities) are delivered with respect to any Deferral Award, as set forth in Section 5.01.

“Disability” has the meaning as provided under Section 409A(a)(2)(C)(i) of the Code.

“Employment” means (i) a Participant’s employment if the Participant is an employee of PJT Partners or any Affiliated Employer or (ii) a Participant’s services as a partner of PJT Partners or any Affiliated Employer if the Participant is a partner.

“Employment Agreement” means, with respect to a Participant, the Contracting Employment Agreement (including all schedules and exhibits thereto) or, with respect to a Participant who is a partner, the Partner Agreement (including all schedules and exhibits thereto), as applicable, to which such Participant is a party.

“Equity Incentive Plan” means the PJT Partners Inc. 2015 Omnibus Incentive Plan or such other plan as the Plan Administrator may designate in its sole discretion.

“Fair Market Value” shall have the meaning given to such term in the Equity Incentive Plan; provided that, with respect to a security other than Common Shares, if the fair market value of such security cannot reasonably be determined pursuant to the foregoing definition, the Fair Market Value of such security shall be the value thereof as determined pursuant to a valuation made by the Plan Administrator in good faith and based upon a reasonable valuation method.

“Fiscal Year” means the fiscal year of PJT Partners.

“Grant Date” has the meaning set forth in Section 3.01(b).

“Participant” means a participant selected by the Plan Administrator in accordance with Section 2.01 hereof.

“Participating Employer” means PJT Partners and each Affiliated Employer (or division or unit of an Affiliated Employer) that is designated as a “Participating Employer” by the Plan Administrator and which adopts this Plan.

“Person” means any individual, partnership, corporation, limited liability company, unincorporated organization, trust, joint venture or enterprise or a governmental agency or political subdivision thereof.

“Plan Account” has the meaning given to such term in Section 3.01(b).

“Plan Administrator” means the Compensation Committee of the Board, or such other person or persons as the Board may appoint for such purpose from time to time. Additionally, the Plan Administrator may delegate its authority under the Plan to any employee or group of employees of PJT Partners or an Affiliate Employer; provided

that (i) such delegation is consistent with applicable law and guidelines established by the Board from time to time and (ii) determinations made pursuant to Article VII hereof may be made only by the Plan Administrator.

“Retirement” means a Participant’s Separation from Service (whether voluntary or involuntary) after (i) the Participant has reached age sixty-five (65) and has at least five (5) full years of service with the Company and Blackstone or (ii) (A) the Participant’s age plus years of service with the Company and Blackstone totals at least sixty-five (65), (B) the Participant has reached age fifty-five (55) and (C) the Participant has had a minimum of five (5) years of service with the Company and Blackstone.

“RSUs” means restricted stock units on Common Shares.

“Separation from Service” means a Participant’s “separation from service” with the Company within the meaning of Section 409A of the Code and the regulations thereunder.

“Vesting Date” has the meaning set forth in Sections 4.01(b).

“Vesting Period” has the meaning set forth in Section 4.01(b).

ARTICLE II. PLAN PARTICIPATION

2.01. Plan Participation. Each Fiscal Year, on or prior to the Annual Bonus Notification Date for such Fiscal Year, the Plan Administrator, in its sole discretion, will select Participants from among the employees and partners of the Participating Employers and will notify such individuals that they have been selected to participate in the Plan for such Fiscal Year. The Plan Administrator may, in its sole discretion, establish different rules and/or sub-plans under the Plan (x) with respect to Participants based outside of the United States and Participants who are employees of, or other service providers for, a “nonqualified entity” within the meaning of Section 457A of the Code, in each case, in a manner intended to address tax, administrative and securities law considerations with respect to the Company and such Participants or (y) on such terms as are approved by the Plan Administrator and communicated to the applicable Participants prior to or coincident with the Annual Bonus Notification Date. Such alternate rules and/or sub-plans may include, without limitation, different treatment with respect to timing of vesting and delivery of Common Shares (or, if applicable, cash or other securities) under the Plan and may be set forth in Schedules to be attached hereto from time to time.

ARTICLE III. DEFERRALS

3.01. Bonus Award Deferrals.

(a) With respect to a given Fiscal Year commencing with the Fiscal Year ending December 31, 2016, and for each Participant selected to participate in the Plan in accordance with Section 2.01 hereof, a portion of the Annual Bonus (excluding any portion thereof that is being separately deferred pursuant to this Plan or any other agreement, plan, program or other arrangement between the Participant and the Company) for the Fiscal Year shall be deferred (his or her “Bonus Deferral Amount”) in accordance with the following table (or such other table that may be adopted by the Plan Administrator prior to or coincident with the Annual Bonus Notification Date):

Portion of Annual Bonus	Marginal Deferral Rate Applicable to Such Portion	Effective Deferral Rate for Entire Annual Bonus*
\$0 - 100,000	0.0%	0.0%
\$100,001 - 200,000	20.0%	10.0%
\$200,001 - 500,000	25.0%	19.0%
\$500,001 - 750,000	35.0%	24.3%
\$750,001 - 1,250,000	45.0%	32.6%
\$1,250,001 - 2,000,000	50.0%	39.1%

Portion of Annual Bonus	Marginal Deferral Rate Applicable to Such Portion	Effective Deferral Rate for Entire Annual Bonus*
\$2,000,001 - 3,000,000	55.0%	44.4%
\$3,000,001 - 4,000,000	60.0%	48.3%
\$4,000,001 - 5,000,000	65.0%	51.7%
\$5,000,000 +	70.0%	57.8%

* Effective Deferral Rates are shown for illustrative purposes only and are based on an Annual Bonus equal to the maximum amount in the range shown in the far left column (which is assumed to be \$7,500,000 for the last range shown).

For purposes of determining the Bonus Deferral Amount pursuant to the above table, a Participant's total annual incentive compensation shall be taken into account, although the Bonus Deferral Amount shall only reduce (but not below zero) the amount of the Annual Bonus otherwise payable in cash on a current basis.

Notwithstanding the foregoing: (i) if a Participant's Annual Bonus includes a Guaranteed Bonus, such Participant's Bonus Deferral Amount shall be equal to (x) the portion of the Guaranteed Bonus which the document evidencing the Guaranteed Bonus states will be deferred, plus (y) a portion of the amount (if any) by which the Participant's Annual Bonus exceeds his or her Guaranteed Bonus, determined pursuant to the table above and (ii) the Company reserves the right to change the method by which a Participant's Bonus Deferral Amount will be calculated with respect to any Annual Bonus by notifying the Participant in writing in advance of the Annual Bonus Notification Date for such Annual Bonus. Deferral of each Participant's Bonus Deferral Amount for the relevant Fiscal Year shall be automatic and mandatory. The excess of the Participant's Annual Bonus for the relevant Fiscal Year over his or her Bonus Deferral Amount for such Fiscal Year shall be paid to the Participant on such date and in the same manner as such Participant's Annual Bonus would have been paid to him or her if he or she was not a Participant in the Plan with respect to such Fiscal Year.

(b) Subject to subsection (c) below, the number of Common Shares underlying a Deferral Award shall be calculated by dividing (x) such Participant's entire Bonus Deferral Amount for the Fiscal Year by (y) the average closing prices of a Common Share over the five trading days immediately prior to and the five trading days immediately following (in each case, as reported on the national exchange on which the Common Shares are listed on such date) the date that PJT Partners first publicly issues its earnings release for the corresponding Fiscal Year (the final such trading day being the "Grant Date"). The resulting number of Common Shares shall be rounded up to the nearest whole number and granted under the Deferral Award on the Grant Date. The Company will keep on its books and records an account for each Participant (his or her "Plan Account"), in which the Company will record the number of Common Shares underlying the Deferral Award awarded to such Participant.

(c) Notwithstanding anything to the contrary contained in this Plan, no later than the Annual Bonus Notification Date, the Plan Administrator, in its sole discretion, may designate any portion of the Bonus Deferral Amount to be awarded in the form of cash subject to repayment in certain circumstances (and not as part of a Deferral Award). If any portion of the Bonus Deferral Amount is so designated, (i) the calculation of Common Shares underlying the Deferral Award in subsection (b) above shall be recalculated proportionally and (ii) such cash portion shall be paid to the Participant no later than March 15 of the year following the year in which the Annual Bonus Notification Date occurs.

ARTICLE IV. VESTING

4.01. Vesting.

(a) Deferral Award. Subject to Article VI and Article VII, and except as otherwise provided in Sections 6.01(b), 6.01(e), 6.01(f) and 6.01(g), one-third of the Common Shares underlying the Deferral Award granted to a Participant in respect of a given Fiscal Year will vest (but will only be deliverable pursuant to Article V) on the March 1 that immediately follows the end of each of the second, third and fourth Fiscal Year after the Fiscal

Year to which the relevant Annual Bonus relates with respect to Partners, and the first, second and third Fiscal Years after the Fiscal Year to which the relevant Annual Bonus relates with respect all other employees, in each case subject to the Participant remaining continuously Employed with the Company through the applicable Vesting Date (or on such other vesting schedule selected by the Plan Administrator and communicated to the Participant prior to or coincident with the Annual Bonus Notification Date or as otherwise set forth in prior versions of this Plan). For the avoidance of doubt, the Common Shares underlying Deferral Award shall not be eligible for partial-year vesting.

(b) Vesting Date; Vesting Period. For purposes of this Plan, and except as otherwise provided in Sections 6.01(b), 6.01(e), 6.01(f) and 6.01(g), the date upon which all or a portion of a Participant's Deferral Award vests in accordance with the provisions of this Section 4.01 shall be referred to as the "Vesting Date" for such portion of the Deferral Award. The period between the grant date of a Deferral Award and the Vesting Date on which such Deferral Award vests in accordance with the provisions hereof shall be referred to as the "Vesting Period."

ARTICLE V. DELIVERY OF SHARES

5.01. Delivery Generally. The Common Shares (or, if applicable, cash or other securities) underlying the Deferral Award shall generally be delivered to Participants as set forth below:

(a) Delivery Date. The "Delivery Date" for each Common Share underlying a Deferral Award shall be the Vesting Date applicable to such Deferral Award, subject to the discretion and limitation set forth in Section 5.02.

(b) Form of Delivery. On the applicable Delivery Date, or as soon as reasonably practicable after such Delivery Date (but in no event more than ten (10) business days after such Delivery Date, subject to the discretion and limitation set forth in Section 5.02), the Company shall issue to the Participant, in full settlement of the Company's obligations with respect to the deliverable portion of the Participant's Deferral Award, unless otherwise provided in a service agreement between the Participant and PJT Partners or any of its affiliates, (i) the number of Common Shares subject to such Deferral Award or (ii) an amount in cash or other securities, including a number of interests in PJT Partners Holdings LP, with equivalent value to the closing price of such underlying number of Common Shares as of the trading day immediately prior to the date of such payment (as reported on the national exchange on which the Common Shares are listed on each such date), or a combination of (i) and/or(ii), as determined by the Plan Administrator.

5.02. Issuance of Common Shares. The issuance of any Common Shares to a Participant pursuant to the Plan shall be effectuated by recording the Participant's ownership of such Common Shares in a book-entry or similar system utilized by the Company as soon as practicable following the Delivery Date applicable thereto. Any Common Shares issued to a Participant hereunder will be held in an account administered by the Company's equity plan administrator or such other account as the Plan Administrator may determine in its discretion. No Participant shall have any rights as an owner with respect to any Common Shares under the Plan prior to the date on which the Participant becomes entitled to delivery of such Common Shares in accordance with Section 5.01. The Plan Administrator may, in its sole discretion, cause the Company to defer the delivery of any Common Shares (or, if applicable, cash or other securities) pursuant to this Plan as the Plan Administrator deems reasonably necessary to ensure compliance under federal or state securities laws, the Company's insider trading policy or a Company-imposed "blackout period"; provided, that, such delivery shall be made at the earliest date at which the Plan Administrator reasonably anticipates would not result in such noncompliance and in no event later than the last day of the calendar year in which the applicable Vesting Date occurs.

5.03. Taxes and Withholding. As a condition to any payment or distribution pursuant to this Plan, the Company may require a Participant to pay such sum to the Company as may be necessary to discharge the Company's obligations with respect to any taxes, assessments or other governmental charges, whether of the United States or any other jurisdiction, which the Company reasonably expects will be imposed as a result of such payment or distribution. In the discretion of the Company, the Company may deduct or withhold such sum from such payment or distribution (including by deduction or withholding of Common Shares (or, if applicable, other securities), provided that the amount the Company deducts or withholds shall not (unless otherwise determined by

the Plan Administrator) exceed the Company's minimum statutory withholding obligations. Alternatively, the Company may elect to satisfy the tax withholding obligations by advancing and remitting its own funds on behalf of the Participant to the applicable tax authorities, in which case the Participant shall be required to repay such amounts to the Company within 5 days of such remittance, together with interest thereon based on the Company's cost of funds as determined by PJT Partners Treasury from time to time. In the event that the Company plans to advance a tax withholding remittance on behalf of the Participant as described in the preceding sentence, the Company shall provide the Participant with reasonable advance notice to permit the Participant to remit the required funds in cash to the Company prior to the required withholding date and thereby avoid the need to have the Company advance its own funds to the tax authorities.

5.04. Liability for Payment. Each Participating Employer shall be liable for the amount of any distribution or payment owed to a Participant pursuant to Section 5.01 who is Employed by such Participating Employer during the relevant Vesting Period; provided, however, that in the event that a Participant is Employed by more than one Participating Employer during the relevant Vesting Period, each Participating Employer shall be liable for its allocable portion of such distribution or payment.

ARTICLE VI. TERMINATION OF EMPLOYMENT; CHANGE IN CONTROL

6.01. Termination of Employment. In the event that a Participant's Employment with the Company is terminated, or a Change in Control occurs, in either case prior to the Vesting Date or Delivery Date that would otherwise apply to any portion of such Participant's Deferral Award, vesting and delivery (if any) of the Deferral Award shall be governed by this Section 6.01.

(a) Termination by the Company For Cause. Upon termination of a Participant's Employment by the Company for Cause, all portions of such Participant's Deferral Award (vested and unvested) shall be forfeited without any payment.

(b) Termination by the Company Without Cause. Upon termination of a Participant's Employment with the Company without Cause at such time as the Participant does not qualify for Retirement, such Participant's unvested portion of the Deferral Award shall immediately vest (in which case, the date of the Participant's termination without Cause shall be referred to as the "Vesting Date" for such portion of the Deferral Award) and be delivered to the Participant in accordance with Article V.

(c) Resignation. In the event that a Participant resigns from the Company, such Participant's unvested portion of the Deferral Award shall be forfeited without payment.

(d) Retirement. In the event of a Participant's Retirement from the Company, all of such Participant's unvested portion of the Deferral Award shall continue to vest in accordance with Article IV, and shall continue to be delivered to the Participant in accordance with Article V, as though the Participant remained continuously Employed with the Company through the end of the Vesting Period; provided that if, following a termination of his or her Employment with the Company as described in this Section 6.01(d), such Participant breaches any applicable provision of the Employment Agreement to which the Participant is a party or otherwise engages in any Competitive Activity, such Participant's portion of the Deferral Award which remains undelivered as of the date of such violation or engagement in Competitive Activity, as determined by the Plan Administrator in its sole discretion, will be forfeited without payment. As a pre-condition to a Participant's right to continued vesting following Retirement, the Plan Administrator may require the Participant to certify in writing prior to each scheduled Vesting Date that the Participant has not breached any applicable provisions of the Participant's Employment Agreement or otherwise engaged in any Competitive Activity.

(e) Disability. In the event that a Participant's Employment with the Company is terminated due to the Participant's Disability, such Participant's unvested portion of the Deferral Award shall immediately vest (in which case, the date of the Participant's termination due to Disability shall be referred to as the "Vesting Date" for such portion of the Deferral Award) and be delivered to the Participant in accordance with Article V.

(f) Death. In the event of a Participant's death during his or her Employment with the Company, or during the period following termination of Employment in which any portion of his or her Deferral Award remains subject to vesting pursuant to this Section 6.01, such Participant's portion of the Deferral Award which remains unvested as of (and have not been forfeited prior to) the date of the Participant's death shall immediately vest and, together with any previously vested but undelivered portions of the Deferral Award, become deliverable to the Participant's estate as of the date of the Participant's death (in which case, the date of the Participant's death shall be referred to as the "Vesting Date" for such portion of the Deferral Award).

(g) Change in Control. Notwithstanding anything to the contrary herein, in the event of a Change in Control, such Participant's portion of the Deferral Award which remains unvested as of the date of such Change in Control shall immediately vest and become deliverable as of the date of such Change in Control (in which case, the date of such Change in Control shall be referred to as the "Vesting Date" for such portion of the Deferral Award).

(h) Section 409A; Separation from Service. References in this Section 6.01 to a Participant's termination of Employment shall refer to the date upon which the Participant has a Separation from Service.

6.02. Nontransferability. No benefit under the Plan shall be subject in any manner to alienation, sale, transfer, assignment, pledge or encumbrance, other than by will or the laws of descent and distribution. Any attempt to violate the foregoing prohibition shall be void; provided, however, that a Participant may transfer or assign any vested interest hereunder in connection with estate planning and administration with the express written consent of the Plan Administrator.

ARTICLE VII. CANCELLATION AND FORFEITURE

7.01. Cancellation and Forfeiture Events. Notwithstanding anything to the contrary in this Plan, if at any time before an applicable Vesting Date, the Plan Administrator has determined, in its sole and absolute discretion, that any of the following events has occurred, the Company is authorized to cancel (and the Participant would forfeit) an appropriate portion of the then unvested portion of the Participant's Deferral Award and any rights to dividend equivalents thereon:

(a) misconduct by the Participant in taking actions, or failing to take actions, that result in, or reasonably could be expected to result in, material detriment to the Company or its business activities, including without limitation financial or reputational harm to the Company or its business activities;

(b) fraud, material misrepresentation or other dishonest acts by the Participant which resulted in a determination by the Plan Administrator of an amount of such Participant's Annual Bonus that was greater than the amount the Participant would have otherwise been entitled to but for such fraud, material misrepresentation or other dishonest act;

(c) the Participant's gross negligence in, or other impropriety related to (including any failure to monitor or discharge supervisory or managerial responsibilities), failing to timely and reasonably identify, raise or assess issues and/or concerns with respect to risks material to the Company or its business activities; or

(d) following the termination of the Participant's Employment, the Company determines that such Participant's Employment could have been terminated by the Company for Cause.

7.02. No Limitation on Other Remedies. Nothing in this Article VII shall limit or restrict the Company from seeking repayment of any vested portions of a Bonus Deferral Amount already distributed to a Participant, pursuant to any applicable clawback requirements imposed under applicable laws, rules and regulations. Accordingly, Section 7.01 shall (i) be in addition to the requirements of Section 304 of the Sarbanes-Oxley Act of 2002 that are applicable to the Company's Chief Executive Officer and Chief Financial Officer and (ii) otherwise be deemed automatically amended to include the requirements of Section 954 of the Dodd-Frank Wall Street Reform

and Consumer Protection Act, as it may be amended from time to time, and any related rules or regulations promulgated by the Securities Exchange Commission or the New York Stock Exchange.

ARTICLE VIII. ADMINISTRATION

8.01. Plan Administrator. The Plan shall be administered by the Plan Administrator. The Plan Administrator shall have discretionary authority to interpret the Plan, to make all legal and factual determinations and to determine all questions arising in the administration of the Plan, including without limitation the reconciliation of any inconsistent provisions, the resolution of ambiguities, the correction of any defects, and the supplying of omissions. Each interpretation, determination or other action made or taken pursuant to the Plan by the Plan Administrator shall be final and binding on all persons.

8.02. Indemnification. The Plan Administrator shall not be liable to any Participant for any action or determination. The Plan Administrator shall be indemnified by the Company against any liabilities, costs, and expenses (including, without limitation, reasonable attorneys' fees) incurred by him or her as a result of actions taken or not taken in connection with the Plan.

ARTICLE IX. AMENDMENTS AND TERMINATION

9.01. Modification; Termination. The Plan Administrator may alter, amend, modify, suspend or terminate the Plan at any time in its sole discretion, to the extent permitted by Section 409A of the Code. No further deferrals will occur under the Plan after the effective date of any such suspension or termination. Following any such termination, the Participant's Deferral Award will continue to vest and be delivered, or be forfeited, as otherwise provided herein. Notwithstanding the foregoing, no alteration, amendment or modification of the Plan shall adversely affect the rights of the Participant in any amounts or shares accrued by or credited to such Participant prior to such action without the Participant's written consent unless the Plan Administrator determines, in its sole discretion, that such alteration, modification or amendment is necessary for the Plan to comply with the requirements of Section 409A of the Code and the regulations promulgated thereunder.

9.02. Required Delay. Notwithstanding any provision to the contrary, if pursuant to the provisions of Section 409A of the Code any distribution or payment is required to be delayed as a result of a Participant being deemed to be a "specified employee" within the meaning of that term under Section 409A(a)(2)(B) of the Code, then any such distributions or payments under the Plan shall not be made or provided prior to the earlier of (A) the expiration of the six month period measured from the date of the Participant's Separation from Service or (B) the date of the Participant's death. Upon the expiration of such period, or the date of such Participant's death, as applicable, all distributions or payments under the Plan delayed pursuant to this Section 9.02 shall be delivered or paid to the Participant (or the Participant's estate, as applicable) in a lump sum, and any remaining distributions or payments due under the Plan shall be paid or delivered in accordance with the normal Delivery Dates specified for such distributions or payments herein.

ARTICLE X. GENERAL PROVISIONS

10.01. Unfunded Status of the Plan. The Plan is unfunded. A Participant's rights under the Plan (if any) shall represent at all times an unfunded and unsecured contractual obligation of each Participating Employer that Employed Participant during the Vesting Periods and through the Delivery Dates applicable to such Participant's Deferral Award. Each Participant and his or her estate and/or beneficiaries (if any) will be unsecured creditors of each Participating Employer with which such Participant is or was Employed with respect to any obligations owed to such Participant, estate and/or beneficiaries under the Plan. Amounts deliverable or payable under the Plan will be satisfied solely out of the general assets of the applicable Participating Employer subject to the claims of its creditors. None of a Participant, his or her estate, his or her beneficiaries (if any) nor any other person shall have any right to receive any payment or distribution under the Plan except as, and to the extent, expressly provided in the Plan. No Participating Employer will segregate any funds or assets to provide for any payment or distribution under the Plan or issue any notes or security for any such distribution or payment. Any

reserve or other asset that a Participating Employer may establish or acquire to assure itself of the funds to provide distributions or payments required under the Plan shall not serve in any way as security to any Participant or the estate or beneficiary of a Participant for the performance of the Participating Employer under the Plan.

10.02. No Right to Continued Employment. Neither the Plan nor any action taken or omitted to be taken pursuant to or in connection with the Plan shall be deemed to (i) create or confer on a Participant any right to be retained in the employ of the Company, (ii) interfere with or to limit in any way the Company's right to terminate the Employment of a Participant at any time, (iii) confer on a Participant any right or entitlement to compensation in any specific amount for any future Fiscal Year or (iv) affect, supersede, amend or change the Employment Agreement (or any other agreement between the Participant and the Company). In addition, selection of an individual as a Participant for a given Fiscal Year shall not be deemed to create or confer on the Participant any right to participate in the Plan, or in any similar plan or program that may be established by the Company, in respect of any future Fiscal Year.

10.03. No Shareholder or Ownership Rights Prior to Delivery of Shares; Dividend Equivalent Payments.

(a) Except as set forth in Section 10.03(b), Participants shall not have voting, dividend, cash distribution or any other rights as a holder of Common Shares until the issuance or transfer thereof to the Participant. For the avoidance of doubt, a Deferral Award represents an unfunded and unsecured right to receive Common Shares (or, if applicable, cash or other securities) on an applicable Delivery Date and, until such Delivery Date, the Participant shall have no ownership rights with respect to the Common Shares, cash or other securities underlying such Participant's Deferral Award; provided that Participants shall be entitled to dividend equivalents in accordance with Section 10.03(b).

(b) With respect to any Deferral Awards made in the form of RSUs, whenever any per share dividend or distribution is paid by PJT Partners on Common Shares during the period between the grant date of the Deferral Award and the date that the underlying RSUs are settled, on the date that such dividend or distribution is paid, PJT Partners shall credit to the Participant a number of additional RSUs equal to the quotient obtained by dividing (i) the product of the total number of the Participant's outstanding RSUs (including any RSUs that have been previously credited to the Participant hereunder) as of the date thereof and the per share amount of such dividend or distribution by (ii) the Fair Market Value of one Common Share on the date such dividend or distribution is paid by PJT Partners, rounded down to the nearest whole share. The additional RSUs so credited shall be or become vested to the same extent as the RSUs that resulted in the crediting of such additional RSUs, with respect to each vesting tranche of RSUs. A Participant's right to receive such dividend equivalent payments with respect to Deferral Award shall cease upon the forfeiture or settlement of such Deferral Award.

10.04. Right to Offset. The Company shall have the right to deduct from amounts owed to a Participant under the Plan the amount of any deficit, debt or other liability or obligation of any kind which the Participant may at that time have with respect to the Company; provided, however, that no such right to deduct or offset shall arise or otherwise be deemed to arise until the date upon which Common Shares (or, if applicable, cash or other securities) are deliverable or payable hereunder and any such deduction or offset shall be implemented in a manner intended to avoid subjecting the Participant to additional taxation under Section 409A of the Code.

10.05. Successors. The obligations of the Company under this Plan shall be binding upon the successors of the Company.

10.06. Governing Law. The Plan shall be subject to and construed in accordance with the laws of the State of New York.

10.07. Arbitration; Venue. Any dispute, controversy or claim between any Participant and the Company arising out of or concerning the provisions of this Plan shall be finally resolved in accordance with the arbitration provisions (and the jurisdiction, venue and similar provisions related thereto) of the Employment Agreement to which such Participant is a party.

10.08. Construction. The headings in this Plan have been inserted for convenience of reference only and are to be ignored in any construction of any provision hereof. Use of one gender includes the other, and the singular and plural include each other.

10.09. Section 409A. Notwithstanding any provision of the Plan to the contrary, it is intended that the provisions of the Plan either be exempt from or comply with the requirements of Section 409A of the Code and, accordingly, the Plan shall be construed and administered in accordance with such intent to the maximum extent permitted. In furtherance thereof, reference is made to Section 6.01(h), Section 9.01 and Section 9.02 of the Plan.

SUBSIDIARIES OF REGISTRANT

Name	Jurisdiction of Incorporation or Organization
PJT Partners Holdings LP	Delaware
PJT Management LLC	Delaware
PJT Capital LP	Delaware
PJT Partners LP	Delaware
PHG CP Inc.	Delaware
PHG Holdings LLC	Delaware
PJT Partners (Cayman) Limited	Cayman Islands
PJT Partners (UK) Limited	United Kingdom
PJT Partners Park Hill (Spain), A.V., S.A.U.	Spain
PJT Partners (HK) Limited	Hong Kong

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-207207 and 333-231075 on Form S-8 and Registration Statement No. 333-228517 on Form S-3, of our reports dated February 26, 2021, relating to the financial statements of PJT Partners Inc. (the “Company”), and the effectiveness of the Company’s internal control over financial reporting appearing in this Annual Report on Form 10-K for the year ended December 31, 2020.

/s/ Deloitte & Touche LLP

New York, New York
February 26, 2021

CHIEF EXECUTIVE OFFICER CERTIFICATION

I, Paul J. Taubman, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2020 of PJT Partners Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: February 26, 2021

/s/ Paul J. Taubman

Paul J. Taubman

Chief Executive Officer

CHIEF FINANCIAL OFFICER CERTIFICATION

I, Helen T. Meates, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2020 of PJT Partners Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: February 26, 2021

/s/ Helen T. Meates

Helen T. Meates

Chief Financial Officer

Certification of the Chief Executive Officer
Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of PJT Partners Inc. (the “Company”) on Form 10-K for the year ended December 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Paul J. Taubman, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 26, 2021

/s/ Paul J. Taubman

Paul J. Taubman

Chief Executive Officer

* The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

Certification of the Chief Financial Officer
Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of PJT Partners Inc. (the “Company”) on Form 10-K for the year ended December 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Helen T. Meates, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 26, 2021

/s/ Helen T. Meates

Helen T. Meates

Chief Financial Officer

* The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.