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, 2016

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	**36-4797143**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
280 Park Avenue New York, New York	**10017**
(Address of principal executive offices)	**(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	Name of each exchange on which registered
Class A common stock, par value $0.01	**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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). YES ☒ NO ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405) is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definition of "large accelerated filer", "accelerated filer", and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐ (Do not check if a small reporting company)	Small reporting company	☐

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, 2016, the aggregate market value of the Registrant's Class A common stock (based upon the closing stock price) held by non-affiliates was $401.8 million.

As of February 21, 2017, there were 18,517,534 shares of Class A common stock, par value $0.01 per share, and 259 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 2017 Annual Meeting of Stockholders are incorporated by reference into Part III of this Annual Report on Form 10-K.

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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 L.P. (“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” or the “acquisition.” 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 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.

Additionally 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. Forward-looking statements include the information concerning our results of operations, business strategies, 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,” “plan,” “intend,” “anticipate,” “estimate,” “predict,” “potential,” “continue,” “may,” “might,” “should,” “could” or the negative of these terms or similar expressions.

Forward-looking statements involve risks, uncertainties and assumptions. Actual results may differ materially from those expressed in such forward-looking statements. You should not put undue reliance on any forward-looking statements contained herein. We undertake no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

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”), which are 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 its 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 global advisory-focused investment bank. Our team of senior professionals delivers a wide array of strategic advisory, restructuring and special situations and private fund advisory and placement services to corporations, financial sponsors, institutional investors and governments around the world. We offer a unique portfolio of advisory services designed to help our clients realize major corporate milestones and solve complex issues. We also provide, through Park Hill Group, private fund advisory and placement 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. Our strategic advisory business offers a broad range of financial advisory and transaction execution capability, including mergers and acquisitions ("M&A"), joint ventures, minority investments, asset swaps, divestitures, takeover defenses, corporate finance advisory, private placements and distressed sales. 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 vast expertise in highly complex capital structure challenges, our Restructuring and Special Situations Group's services include advising companies, creditors and financial sponsors on recapitalizations, reorganizations, exchange offers, debt repurchases, capital raises and distressed mergers and acquisitions. Park Hill Group, our private fund advisory and placement business, is a world-leading fund placement agent and provides private fund advisory and placement services for a diverse range of investment strategies. Moreover, Park Hill Group is the only group among its peers with top-tier dedicated private equity, hedge fund, real estate and secondary advisory groups.

The Company is organized as one operating segment in order to maximize the value of our advice to clients by drawing upon the diversified expertise and broad relationships of our senior professionals across the Company. Financial and other information relating to our operating segment, including foreign and domestic operations for each of the last three fiscal years, is further described in Note 16. "Business Information" in the "Notes to Consolidated and Combined Financial Statements" in "Part II. Item 8. Financial Statements and Supplementary Data" of this filing.

We believe the success of our business is based on a highly-experienced team and a relentless focus on our core principles: prioritizing our clients' interests, providing superior client service, developing long-term relationships and leading with our human and intellectual capital. As of December 31, 2016, our firm had 353 professionals, including 51 partners.

Our Key Competitive Strengths

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

- ***Start-up with Instant Scale.*** PJT Partners combines three decades of experience and excellence with the energy and enthusiasm of a new firm. We are recognized experts in strategic advisory, restructuring and special situations and private fund advisory and placement services. Our teams act as trusted advisors to a diverse group of clients around the world. We provide clients with creative solutions addressing a range of complex strategic and fundraising challenges. The creativity and depth of our advice, and the integrity and judgment with which we deliver it, provide a strong foundation for our new and growing business. The quality of our advice is core to what we do.
- ***Unique Portfolio of Complementary Businesses.*** Our firm benefits from having three 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 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.
- ***Global Market Leadership.*** Our Restructuring and Special Situations Group is a global market leader. Our 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 been the named advisor on some of the most high-profile and complex transactions.

  Through our eight offices in five countries around the globe, we advise clients from all over the world on complex problems. Our partners have decades of experience and long-standing 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 in dozens of countries. Our Park Hill business has generated long-standing relationships across Europe, the Middle East, Africa and Asia that give them unique access to global capital and drives incremental value for our clients.
- ***Clients' Results Are Our Reputation.*** 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 navigate our clients 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.
- ***Cohesive and Collaborative Partnership Culture Optimal for Recruiting and Retaining Top Talent.*** We have a cohesive partnership centered around core values including integrity, character and excellence. Our culture provides the ideal environment for idea sharing, collaboration and innovation. Our bankers are encouraged to make frequent client connections and leverage the experience and insights of fellow partners to deliver optimal client service and outcomes. Our culture also fosters retention of top talent and provides a superior platform from which to recruit top bankers at all levels.

Our Market Opportunity

We intend to grow our revenues by increasing our share of business from existing clients, developing new client relationships as we expand the breadth and depth of our services and enhancing collaboration across the firm to better serve our clients. Our strategy to achieve our growth objectives has four components:

- ***Maintain Market Leadership in Restructuring and Special Situations and Park Hill.*** Our firm is strengthened by the deep client relationships and strong brand reputations we have in our leading restructuring and special situations and Park Hill businesses. These businesses are benefiting from the new, independent platform through expanded financial sponsor dialogues; the elimination of certain conflicts associated with our former Parent; and increased footprint and product expertise in our growing strategic advisory business.
- ***Significantly Increase the Breadth and Depth of Our Advisory Franchise.*** We are focused on expanding our capabilities in areas where a sizable market opportunity clearly exists by hiring expert, top-tier talent to expand into new industry verticals, geographies and product capabilities, which will enable us to offer increasingly comprehensive and valuable solutions to a broader base of clients.

- ***Enhance Collaboration Among our Three Businesses to Better Serve Clients.*** We operate a scaled, diversified global advisory franchise comprised of complementary businesses, which each share our culture of excellence, teamwork and entrepreneurship. Our partners and team members 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 three businesses allow us to connect clients and provide incremental value in helping them meet their strategic objectives.
- ***Remain the Premier Destination for Talent.*** We will continue to attract best-in-class bankers who want to deliver a broad range of world-class services to their clients around the globe. We offer a unique and compelling proposition to them through our total focus on advisory services; commitment to building a culture of collaboration, character and growth; strong client relationships; deep and exceptional base of talent; and efficient and scalable support infrastructure.

Our Talent

As of December 31, 2016, we employed 419 individuals across eight offices around the world. This includes 353 professionals, of which 51 were partners. We strive to maintain a work environment that fosters professionalism, excellence, integrity and cooperation among our employees.

As a global advisory-focused investment bank focused solely on providing innovative services to our clients, our people are our most valuable asset. Our partners average 25 years of relevant experience, which they leverage to provide the highest quality advice across our broad suite of strategic advisory, restructuring and special situations and private fund advisory and placement services. Our partners are supported by a first-rate team of professionals and we are committed to developing and maximizing their talent and skills.

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 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.

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 and restructuring and special situations services are conducted in the United States, and Park Hill Group LLC, which is an entity within the Park Hill Group private fund advisory and placement services business, are registered broker-dealers. These registered broker-dealers are 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, record-keeping and the conduct and qualifications of directors, officers and employees. In particular, as a registered broker-dealer and member of a self-regulatory organization, we are 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.

Further, Park Hill Group 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 Park Hill Group's clients may invest.

In addition to the regulation we are subject to in the U.S., we are subject to regulation internationally, such as by the Financial Conduct Authority in the United Kingdom and the Securities and Futures Commission in Hong Kong.

PJT Partners (UK) Limited is licensed with the United Kingdom's Financial Conduct Authority and is required to maintain regulatory net capital of €50,000. 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.

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, and 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 Treasury Department'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 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.

Park Hill Group is also affected by various state and local regulations that restrict or prohibit the use of placement agents in connection with investments by public pension funds, including regulations in New York, Illinois and California. Similar measures are being considered or have been implemented in other jurisdictions.

Organizational Structure

Prior to the merger with PJT Partners, Blackstone underwent an internal reorganization, pursuant to which the operations that historically constituted Blackstone's Financial Advisory reporting segment, other than Blackstone's capital markets services business, were contributed to PJT Partners Holdings LP, a holding partnership that is controlled by PJT Partners Inc., as general partner. In the internal reorganization, the limited partners of the holding partnerships that owned Blackstone's operating subsidiaries (the "Blackstone Holdings partnerships") and certain individuals engaged in our business received Class A common stock of PJT Partners Inc., as well as common units of partnership interest in PJT Partners Holdings LP ("Partnership Units") that, subject to certain terms and conditions, 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. In addition, in connection with the spin-off, PJT Partners personnel received various types of awards under the PJT Partners Inc. 2015 Omnibus Incentive Plan denominated in shares of Class A common stock of PJT Partners Inc. and partnership interests in PJT Partners Holdings LP.

Prior to the distribution, PJT Partners Holdings LP acquired all of the outstanding equity interests in PJT Capital LP. In connection with the acquisition, Mr. Taubman and the other partners and employees of PJT Capital LP received unvested Partnership Units and other partnership interests in PJT Partners Holdings LP.

Following the internal reorganization and the acquisition, Blackstone distributed on a pro rata basis to its common unitholders, all of the issued and outstanding Class A common stock of PJT Partners Inc. held by it.

Following the spin-off, 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 subsidiaries. The ownership interest of the holders of Partnership Units (other than PJT Partners Inc.) is reflected as a redeemable non-controlling interest in PJT Partners Inc.'s consolidated and combined financial statements.

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. 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 CEO 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 also 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 (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. 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 Acommon 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.

Refer to Note 12. “Transactions with Related Parties” in the “Notes to Consolidated and Combined Financial Statements” in “Part II. Item 8. Financial Statements and Supplementary Data” for further information about agreements entered into in connection with the spin-off.

Available Information

PJT Partners Inc., formerly known as Blackstone Advisory Inc., was incorporated in the State of Delaware on November 5, 2014 and changed its name to PJT Partners Inc. on March 3, 2015.

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. You may also read and copy any document we file at the SEC’s Public Reference Room located at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the Public Reference Room.

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

Our future growth will depend on, among other things, our ability to successfully identify and recruit individuals and teams to join our firm. It typically takes time for these 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.

In addition, sustaining growth will require us to commit additional management, operational and financial resources and to maintain appropriate operational and financial systems to adequately support expansion, especially in instances where we open new offices that may require additional resources. There can be no assurance that we will be able to manage our expanding operations effectively, and any failure to do so could materially adversely affect our ability to grow revenue and control our expenses.

Changing market conditions 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. 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, terrorism or political uncertainty.

Our revenue in any given period is dependent 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 on the number of fee-paying clients in such period. We had 114 clients and 98 clients that generated fees equal to or greater than $1 million for the years ended December 31, 2016 and 2015, 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 varies 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, 2016 or 2015.

We have recorded net losses in the past and we may experience net losses in the future.

We have recorded consolidated or combined net losses in three of the five years ended December 31, 2016. A primary component of these net losses in each period was significant non-cash charges, consisting primarily of transaction-based equity-based compensation charges associated with Blackstone's initial public offering ("IPO") and in connection with the spin-off, the amortization of intangible assets that were recorded in connection with Blackstone's IPO and the related reorganization and amortization expense associated with intangible assets related to the acquisition of PJT Capital LP. We expect such non-cash charges to continue to be significant in future periods and, as a result, we may record net losses in future periods.

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.

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-compete 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 separation from Blackstone and transition to an independent, publicly traded company may adversely affect our ability to retain and motivate our partners and other key personnel, which could adversely affect our business, results and financial condition.

Our future success and growth depends to a substantial degree on our ability to retain and motivate our partners and other key personnel. Our professionals possess substantial experience and expertise and have strong relationships with our clients. As a result, the loss of these professionals could jeopardize our relationships with clients and result in the loss of client engagements. We may not be successful in our efforts to retain and motivate the required personnel as the market for qualified advisory and funds advisory services professionals is extremely competitive. As part of the internal reorganization, our partners received certain equity incentives in PJT Partners Inc. in replacement of, and subject to the same vesting terms, settlement dates and transfer restrictions as, existing equity incentives in Blackstone. A significant portion of these replacement equity incentives have vested and are subject to further near-term vesting. Replacement awards with respect to 756,695 shares of our Class A common stock, representing 49.8% of the 1,518,367 replacement awards with respect to shares of our Class A common stock and Partnership Units of PJT Partners Holdings LP received by PJT Partners personnel in connection with the spin-off, are scheduled to vest within the next twelve months. Accordingly, the efficacy of this equity as a retention tool may be diminished as a result of this near-term vesting. Distributions in respect of equity interests in PJT Partners Inc. may not equal the cash distributions previously received by our partners prior to the spin-off in respect of their equity interests in Blackstone. There is no guarantee that our compensation and non-competition arrangements with our partners provide sufficient incentives or protections to prevent our partners from resigning to join our competitors, whether as a result of our separation from Blackstone, new leadership or otherwise. Some of our competitors have more resources than us which may allow them to attract some of our existing employees through compensation or otherwise. The departure of a number of partners or groups of professionals could have a material adverse effect on our business and profitability.

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 earned, 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 are not paid 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 in connection with a sale or divestiture, 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 or because our client's business experiences unexpected operating or financial problems. We may be engaged by a client in connection with an acquisition, but the transaction may not occur or be consummated for a number of reasons, including 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 Park Hill Group, our private fund advisory and placement services business, we face the risk that we may not be able to collect on all or a portion of the fees that we recognize. The placement fees earned by Park Hill Group 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 typically paid by a Park Hill Group 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, Park Hill Group may not be able to collect on all or a portion of the fees Park Hill Group is due for the funds advisory services it has already provided to such client. For instance, a Park Hill Group client's fund may be liquidated prior to the time that all or a portion of the fees due to Park Hill Group 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 Park Hill Group 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 agreement to obtain our advisory fees. We recorded an allowance for doubtful accounts at December 31, 2016 and 2015 of $4.4 million and $0.9 million, respectively.

Future joint ventures, strategic investments and acquisitions may result in additional risks and uncertainties in our business.

In addition to recruiting and internal expansion, we may grow our core business through joint ventures, strategic investments or acquisitions. In the event we make strategic investments or acquisitions, we would face numerous risks and would be presented with financial, managerial and operational challenges, including the difficulty of integrating personnel, financial, accounting, technology and other systems and management controls.

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. For instance, we face the possibility of an actual, potential or perceived conflict of interest where we represent a client on a transaction in which an existing client is a party. We may be asked by two potential clients to advise on the same transaction, including two clients as potential buyers in the same acquisition, and we may act for both clients if both clients agree to our doing so. In each of these situations, we face the risk that our current policies, controls and procedures may not timely identify or appropriately manage such conflicts of interest.

It is possible that actual, potential or perceived conflicts could give rise to client dissatisfaction, litigation or regulatory enforcement actions. Appropriately identifying and managing actual or perceived conflicts of interest is complex and difficult. 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.

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

There is a risk that our employees or contractors could engage in misconduct that would adversely affect our business. For example, 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 sanctions and suffer serious harm to our reputation, financial position, current client relationships and ability to attract future clients. It is not always possible to deter such misconduct, and the precautions we take to detect and prevent misconduct may not be effective in all cases. If our employees or contractors engage in misconduct, our business could be materially adversely affected.

In recent years, the U.S. Department of Justice and the SEC have devoted greater resources to enforcement of the FCPA In addition, the United Kingdom has significantly expanded the reach of its anti-bribery laws. While we have developed and implemented policies and procedures designed to ensure strict compliance by us and our personnel with the FCPA, 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 shares.

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.

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, 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 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 few years a number of independent investment banks that offer independent advisory services have emerged, with several showing rapid growth. As these independent firms or new entrants into the market seek to gain market share there could be pricing pressures, which would adversely affect our revenues and earnings.

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

As a member of the financial services industry, we face substantial litigation 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 against or settling litigation. 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 have taken 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.

Our ability to conduct business and our operating results, including compliance costs, may be adversely affected as a result of any new 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. 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 enforcement could affect the level of mergers and acquisitions 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.

In addition, several states and municipalities in the United States, such as 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 of Park Hill Group 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 Park Hill Group 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. In addition, our business is subject to periodic examination by various regulatory authorities, and we cannot predict the outcome of any such examinations.

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, alliance partners and vendors. We may be subject to attempted security breaches and cyber-attacks and, while we are not aware of any such occurrence that may have had a material impact to date, a successful breach 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, cyber-attacks and other means and could originate from a wide variety of sources, including unknown third parties outside the firm. 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. 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.

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 disaster or other business continuity problem, such as a pandemic, 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 our inability to timely and successfully recover could materially disrupt our business and cause material financial loss, regulatory actions, reputational harm or legal liability.

We may not be able to generate sufficient cash in the future to service any future indebtedness.

While the Company currently has no indebtedness, our ability to make scheduled payments on or to refinance any future debt 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 future indebtedness. If our cash flows and capital resources are insufficient to fund any future debt service 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.

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

For the year ended December 31, 2016, we earned 6.9% of our total revenues from our international operations. We intend to grow our non-U.S. business, and this growth is important to our overall success. In addition, many of our larger clients are non-U.S. entities seeking to enter into transactions involving U.S. businesses. Our international operations carry special financial, business 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 changes in trading policies, regulatory requirements, tariffs and other barriers;
- longer transaction cycles;
- higher operating costs;
- adverse consequences or restrictions on the repatriation of earnings;
- potentially adverse tax consequences, such as trapped foreign losses;
- less stable political and economic environments; and
- civil disturbances or other catastrophic events that reduce business activity.

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

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

Park Hill Group provides private fund advisory and placement 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, hedge and real estate 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 and changes in the weight investors give to alternative asset investments as part of their overall investment portfolio among asset classes. Following the onset of the financial crisis, there was a shortage of capital available for investment in such asset classes, and far fewer new funds were raised than in the period preceding the crisis. 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, the results of Park Hill Group may be adversely affected.

We may enter into new lines of business which may result in additional risks and uncertainties in our business.

We currently generate substantially all of our revenue from our strategic advisory, restructuring and special situations and private fund advisory and placement services businesses. However, we may grow our business by entering into new lines of business. To the extent we enter into new lines of business, 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 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 rentals, 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 net revenue in other currencies (including euros and pound sterling), 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.

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 and combined financial statements.

As part of the process of preparing our consolidated and combined 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 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 enacted in the future may cause us to revalue our deferred tax assets and have a material change to our effective tax rate.

The range of potential outcomes relating to arrangements between the European Union and the United Kingdom may adversely affect our business.

We have a presence in European Union countries, including the United Kingdom ("U.K."). On June 23, 2016, the U.K. voted in favor of a referendum to leave the European Union. At the time that the U.K. ultimately leaves the European Union, the commercial, regulatory and legal environment that would exist, and to which our U.K. operations would be subject, would be impacted by the nature of arrangements that are yet to be determined between the U.K. and the European Union. These arrangements are difficult to predict, and uncertainty regarding their outcome may continue for a significant period of time. We currently do not expect that any of the potential arrangements that are likely to be agreed would have a material adverse impact on our business. These potential arrangements may, however, result in certain changes in the way that we conduct our businesses, which could result in increased costs. Our U.K. entity, PJT Partners (UK) Limited, primarily services European-domiciled clients. Adverse conditions arising from a U.K. exit from the European Union could adversely affect our U.K. business and operations, including by reducing the volume or size of mergers, acquisitions, divestitures and other strategic corporate transactions on which we seek to advise. A U.K. exit from the European Union could also cause PJT Partners (UK) Limited to lose its European Union financial services passport license, which allows it to operate, on a cross-border and off-shore basis, into all European Union countries without obtaining regulatory approval outside of the U.K., which would increase our legal, compliance and operational costs. In addition, the result of the referendum and the uncertainty it produced has impacted geopolitical perspectives and macroeconomic factors including interest rates, foreign currency exchange rates and equity markets, and it has increased volatility in many of the markets in which we operate. If these conditions continue or if current conditions worsen, our advisory business may be adversely affected, which may materially impact our financial position and results of operations.

The cost of compliance with international broker-dealer, employment, labor, benefits and tax 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 and tax laws in each country 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 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.

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 $60 million with the option for a temporary increase of up to $80 million total.

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 senior debt.

Risks Relating to Becoming an Independent Publicly Traded Company

We have a limited operating history as an independent company and our historical financial information may not be a reliable indicator of our future results.

For periods prior to October 1, 2015, the historical financial information we have included in this Annual Report on Form 10-K has been derived from the consolidated financial statements of Blackstone, and does not necessarily reflect what our financial position, results of operations and cash flows would have been as a separate, stand-alone entity during such periods presented. Blackstone did not account for us, and we were not operated, as a single stand-alone entity for the periods presented prior to October 1, 2015. In addition, the historical financial information is not necessarily indicative of what our results of operations, financial position and cash flows will be in the future. For example, following the spin-off, changes have occurred in our cost structure, funding and operations, including changes in our tax structure, increased costs associated with reduced economies of scale and increased costs associated with becoming a public, stand-alone company.

We are an emerging growth company, and any decision on our part to comply with certain reduced reporting and disclosure requirements applicable to emerging growth companies could make our common stock less attractive to investors.

We are an emerging growth company, and, for as long as we continue to be an emerging growth company, we currently intend to take advantage of exemptions from various reporting requirements applicable to other public companies but not to "emerging growth companies," including, but not limited to, reduced disclosure obligations regarding executive compensation in our registration statements, periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. We could be an emerging growth company for up to five years following the completion of the spin-off. We will cease to be an emerging growth company upon the earliest of: (a) the end of the fiscal year following the fifth anniversary of the spin-off; (b) the first fiscal year after our annual gross revenues are $1.0 billion or more; (c) the date on which we have, during the previous three-year period, issued more than $1.0 billion in non-convertible debt securities; or (d) the date we became a "large accelerated filer" under the Exchange Act. We cannot predict if investors will find our common stock less attractive if we choose to rely on these exemptions. If some investors find our common stock less attractive as a result of any choices to reduce future disclosure, there may be a less active trading market for our common stock and the price of our common stock may be more volatile.

Under the JOBS Act, emerging growth companies can also delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have irrevocably elected not to avail ourselves of this accommodation allowing for delayed adoption of new or revised accounting standards, and, therefore, we will be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies.

Failure to maintain effective internal controls in accordance with Section 404 of the Sarbanes-Oxley Act of 2002 could have a material adverse effect on our business and share price.

As a publicly traded company, we document and test our internal control procedures in order to satisfy the requirements of Section 404(a) of the Sarbanes-Oxley Act of 2002, which requires, beginning with the filing of this second annual report with the SEC, 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 financi al 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 shares.

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 of directors after taking into account various factors, including our financial condition, earnings, cash flows, capital requirements, cash settlement of Partnership Unit exchanges, previous and anticipated amounts of dividend payments and share repurchases, level of indebtedness, statutory and contractual restrictions applicable to the payment of dividends, general economic, market and industry conditions and other considerations that our board of directors deem relevant from time to time. The credit agreement governing our revolving credit facility contains, and any financing arrangement that we enter into in the future may include, restrictive covenants that limit our ability to pay dividends. 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. See "—While we currently intend to pay a quarterly cash dividend to our stockholders, there can be no assurance that we will continue to declare cash dividends."

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, 2016, 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) 3.3% of the voting power of PJT Partners Inc. with regard to the election and removal of directors, and 36.4% 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, 2016, 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 55.1% 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, 2016, our Class B common stockholders own 46.6% 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 which 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. will 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 $30.88 and the London Interbank Offered Rate ("LIBOR") of 1.69% at December 29, 2016, we estimate that if PJT Partners Inc. exercised its termination on December 31, 2016, the aggregate amount of these termination payments would be $178.5 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.

We may be responsible for U.S. federal income tax liabilities that relate to the distribution.

The spin-off was conditioned on the receipt of an opinion of tax counsel to the effect that certain transactions in Blackstone's internal reorganization should qualify as tax-free distributions under Section 355 of the Code, and a certain transaction in the internal reorganization should qualify as a tax-free reorganization under Section 368 of the Code. Blackstone's receipt of the opinion of tax counsel satisfied a condition to completion of the spin-off. An opinion of tax counsel is not binding on the IRS. Accordingly, the IRS may reach conclusions with respect to the spin-off that are different from the conclusions reached in the opinion. The opinion is based on certain factual statements and representations, which, if incomplete or untrue in any material respect, could cause the tax consequences of the transactions to be different than those set forth in the opinion.

At the time of the spin-off, Blackstone represented to us that it was not aware of any facts or circumstances that would cause any such factual statements or representations in the opinion of tax counsel to be incomplete or untrue or cause the facts on which the opinion will be based to be materially different from the facts at the time of the spin-off. If, notwithstanding the receipt of the opinion of tax counsel, the IRS were to successfully assert that certain transactions in the internal reorganization were not tax-free distributions under Section 355 of the Code or that a certain transaction in the internal reorganization did not qualify as a tax-free reorganization under Section 368 of the Code, one or both of the Blackstone subsidiaries that distributed their interest in our business (the "Distributing Corporations") or we would recognize a substantial tax liability.

Even if such transactions in the internal reorganization otherwise qualify as tax-free distributions for U.S. federal income tax purposes, such transactions will be taxable to one or both of the Distributing Corporations (but not to Blackstone common unitholders) pursuant to Section 355(e) of the Code if there are one or more acquisitions (including by reason of issuances) of our stock in excess of specified thresholds, measured by vote or value, or acquisitions of the stock of one or both of the Distributing Corporations representing 50% or more, measured by vote or value, of the then-outstanding stock of us or such Distributing Corporation and the acquisition or acquisitions are deemed to be part of a plan or series of related transactions that include the transactions in the internal reorganization. Any acquisition of any class of our common stock or stock of a Distributing Corporation within two years before or after the distribution (with exceptions, including public trading by less-than-5% shareholders and certain compensatory stock issuances) generally will be presumed to be part of such a plan unless that presumption is rebutted. The resulting tax liability may have a material adverse effect on our business, financial condition, results of operations or cash flows.

We have agreed not to enter into certain transactions that could cause any portion of the spin-off to be taxable to the Distributing Corporations, including under Section 355(e) of the Code. Pursuant to the Tax Matters Agreement, we agreed to indemnify Blackstone for any tax to a Distributing Corporation resulting from certain acquisitions of our stock, whether or not Blackstone consented to such actions or we were otherwise permitted to take such action under the Tax Matters Agreement. In addition, if certain transactions in the internal reorganization were taxable or became taxable, then under U.S. Treasury regulations we would be severally liable for the resulting U.S. federal income tax liability of one of the Distributing Corporations. These obligations may discourage, delay or prevent a change of control of PJT Partners Inc.

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

Our amended and restated certificate of incorporation and amended and restated bylaws contain provisions that may make the merger or acquisition of our company more difficult without the approval of our board of directors. Among other things, these provisions:

- authorize the issuance of undesignated preferred stock, the terms of which may be established and the shares of which may be issued without stockholder approval, and which may include super voting, special approval, dividend, or other rights or preferences superior to the rights of the holders of Class A common stock;
- provide that our board of directors will be divided into three classes, with terms of the directors of only one class expiring in any given year;
- prohibit Class A common stockholders from acting by written consent unless such action is recommended by all directors then in office, but permit Class B common stockholders to act by written consent without requiring any such recommendation;
- provide that our board of directors is expressly authorized to make, alter, or repeal our bylaws and that our stockholders may only amend our bylaws with the approval of 80% or more of the voting power of all of the outstanding shares of our capital stock entitled to vote;
- provide that certain provisions of our amended and restated certificate of incorporation, including those providing for a classified board of directors, may be amended, altered, repealed or rescinded, in whole or in part, or any provision inconsistent therewith may be adopted, only with the approval of 80% or more of the voting power of all of the outstanding shares of our capital stock entitled to vote; and
- establish advance notice procedures and minimum stock ownership requirements for stockholder nominations for elections to our board or for proposing matters that can be acted upon by stockholders at stockholder meetings, as well as provide for director qualification requirements.

In addition, immediately prior to the spin-off, Blackstone caused our prior board of directors to adopt a stockholder rights agreement, under which holders of our Class A common stock have been granted rights to purchase from us additional shares of our Class A common stock in the event that a person or group acquires beneficial ownership of 15% or more of the then-outstanding Class A common stock without approval of our board of directors, subject to exceptions for, among other things, persons beneficially owning 15% or more of our Class A common stock as of the date of the initial filing with the SEC of our spin-off Registration Statement on Form 10 (or that would beneficially own 15% or more of our Class A common stock by virtue of the spin-off if the spin-off were consummated as of the date of such initial filing). The rights will expire on the earliest to occur of (a) October 1, 2018, (b) the time at which the rights are redeemed pursuant to the stockholder rights agreement, and (c) the time at which the rights are exchanged pursuant to the stockholder rights agreement.

The stockholder rights agreement could make it more difficult for a third party to acquire our Class A common stock without the approval of our board of directors. Acquisitions of shares of our Class A common stock as a result of acquiring additional Blackstone common units prior to the spin-off or shares representing our Class A common stock in the when-issued trading market or as a result of the spin-off will each be included in determining the beneficial ownership of a person and all such acquisitions will be taken into account in determining whether a person is an acquiring person under the terms of the stockholder rights agreement. Therefore, a person could become an acquiring person under the terms of the stockholder rights agreement simultaneously with the acquisition of our Class A common stock in the spin-off. Even if a person is initially an exempt person under the terms of the stockholder rights agreement, such person could lose such status as a result of pre-spin-off acquisitions. In addition, each Partnership Unit will have attached to it a preferred unit purchase right. Our stockholder rights plan was ratified by our stockholders at the PJT Partners Inc. 2016 Annual Meeting of Stockholders.

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.

Further, as a Delaware corporation, we are also subject to provisions of Delaware law, which may impair a takeover attempt that our stockholders may find beneficial. These anti-takeover provisions and other provisions under Delaware law could discourage, delay or prevent a transaction involving a change in control of our company, including actions that our stockholders may deem advantageous, or negatively affect the trading price of our Class A common stock. These provisions could also discourage proxy contests and make it more difficult for you and other stockholders to elect directors of your choosing and to cause us to take other corporate actions you desire.

See "Certain Relationships and Related Person Transactions—PJT Partners Holdings LP Limited Partnership Agreement" in our definitive proxy statement filed in connection with our 2016 Annual Meeting of Stockholders (our "2016 Proxy Statement").

Risks Relating to Our Class A Common Stock

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 exchange and future sale.

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 under which they (or certain permitted transferees thereof) 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. Further, pursuant to the terms of 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.

Depending on our liquidity and capital resources, market conditions, the timing and concentration of exchange requests and other considerations, we may choose to fund cash-settled 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. Issuing significant numbers of shares of our Class A common stock upon exchange of Partnership Units could adversely affect the tax consequences to Blackstone of the distribution. Accordingly, while we will retain the right under the Exchange Agreement to elect to settle exchanges in cash or Class A common stock in our sole discretion, we intend to limit such issuances of Class A common stock in settlement of exchanges of Partnership Units to the extent necessary to preserve the intended tax-free nature of the spin-off and to comply with our obligations under the Tax Matters Agreement. 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 cash-settled 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. See "Certain Relationships and Related Person Transactions—Exchange Agreement" in our 2016 Proxy Statement.

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.

If securities analysts do not publish research or reports about our business or if they downgrade our Company or our sector, the price of our common stock could decline.

The trading market for our Class A common stock depends in part on the research and reports that industry or financial analysts publish about us or our business. We do not control the research decisions made by these analysts. Furthermore, if one or more of the analysts who do cover us downgrades our Company or our industry, or the stock of any of our competitors, the price of our Class A common stock could decline. If one or more of these analysts ceases coverage of our Company, we could lose visibility in the market, which in turn could cause the price of our Class A common stock to decline.

While we currently intend to pay a quarterly cash dividend to our stockholders, there can be no assurance that we will continue to declare cash dividends

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 of directors 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.

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, 2016, we have 2,981,996,728 shares of Class A common stock authorized but unissued, including 15,686,040 shares of Class A common stock that may be issued upon exchange of Partnership Units that are held by the limited partners of PJT Partners Holdings LP. 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 of directors 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. We have reserved 7,000,000 shares for issuance of new awards under our 2015 Omnibus Incentive Plan. Pursuant to the terms of the Employee Matters Agreement we entered into with Blackstone in connection with the spin-off, generally fifty percent of the unvested Blackstone equity awards (other than awards scheduled to vest within 180 days following the spin-off) held by PJT Partners personnel who remained employed with us through the spin-off were converted into equity awards of PJT Partners. In addition, as described under “Certain Relationships and Related Person Transactions—Transaction Agreement—Founder Earn-Out Units” in our 2016 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 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.

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, Madrid, San Francisco and Sydney. 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 businessIn addition, government agencies and self-regulatory organizations in countries in which we conduct business, conduct periodic examinations and 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, investment advisor, 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.

On April 15, 2016, Plaintiff Gregory G. Barrett filed in the Southern District of New York a putative class action for violation of the federal securities laws against defendants PJT Partners Inc. and Andrew W. W. Caspersen in an action styled Gregory G. Barrett v. PJT Partners Inc. and Andrew W. W. Caspersen, No. 1:16-cv-02841-VEC (S.D.N.Y.). Generally, the complaint alleges that PJT Partners made misstatements about its business, operational and compliance policies and its compliance and fraud-prevention controls. These alleged misstatements allegedly caused members of the putative class, investors who purchased PJT Partners common stock during the class period, November 12, 2015 to March 28, 2016, to pay an inflated price for PJT Partners common stock. The complaint alleges claims under section 10(b) and Rule 10b-5 of the Exchange Act against PJT Partners and Mr. Caspersen, and under 20(a) of the Exchange Act against Mr. Caspersen. On June 14, 2016, plaintiff Gregory G. Barrett filed a motion for appointment as lead plaintiff and for approval of Pomerantz LLP as lead counsel. On August 3, 2016, the motion was granted. On September 23, 2016, lead plaintiff filed an amended class action complaint. The amended complaint alleges claims under section 10(b) and Rule 10b-5 of the Exchange Act against PJT Partners, Paul J. Taubman, Helen T. Meates and Mr. Caspersen and under Section 20(a) of the Exchange Act against Mr. Taubman and Ms. Meates. The Company, Mr. Taubman and Ms. Meates moved to dismiss the amended complaint. We believe that this shareholder action is without merit and will defend it vigorously. The Company cannot exclude the possibility of any future litigation and/or proceedings related to this matter, including claims against the Company by Mr. Caspersen's victims.

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 21, 2017, there were 196 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.

The following table sets forth, for the fiscal quarter indicated, the high and low sales prices per share of our Class A common stock, as reported by the NYSE and the dividends paid per share of Class A common stock since October 1, 2015, the date that our common stock began "regular-way" trading on the NYSE. Prior to October 1, 2015, there was no public market for our Class A common stock. Our Class A common stock traded on a "when-issued" basis prior to October 1, 2015.

	Year Ended December 31, 2016		
	High	Low	Dividends Per Share
First Quarter	$ 28.60	$ 19.96	$ 0.05
Second Quarter	$ 27.86	$ 21.52	$ 0.05
Third Quarter	$ 27.45	$ 22.28	$ 0.05
Fourth Quarter	$ 32.35	$ 25.53	$ 0.05

	Year Ended December 31, 2015		
	High	Low	Dividends Per Share
Fourth Quarter	$ 29.08	$ 20.00	$ —

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 of directors. Our board of directors will take into account: general economic and business conditions; our financial condition and operating results; our available cash and current anticipated cash needs; capital requirements; contractual, legal, tax and regulatory restrictions and implications on the payment of dividends by us to our stockholders; and such other factors as our board of directors may deem relevant.

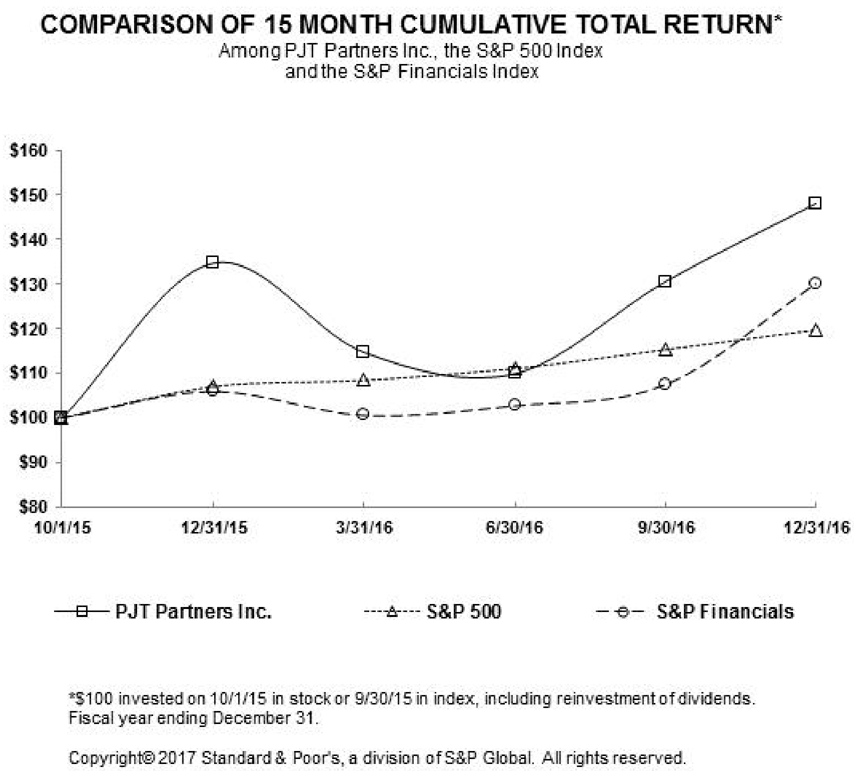
PJT Partners Inc. is a holding company and has no material assets other than its ownership of Partnership Units in PJT Partners Holdings LP, and certain cash and cash equivalents it may hold from time to time as described below. In accordance with the partnership agreement of PJT Partners Holdings LP, 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 of directors 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.

The credit agreement governing our revolving credit facility includes, and financing arrangements that we 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 October 1, 2015 (the first day our common stock began "regular-way" trading on the NYSE) through December 31, 2016, with that of the S&P 500 Index and the S&P Financials Index. Prior to October 1, 2015, there was no public market for our Class A common stock. Our Class A common stock traded on a "when-issued" basis prior to October 1, 2015. The graph assumes $100 was invested in our Class A common stock on October 1, 2015, and in the S&P 500 Index and the S&P Financials Index on September 30, 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.



Share Repurchases in the Fourth Quarter of 2016

The Company made no purchases of its Class A common stock during the fourth quarter of 2016.

Unregistered Sales of Equity Securities and Use of Proceeds

In connection with the issuance on October 11, 2016 and October 21, 2016 of LTIP Units in PJT Partners Holdings LP to two employees of the Company, PJT Partners Inc. issued a corresponding share of its Class B common stock, par value $0.01 per share, to each of these individuals on October 11, 2016 and October 21, 2016, respectively. 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

On October 1, 2015, the Company completed the reorganization of its business and the separation from Blackstone. For periods presented prior to October 1, 2015, the financial statements were prepared on a stand-alone basis and were derived from the consolidated financial statements and accounting records of Blackstone. The results of operations for the year ended December 31, 2015 reflect the combined results of Blackstone's operations for the period from January 1, 2015 to October 1, 2015 and the consolidated results of PJT Partners Inc., as reorganized and separated from Blackstone, through December 31, 2015. The results of operations for the year ended December 31, 2016 reflect the results as a stand-alone, independent publicly traded company.

The statement of operations data for each of the years ended December 31, 2016, 2015 and 2014 and the statement of financial condition data as of December 31, 2016 and 2015 set forth below are derived from the Company's audited consolidated and combined financial statements included elsewhere in this Annual Report on Form 10-K. The statement of operations data for the years ended December 31, 2013 and 2012 and the statement of financial condition data as of December 31, 2014 and December 31, 2013 are derived from the Company's audited financial statements that are not included elsewhere in this Annual Report on Form 10-K. The statement of financial condition data as of December 31, 2012 is derived from the Company's unaudited financial statements that are not included elsewhere in this Annual Report on Form 10-K. The Company's financial data are not indicative of our future performance and, for the years ended prior to December 31, 2016, do not necessarily reflect what our financial condition and results of operations would have been had we been operating as an independent, publicly traded company, including changes that occurred in our operations and capitalization as a result of the spin-off from Blackstone.

The selected consolidated and combined financial data should be read in conjunction with "—Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated and combined financial statements and related notes thereto included in this Annual Report on Form 10-K:

	Year Ended December 31, 2016	2015	2014	2013	2012
Statement of Operations Data					
Revenues					
Advisory Fees	$ 377,610	$ 286,014	$ 271,278	$ 256,433	$ 244,439
Placement Fees	114,968	114,058	127,664	136,726	106,764
Interest Income and Other	6,852	5,866	2,127	3,795	3,414
Total Revenues	499,430	405,938	401,069	396,954	354,617
Expenses					
Compensation and Benefits	381,000	315,195	317,478	339,778	318,255
Non-Compensation Expenses	103,930	96,679	76,053	70,976	75,553
Total Expenses	484,930	411,874	393,531	410,754	393,808
Income (Loss) Before Provision for Taxes	14,500	(5,936)	7,538	(13,800)	(39,191)
Provision for Taxes	9,392	239	3,046	3,373	3,357
Net Income (Loss)	5,108	(6,175)	$ 4,492	$ (17,173)	$ (42,548)
Net Income (Loss) Attributable to Redeemable Non-Controlling Interests	8,142	(13,751)			
Net Income (Loss) Attributable to PJT Partners Inc.	$ (3,034)	$ 7,576			
Net Loss Per Share of Class A Common Stock — Basic and Diluted	$ (0.17)				
Weighted-Average Shares of Class A Common Stock Outstanding — Basic and Diluted	18,292,717				
Dividends Declared Per Share of Class A Common Stock	$ 0.20				

	October 1, 2015 through December 31, 2015
Net Loss	$ (24,935)
Net Loss Attributable to Redeemable Non-Controlling Interests	(13,751)
Net Loss Attributable to PJT Partners Inc.	$ (11,184)
Net Loss Per Share of Class A Common Stock — Basic and Diluted	$ (0.61)
Weighted-Average Shares of Class A Common Stock Outstanding — Basic and Diluted	18,258,174

	December 31,				
	2016	2015	2014	2013	2012
Statement of Financial Condition Data					
Total Assets (a)	$ 590,476	$ 467,252	$ 347,951	$ 319,662	$ 313,873
Total Liabilities (b)	$ 177,060	$ 125,317	$ 15,631	$ 18,334	$ 28,285
Redeemable Non-Controlling Interests (c)	$ 421,976	$ 309,855	$ —	$ —	$ —
Total Equity (Deficit) (c)	$ (8,560)	$ 32,080	$ 332,320	$ 301,328	$ 285,588

(a) Total Assets increased at December 31, 2016 primarily due to increases in Cash and Cash Equivalents generated from operating activities during the year and Accounts Receivable. Total Assets increased at December 31, 2015 primarily related to the additional deferred tax asset recorded on October 1, 2015 related to the spin-off from Blackstone and the identifiable intangible assets recorded as part of the acquisition of PJT Capital LP.

(b) Total Liabilities increased at December 31, 2016 primarily related to an increase in Accrued Compensation and Benefits related to the increase in total revenues between the year ended December 31, 2015 and 2016, partially offset by a decrease in Accounts Payable, Accrued Expenses and Other Liabilities. Total Liabilities increased at December 31, 2015 primarily related to an increase in Accrued Compensation and Benefits. Prior to the spin-off on October 1, 2015, intercompany amounts due to Blackstone were typically settled monthly, which included settlements of accruals for forecast year-end incentive compensation. Blackstone retained and paid the accrual for 2015 incentive compensation in respect of amounts recorded at September 30, 2015. Incentive compensation recorded during the fourth quarter of 2015 and going forward is recorded and paid by us.

(c) These amounts reflect the allocation of Net Income (Loss) and the adjustment to measure the Redeemable Non-Controlling Interests at their current redemption value at each reporting date.

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 and Combined Financial Statements and the related notes included in this Annual Report on Form 10-K.

The financial statements, which are discussed below, reflect the historical financial condition, results of operations and cash flows of the strategic advisory services, restructuring and reorganization advisory services and Park Hill Group businesses of The Blackstone Group L.P. ("Blackstone") for periods presented prior to October 1, 2015, the date that the spin-off and related transactions were completed. The financial information discussed below and included in this Annual Report on Form 10-K for such periods may not necessarily reflect what our financial condition, results of operations or cash flows would have been had we been a stand-alone company during the periods presented and the financial information discussed below and included in this Annual Report on Form 10-K may not necessarily reflect what our financial condition, results of operations and cash flows may be in the future.

Our Business

PJT Partners is a global advisory-focused investment bank. Our team of senior professionals delivers a wide array of strategic advisory, restructuring and special situations and private fund advisory and placement services to corporations, financial sponsors, institutional investors and governments around the world. We offer a unique portfolio of advisory services designed to help our clients realize major corporate milestones and solve complex issues. We also provide, through Park Hill Group, private fund advisory and placement 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 capability, including mergers and acquisitions ("M&A"), joint ventures, minority investments, asset swaps, divestitures, takeover defenses, corporate finance advisory, private placements and distressed sales. 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 vast expertise in highly complex capital structure challenges, our Restructuring and Special Situations Group's services include advising companies, creditors and financial sponsors on recapitalizations, reorganizations, exchange offers, debt repurchases, capital raises and distressed mergers and acquisitions. Park Hill Group, our private fund advisory and placement business, is a world-leading fund placement agent and provides private fund advisory and placement services for a diverse range of investment strategies. Moreover, Park Hill Group is the only group among its peers with top-tier dedicated private equity, hedge fund, real estate and secondary advisory groups.

Spin-off from Blackstone

See Note 3. "Reorganization and Spin-off" in "—Item 8. Financial Statements and Supplementary Data" of this filing for further information.

Business Environment

Economic and global financial conditions can materially affect our operational and financial performance.

M&A is a cyclical business that is impacted by macroeconomic conditions. According to Thomson Reuters, worldwide M&A announced volumes during full-year 2016 were down 16% compared with the prior year.[1] However, we are still in a very constructive environment for M&A by historical standards. We expect corporate boards and management teams to continue to use M&A as a tool for growth.

Despite a rebound in energy and commodity prices, distressed activity remained elevated during the year given a number of energy companies which continued their restructuring processes. While there may be fewer opportunities in the energy sector near-term, we expect restructuring activity to continue in sectors such as retail; merchant power; healthcare; and technology, media and telecommunications.

Short-term volatility in the market has the potential to pause investment, which could have an impact on our strategic advisory and fund placement businesses. This short-term volatility however, does not impact the long-term allocation decisions of investors or their commitment to alternative asset classes. Overall, alternative assets benefit from a combination of volatile returns in public equities and low yields on traditional fixed income. As a leading alternative asset fundraising platform, Park Hill Group is well-positioned to benefit from this trend.

On June 23, 2016, the United Kingdom ("U.K.") voted to leave the European Union, commonly referred to as "Brexit." The full impact of Brexit remains uncertain, and it is likely to take a significant period of time before the future terms of the U.K.'s relationship with the European Union are determined. Circumstances relating to Brexit have the potential to impact particular client transactions as well as the Company's decisions around our organization and/or operations.

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 – Our strategic advisory services include a broad range of financial advisory and transaction execution services relating to acquisitions, mergers, joint ventures, minority investments, asset swaps, divestitures, takeover defenses, corporate finance advisory and distressed sales. Our restructuring and special situations services include providing advice to corporations and creditors in recapitalizations and restructurings around the world, with

1 Source: Thomson Reuters. Aggregate mergers and acquisitions values extracted from the official Thomson Reuters Mergers & Acquisitions Review for Full Year 2016, based on figures extracted from Thomson Reuters databases as of December 30, 2016.

particular expertise in large, complex and high-profile deals. In conjunction with providing such restructuring advice,we may also assist with raising various forms of financing, including debt and equity. Our secondary advisory services provided by Park Hill Group 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 are dependent on the successful completion of a transaction.

A transaction can fail to be completed for many reasons, including failure of parties to agree upon final terms with the counterparty, 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 are provided within Park Hill Group and 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 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 as earned 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 as commitments are accepted. Fees for such closed-end fund arrangements are generally paid in quarterly installments over three or four years and interest is charged to the outstanding balance at an agreed upon rate (typically the London Interbank Offered Rate ("LIBOR") plus a market-based margin). For funds with multiple closings, each closing is treated as a separate performance obligation. As a result, we recognize revenue at each closing as our performance obligations are fulfilled. For open-end fund structures, placement fees are typically calculated as a percentage of a placed investor's month-end net asset value ("NAV"). Typically, we earn fees for such open-end fund structures over a 48 month period. For these arrangements, revenue is recognized monthly as the amounts become fixed and determinable.

We may receive non-refundable up-front fees upon execution of agreements with clients to provide placement services, which are recorded as revenues in the period over which services are provided.

Revenues from Affiliates – For periods presented prior to October 1, 2015, we reported revenues earned from services provided to portfolio companies owned or controlled by Blackstone as well as funds managed by Blackstone as Revenues from Affiliates in our Consolidated and Combined Statements of Operations. Advisory Fees from such assignments were 1.5% and 11.8% of our total Advisory Fees for the years ended December 31, 2015 and 2014, respectively. Placement Fees from such assignments were 12.6% and 11.7% of our total Placement Fees for the years ended December 31, 2015 and 2014, respectively. There were no revenues earned from affiliates for the year ended December 31, 2016.

Interest Income and Other – Interest Income and Other represents interest typically earned on Cash and Cash Equivalents and outstanding placement fees receivable, miscellaneous income, foreign exchange gains and losses arising on transactions denominated in currencies other than U.S. dollars and sublease income. Interest on placement fees receivable is earned from the time revenue is recognized and is calculated based upon LIBOR plus an additional percentage as mutually agreed upon with the receivable counterparty. Interest receivable is included in Accounts Receivable in the Consolidated and Combined Statements of Financial Condition.

Expenses

Compensation and Benefits – Compensation and Benefits expense includes employee and partner salaries, bonuses, benefits, employer taxes and equity-based compensation associated with the grants of equity-based awards to employees and partners. Changes in this expense are driven by fluctuations in the number of employees, increases in wages as a result of inflation or labor market conditions, 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 base salary, cash bonus awards and equity bonus awards and benefits programs and 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 which are generally valued at their grant date.

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 principally of consulting, audit and tax, recruiting and legal services;
- *Communications and Information Services* – consisting primarily of costs for our technology infrastructure and telecommunications costs;
- *Depreciation and Amortization* – depreciation and amortization on our furniture, fixtures and equipment and intangible assets; and
- *Other Expenses* – consisting principally of research, bad debt, regulatory fees, insurance, fees paid for access to external market data, the Caspersen-related charge and transaction-related payable to 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. Prior to October 1, 2015, these taxes were not reflected in the Company's consolidated and combined financial statements.

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

Prior to October 1, 2015, the Company's operations were included in the income tax returns of Blackstone's subsidiaries, except for certain entities that were classified as partnerships for U.S. tax purposes. These partnerships were subject to New York City UBT and certain other foreign, state and local taxes, as applicable.

In connection with the spin-off from Blackstone on October 1, 2015, PJT Partners Inc. became 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).

Redeemable Non-Controlling Interests

Following the spin-off on October 1, 2015, 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 subsidiaries. The holders of common units of partnership interest in PJT Partners Holdings LP ("Partnership Units") have redemption rights not solely within the Company's control and thus their ownership interest is considered a redeemable non-controlling interest. Redeemable Non-Controlling Interests have been presented separately from Equity in the Consolidated and Combined Statements of Financial Condition and the portion of net income or loss attributable to the redeemable non-controlling interests has been presented separately in the Consolidated and Combined Statements of Operations.

Consolidated and Combined Results of Operations

The following table sets forth our consolidated and combined results of operations for the years ended December 31, 2016, 2015 and 2014:

	Year Ended December 31,			2016 vs. 2015		2015 vs. 2014	
	2016	2015	2014	$	%	$	%
				(Dollars in Thousands)			
Revenues							
Advisory Fees	$ 377,610	$ 286,014	$ 271,278	$ 91,596	32%	$ 14,736	5%
Placement Fees	114,968	114,058	127,664	910	1%	(13,606)	-11%
Interest Income and Other	6,852	5,866	2,127	986	17%	3,739	176%
Total Revenues	499,430	405,938	401,069	93,492	23%	4,869	1%
Expenses							
Compensation and Benefits	381,000	315,195	317,478	65,805	21%	(2,283)	-1%
Occupancy and Related	25,815	32,682	25,601	(6,867)	-21%	7,081	28%
Travel and Related	11,480	14,082	13,382	(2,602)	-18%	700	5%
Professional Fees	18,925	19,814	10,837	(889)	-4%	8,977	83%
Communications and Information Services	8,875	7,622	7,048	1,253	16%	574	8%
Depreciation and Amortization	14,026	14,872	7,773	(846)	-6%	7,099	91%
Other Expenses	24,809	7,607	11,412	17,202	226%	(3,805)	-33%
Total Expenses	484,930	411,874	393,531	73,056	18%	18,343	5%
Income (Loss) Before Provision for Taxes	14,500	(5,936)	7,538	20,436	N/M	(13,474)	N/M
Provision for Taxes	9,392	239	3,046	9,153	N/M	(2,807)	-92%
Net Income (Loss)	5,108	(6,175)	$ 4,492	11,283	N/M	$ (10,667)	N/M
Net Income (Loss) Attributable to Redeemable Non-Controlling Interests	8,142	(13,751)		21,893	N/M		
Net Income (Loss) Attributable to PJT Partners Inc.	$ (3,034)	$ 7,576		$ (10,610)	N/M		

N/M Not meaningful.

The Company’s results of operations for periods presented prior to October 1, 2015 reflect the historical financial results of operations of the strategic advisory services, restructuring and reorganization advisory services and Park Hill Group businesses of Blackstone. The results of operations may not necessarily reflect our results of operations had we been a stand-alone company during the periods presented or what our financial results may be in the future. Additionally, the results of operations of PJT Capital LP are not included in the results of operations for periods presented prior to October 1, 2015 as the acquisition did not occur until October 1, 2015.

Year Ended December 31, 2016 versus Year Ended December 31, 2015

Revenues

Total Revenues were $499.4 million for the year ended December 31, 2016, an increase of $93.5 million compared with $405.9 million for the year ended December 31, 2015. The increase in Total Revenues was primarily driven by an increase of $91.6 million in Advisory Fees. The increase in Advisory Fees was driven by an overall increase in the number of clients and size of fees during the year ended December 31, 2016, primarily within the restructuring and special situations business. Placement Fees were $115.0 million for the year ended December 31, 2016, approximately flat compared with $114.1 million for the year ended December 31, 2015.

The following table provides revenue statistics for the years ended December 31, 2016, 2015 and 2014:

	Year Ended December 31,		
	2016	2015	2014
Advisory Fees			
Number of Clients	145	134	142
Number of Fee-Paying Clients with $1 Million or More	86	63	68
Number of Fee-Paying Clients Representing Greater than 10% of Advisory Fees	—	1	—
Percentage of Such Clients' Fees of Total Advisory Fees	—	13.9 %	—
Placement Fees			
Number of Clients	78	76	75
Number of Fee-Paying Clients with $1 Million or More	31	35	35
Number of Fee-Paying Clients Representing Greater than 10% of Placement Fees	—	—	—
Percentage of Such Clients' Fees of Total Placement Fees	—	—	—

Expenses

Expenses were $484.9 million for the year ended December 31, 2016, an increase of $73.1 million compared with $411.9 million for the year ended December 31, 2015. The increase in expenses was primarily attributable to increases in Compensation and Benefits and Other Expenses of $65.8 million and $17.2 million, respectively, and partially offset by a decrease in Occupancy and Related of $6.9 million. The increase in Compensation and Benefits was primarily due to a full year of amortization of equity compensation related to the spin-off, as well as an increase in headcount and improved business performance. The increase in Other Expenses was primarily due to the previously disclosed $3.3 million charge (including an offset for insurance recovery) recorded in the first quarter of 2016, certain spin-off-related payables due to Blackstone, an increase in bad debt expense and increased costs associated with our operation as a stand-alone public company since October 1, 2015. The decrease in Occupancy and Related was primarily due to the prior year reflecting rent expense for both current and previous office locations during the period of transition.

Provision for Taxes

The Company's Provision for Taxes for the year ended December 31, 2016 and 2015 was $9.4 million and $0.2 million, respectively. This resulted in an effective tax rate of 64.8% and -4.0%, respectively, based on our Income Before Provision for Taxes of $14.5 million for the year ended December 31, 2016 and Loss Before Provision for Taxes of $5.9 million for the year ended December 31, 2015. The effective tax rate increased in the year ended December 31, 2016 compared with the year ended December 31, 2015 primarily due to the Company's new entity structure on October 1, 2015 as a publicly traded corporation and due to permanent differences related to compensation and amounts the Company has agreed to pay Blackstone with respect to net realized cash benefits arising from certain compensation-related tax deductions.

Redeemable Non-Controlling Interests

Net Income (Loss) Attributable to Redeemable Non-Controlling Interests is derived from the Income (Loss) Before Provision for Taxes and the percentage allocation of the income (loss) 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 (loss). Prior to the spin-off on October 1, 2015, redeemable non-controlling interests had not been presented in the financial statements.

Year Ended December 31, 2015 versus Year Ended December 31, 2014

Revenues

Total Revenues were $405.9 million for the year ended December 31, 2015, an increase of $4.9 million compared with $401.1 million for the year ended December 31, 2014. The increase in Total Revenues was primarily attributable to an increase of $14.7 million in Advisory Fees, partially offset by a decrease of $13.6 million in Placement Fees. The increase in Advisory Fees was primarily driven by significant fee realizations on a number of M&A transactions that closed during the year. The decrease in Placement Fees was primarily due to a decrease in corporate private placement fees, partially offset by an increase in fund placement fees.

Expenses

Expenses were $411.9 million for the year ended December 31, 2015, an increase of $18.3 million compared with $393.5 million for the year ended December 31, 2014. The increase in expenses was primarily attributable to increases in Professional Fees, Depreciation and Amortization and Occupancy and Related Expenses of $9.0 million, $7.1 million and $7.1 million, respectively, and partially offset by decreases of $3.8 million and $2.3 million in Other Expenses and Compensation and Benefits, respectively. The increase in Professional Fees was primarily related to an increase in legal and other professional services expense incurred in connection with the spin-off. The increase in Depreciation and Amortization was related to the impairment of intangible assets, as further described in Note 6. "Goodwill and Intangible Assets" and additional intangible assets associated with the acquisition of PJT Capital LP, as further described in Note 4. "Business Combinations" in the "Notes to Consolidated and Combined Financial Statements" in "—Item 8. Financial Statements and Supplementary Data" of this filing. The increase in Occupancy and Related was primarily due to increased rent expense associated with the continuation of rent expense in our previous office locations during the period of transition into new office locations in New York, London and Hong Kong. The decrease in Other Expenses was primarily due to reversal of bad debt expense in 2015. The decrease in Compensation and Benefits was primarily from a change in terms of deferred compensation plan awards and a decrease in transaction-based equity amortization, and partially offset by an increase due to the Company's decision to pay in cash the portion of partner discretionary compensation that would have otherwise been paid in deferred equity.

Provision for Taxes

The Company's Provision for Taxes for the year ended December 31, 2015 and 2014 was $0.2 million and $3.0 million, respectively. This resulted in an effective tax rate of -4.0% and 40.4%, respectively, based on our Loss Before Provision for Taxes of $5.9 million for the year ended December 31, 2015 and Income Before Provision for Taxes of $7.5 million for the year ended December 31, 2014. The effective tax rate decreased in the year ended December 31, 2015 compared with the year ended December 31, 2014 primarily due to the Company's new entity structure on October 1, 2015 as a publicly traded corporation and the tax benefit recorded with respect to the operating loss incurred during the three months ended December 31, 2015.

Liquidity and Capital Resources

General

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

Our assets have historically comprised cash and receivables earned from strategic advisory and placement fees. Our liabilities primarily include accrued compensation and benefits, accounts payable and accrued expenses and taxes payable. We expect to pay a significant amount of incentive compensation late each year or during the first two months of each 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 increase over the remainder of the year.

Additionally, in connection with the spin-off, we entered into a credit facility with First Republic Bank to provide a $60.0 million revolving credit facility, with the ability to increase the credit facility up to $80.0 million during the period beginning December 1 each year through March 1 the following year, so long as no event of default has occurred and is continuing or would be caused by exercising such option. The revolving credit facility is further described in Note 13. "Commitments and Contingencies—Commitments, Line of Credit" in the "Notes to Consolidated and Combined Financial Statements" in "—Item 8. Financial Statements and Supplementary Data" of this filing.

On October 10, 2016, PJT Partners Holdings LP entered into a Renewal Agreement (the "Renewal Agreement") and related documents with First Republic Bank, amending the terms of the Company's revolving credit facility under the Loan Agreement. The Renewal Agreement provides for a one-year extension of the maturity of the revolving credit facility to October 2, 2018.

As of December 31, 2016 and 2015, there were no borrowings under the revolving credit facility and we were in compliance with all debt covenants.

We evaluate our cash needs on a regular basis in light of current market conditions. As of December 31, 2016 and 2015, we had cash and cash equivalents of $152.4 million and $82.3 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, 2016 and 2015, total accounts receivable were $227.6 million and $169.6 million, respectively, net of allowance for doubtful accounts of $4.4 million and $0.9 million, respectively. As of December 31, 2016 and 2015, $73.1 million and $62.6 million, respectively, of receivables attributable to our private fund advisory and placement business were expected to be collected at or more than one year from each date.

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, 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. Furthermore, our ability to forecast future cash flows is more limited because we do not have a long-established operating history as a stand-alone company. If our cash flows from operations are less than we expect, we may need to incur additional 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, 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.

Subject to the terms and conditions of the exchange agreement between us and certain of the holders of Partnership Units, 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 cash-settled 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. Issuing significant numbers of shares of our Class A common stock upon exchange of Partnership Units could adversely affect the tax consequences to Blackstone of the distribution. Accordingly, while we will retain the right under the Exchange Agreement to elect to settle exchanges in cash or Class A common stock in our sole discretion, we intend to limit such issuances of Class A common stock in settlement of exchanges of Partnership Units to the extent necessary to preserve the intended tax-free nature of the spin-off and to comply with our obligations under the Tax Matters Agreement.

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 15. "Regulated Entities" in the "Notes to Consolidated and Combined 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 strategic advisory, restructuring and special situations and private fund advisory and placement services. 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.

Contractual Obligations

The following table sets forth information relating to our contractual obligations as of December 31, 2016:

Contractual Obligations	2017	2018–2019	2020–2021	Thereafter	Total
			(Dollars in Thousands)		
Operating Leases (a)	$ 19,193	$ 34,832	$ 33,564	$ 101,223	$ 188,812
Capital Leases (including interest)	100	200	81	—	381
Purchase Obligations	3,498	1,617	56	—	5,171
Amount Due Pursuant to Tax Receivable Agreement (b)	10	129	129	696	964
Total	$ 22,801	$ 36,778	$ 33,830	$ 101,919	$ 195,328

(a) We lease our primary office space under agreements that expire at various dates through 2030. Further disclosure regarding rent is presented in Note 13. "Commitments and Contingencies—Commitments, Leases" in the "Notes to Consolidated and Combined 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 only guaranteed minimum lease payments for such leases and does not project potential escalation or other lease-related payments. These leases are classified as operating leases for financial statement purposes and as such are not recorded as liabilities in the Consolidated and Combined Statements of Financial Condition. The amounts presented are net of contractual sublease commitments.

(b) As of December 31, 2016, the Company had an amount due of $1.0 million pursuant to the tax receivable agreement in the consolidated and combined financial statements, 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" and Note 12. "Transactions with Related Parties" in the "Notes to Consolidated and Combined Financial Statements" in "—Item 8. Financial Statements and Supplementary Data" of this filing.

Commitments and Contingencies

Litigation

As also discussed in Note 13. "Commitments and Contingencies—Litigation" in the "Notes to Consolidated and Combined Financial Statements" in "—Item 8. Financial Statements and Supplementary Data" of this filing, the Company previously recorded an expense of $8.9 million related to the Caspersen matter, which represented the amount that was considered to be probable and reasonably estimable as well as a related insurance reimbursement of $5.6 million deemed probable of receipt during the year ended December 31, 2016. The Company made payments totaling $8.9 million related to the charge and also received a $5.6 million insurance reimbursement during the year ended December 31, 2016.

With respect to potential additional claims related to funds fraudulently obtained by Mr. Caspersen, we believe that the totalpotential amount of any such claims to be less than $30 million, any such claims would be without merit and we would vigorously defend any such actions.

For other 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.

Indemnifications

We enter into contracts, including contracts with Blackstone relating to the spin-off, which contain a variety of indemnifications. Our maximum exposure under these arrangements is not known. However, we have not had prior claims or losses pursuant to these contracts and expect the risk of loss to be remote.

Other

See Notes 8, 10, 13 and 14 in the “Notes to Consolidated and Combined Financial Statements” in “—Item 8. Financial Statements and Supplementary Data” of this filing for further information in connection with income taxes, equity compensation plans, commitments and employee benefit plans, respectively.

Off-Balance Sheet Arrangements

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

Critical Accounting Policies

We prepare our consolidated and combined 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 judgments that affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities in our consolidated and combined financial statements. We base our estimates and judgments on historical experience and other assumptions that we believe are reasonable under the circumstances. These assumptions, estimates and/or judgments, however, 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 and Combined Financial Statements” in “—Item 8. Financial Statements and Supplementary Data” of this filing.)

Revenue Recognition

Revenues consist of Advisory Fees, Placement Fees and Interest Income and Other. Fees are recognized when (a) there is evidence of an arrangement with a client, (b) agreed upon services have been provided, (c) fees are fixed or determinable, and (d) collection is reasonably assured.

Advisory Fees – Advisory Fees typically consist of retainer and transaction-based fee arrangements related to strategic advisory services, restructuring and special situations services and secondary advisory services provided by Park Hill Group. Advisory retainer and transaction-based fees are recognized when services for the transactions are complete, in accordance with terms set forth in individual agreements. The amount and timing of the fees paid vary by the type of engagement. The majority of the Advisory Fees are dependent on the successful completion of a transaction.

Placement Fees – Placement Fees consist of fund placement services for alternative investment funds and private placements for corporate clients. Placement fees earned for services to corporate clients are recognized as earned upon successful completion of the transaction. Fund placement fees earned for services to alternative asset managers are typically recognized as earned 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 as commitments are accepted. Fees for such closed-end fund arrangements are generally paid in quarterly 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, each closing is treated as a separate performance obligation. As a result, revenue is recognized at each closing as the performance obligations are fulfilled. For open-end fund structures, placement fees are typically calculated as a percentage of a placed investor's month-end NAV. Typically, fees for such open-end fund structures are earned over a 48 month period. For these arrangements, revenue is recognized monthly as the amounts become fixed and determinable.

The Company may receive non-refundable up-front fees upon execution of agreements with clients to provide placement services, which are recorded as revenues in the period over which services are provided.

Accrued but unpaid Advisory and Placement Fees are included in Accounts Receivable in the Consolidated and Combined Statements of Financial Condition.

Interest Income and Other – Interest Income and Other represents interest typically earned on Cash and Cash Equivalents and outstanding placement fees receivable, miscellaneous income, foreign exchange gains and losses arising on transactions denominated in currencies other than U.S. dollars and sublease income. Interest on placement fees receivable is earned from the time revenue is recognized and is calculated based upon LIBOR plus an additional percentage as mutually agreed upon with the receivable counterparty. Interest receivable is included in Accounts Receivable in the Consolidated and Combined Statements of Financial Condition.

Deferred Revenue – Deferred Revenue represents the receipt of Advisory and Placement Fees prior to such amounts being earned and is recognized using the straight-line method over the period that it is earned.

Expenses

Compensation and Benefits – Compensation and Benefits consists of (a) employee compensation, comprising salary and bonus, and benefits paid and payable to employees and partners, and (b) equity-based compensation associated with the grants of equity-based awards to employees and partners. 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.

Prior to October 1, 2015, certain of the Company's employees participated in Blackstone's equity-based compensation plans. Equity-based compensation expense related to these plans was based upon specific identification of cost related to the Company's employees. The Company also received allocated equity-based compensation expense associated with Blackstone's employees of central support functions.

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. Such payments are recorded in Compensation and Benefits in the Consolidated and Combined 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.

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") as well as from the acquisition of PJT Capital LP that occurred on October 1, 2015. 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 which 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 two-step 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, (b) the value of the trade name as part of the acquisition of PJT Capital LP, (c) the open customer backlog acquired as part of the PJT Capital LP acquisition, and (d) the purchase of certain customer mandates from Blackstone. Identifiable finite-lived intangible assets are amortized on a straight-line basis over their estimated useful lives of one 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 and Combined 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.

Income Taxes

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 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.

Tax Receivable Agreement

Holders of 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 our election, for shares of Class A common stock of PJT Partners Inc. on a one-for-one basis. PJT Partners Holdings LP intends to make an election under Section 754 of the 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 Internal Revenue Service may challenge all or part of the tax basis increase and increased deductions, and a court could sustain such a challenge.

We have entered into a tax receivable agreement 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.

In connection with the exchange of Partnership Units for cash in the quarter ended December 31, 2016, we recorded an estimated deferred tax asset of $1.1 million as a result of the increase in the tax basis of the Company’s assets attributable to the exchanges. Pursuant to the tax receivable agreement, 85% (or $1.0 million) of the tax benefits associated with this portion of the deferred tax asset and payable to such exchanging partners generally over 15 years and are recorded as Amount Due Pursuant to Tax Receivable Agreement in the Consolidated and Combined Statements of Financial Condition. The remaining tax benefit of $0.2 million is allocable to the Company and is recorded in Additional Paid-In Capital.

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 will continue 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 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. Estimating the amount of payments that may be made under the tax receivable agreement 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. The payments under the tax receivable agreement are not conditioned upon continued ownership of us by the holders of Partnership Units.

We account for the effects of these increases in tax basis and associated payments under the tax receivable agreement arising from future exchanges as follows:

- we record 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 we estimate that we will not realize the full benefit represented by the deferred tax asset, based on an analysis that will consider, among other things, our expectation of future earnings, we reduce the deferred tax asset with a valuation allowance; and
- we record 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 would be included in net income.

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” in the “Notes to Consolidated and Combined Financial Statements” in “—Item 8. Financial Statements and Supplementary Data” of this filing.

Emerging Growth Company Implications

As a company with less than $1.0 billion in revenue during our most recently completed fiscal year, we qualify as an "emerging growth company" as defined in Section 2(a) of the Securities Act of 1933, as modified by the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"). As an emerging growth company, we may take advantage of specified reduced disclosure and other requirements that are otherwise applicable generally to public companies that are not emerging growth companies. These provisions include: (a) exemptions from the requirements to hold non-binding shareholder advisory votes on executive compensation or golden parachute arrangements, (b) an exemption from the auditor attestation requirement in the assessment of our internal control over financial reporting, and (c) reduced disclosure about our executive compensation arrangements.

We have elected to comply with the scaled disclosure requirements available to us as an emerging growth company. We may take advantage of these exemptions for up to five years or such earlier time that we are no longer an emerging growth company. We will cease to be an emerging growth company upon the earliest of: (a) the end of the fiscal year following the fifth anniversary of the spin-off; (b) the first fiscal year after our annual gross revenues are $1.0 billion or more; (c) the date on which we have, during the previous three-year period, issued more than $1.0 billion in non-convertible debt securities; or (d) the date we become a "large accelerated filer" under the Exchange Act.

The JOBS Act permits an emerging growth company such as us to take advantage of an extended transition period to comply with new or revised accounting standards applicable to public companies. We have irrevocably elected to "opt out" of the exemption for the delayed adoption of certain accounting standards and, as a result, will comply with new or revised accounting standards required when they are adopted.

ITEM 7A. QUANTITATIVE AND Q UALITATIVE 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 through issuing debt. 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.

Risks Related to Cash and Cash Equivalents

Our cash and cash equivalents include all 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 is primarily maintained at two major U.S. financial institutions. We believe our cash and cash equivalents are not subject to any material interest rate risk, equity price risk, credit risk or other market risk.

Credit Risk

We regularly review our accounts receivable and allowance for doubtful accounts by considering factors such as historical experience, credit quality, age of the accounts receivable and recoverable expense balances and the current economic conditions that may affect a customer's ability to pay such amounts owed to the Company. We maintain an allowance for doubtful accounts that, in our opinion, provides for an adequate reserve to cover losses that may be incurred. As of December 31, 2016 and 2015, our allowance for doubtful accounts was $4.4 million and $0.9 million, respectively, representing 1.9% and 0.5%, respectively, of the gross accounts receivable at the respective dates.

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 advisory 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, 2016 and 2015, the impact of the fluctuation of foreign currencies in Other Comprehensive Income (Loss), Net of Tax – Currency Translation Adjustment in the Consolidated and Combined Statements of Comprehensive Income (Loss) were gains of $0.3 million and $0.6 million, respectively, and in Interest Income and Other in the Consolidated and Combined Statements of Operations, a gain of $0.2 million and a loss of $0.2 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 as we do not consider there to be significant foreign exchange risk at this time.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEX TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

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

We have audited the accompanying consolidated and combined statements of financial condition of PJT Partners Inc. and subsidiaries (the "Company") as of December 31, 2016 and 2015, and the related consolidated and combined statements of operations, comprehensive income (loss), changes in equity (deficit), and cash flows for each of the three years in the period ended December 31, 2016. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated and combined financial statements present fairly, in all material respects, the financial position of PJT Partners Inc. and subsidiaries as of December 31, 2016 and 2015, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2016, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the financial statements, the Company separated from The Blackstone Group L.P. ("Blackstone") and acquired PJT Capital on October 1, 2015. The Company did not operate as an independent, stand-alone entity for all periods included in these consolidated and combined financial statements. For periods prior to October 1, 2015, the accompanying consolidated and combined financial statements were derived from the consolidated financial statements and accounting records of Blackstone.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2016, based on the criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 28, 2017 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ Deloitte & Touche LLP

New York, New York
February 28, 2017

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

	December 31, 2016	December 31, 2015
Assets		
Cash and Cash Equivalents	$ 152,431	$ 82,322
Restricted Cash	—	827
Accounts Receivable (net of allowance for doubtful accounts of $4,374 and $862 at December 31, 2016 and December 31, 2015, respectively)	227,560	169,590
Intangible Assets, Net	14,713	23,646
Goodwill	72,286	75,769
Furniture, Equipment and Leasehold Improvements, Net	38,155	31,490
Other Assets	14,374	14,920
Deferred Tax Asset, Net	70,957	68,688
Total Assets	$ 590,476	$ 467,252
Liabilities, Redeemable Non-Controlling Interests and Equity (Deficit)		
Accrued Compensation and Benefits	$ 140,076	$ 81,221
Accounts Payable, Accrued Expenses and Other Liabilities	17,354	29,533
Deferred Rent Liability	16,353	12,414
Amount Due Pursuant to Tax Receivable Agreement	964	—
Taxes Payable	1,527	1,672
Deferred Revenue	786	477
Total Liabilities	177,060	125,317
Commitments and Contingencies		
Redeemable Non-Controlling Interests	421,976	309,855
Equity (Deficit)		
Class A Common Stock, par value $0.01 per share (3,000,000,000 shares authorized; 18,003,272 issued and outstanding at December 31, 2016; 17,966,456 issued and outstanding at December 31, 2015)	180	180
Class B Common Stock, par value $0.01 per share (1,000,000 shares authorized; 271 issued and outstanding at December 31, 2016; 300 issued and outstanding at December 31, 2015)	—	—
Additional Paid-In Capital	9,145	43,132
Retained Deficit	(17,946)	(11,184)
Accumulated Other Comprehensive Income (Loss)	61	(48)
Total Equity (Deficit)	(8,560)	32,080
Total Liabilities, Redeemable Non-Controlling Interests and Equity (Deficit)	$ 590,476	$ 467,252

See notes to consolidated and combined financial statements.

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

	Year Ended December 31, 2016	2015	2014
Revenues			
Advisory Fees	$ 377,610	$ 286,014	$ 271,278
Placement Fees	114,968	114,058	127,664
Interest Income and Other	6,852	5,866	2,127
Total Revenues	499,430	405,938	401,069
Expenses			
Compensation and Benefits	381,000	315,195	317,478
Occupancy and Related	25,815	32,682	25,601
Travel and Related	11,480	14,082	13,382
Professional Fees	18,925	19,814	10,837
Communications and Information Services	8,875	7,622	7,048
Depreciation and Amortization	14,026	14,872	7,773
Other Expenses	24,809	7,607	11,412
Total Expenses	484,930	411,874	393,531
Income (Loss) Before Provision for Taxes	14,500	(5,936)	7,538
Provision for Taxes	9,392	239	3,046
Net Income (Loss)	5,108	$ (6,175)	$ 4,492
Net Income (Loss) Attributable to Redeemable Non-Controlling Interests	8,142	(13,751)	
Net Income (Loss) Attributable to PJT Partners Inc.	$ (3,034)	$ 7,576	
Net Loss Per Share of Class A Common Stock — Basic and Diluted	$ (0.17)		
Weighted-Average Shares of Class A Common Stock Outstanding — Basic and Diluted	18,292,717		
Revenues Earned from Affiliates			
Advisory Fees	$ —	$ 4,220	$ 31,948
Placement Fees	$ —	$ 14,329	$ 14,911

	October 1, 2015 through December 31, 2015
Net Loss	$ (24,935)
Net Loss Attributable to Redeemable Non-Controlling Interests	(13,751)
Net Loss Attributable to PJT Partners Inc.	$ (11,184)
Net Loss Per Share of Class A Common Stock — Basic and Diluted	$ (0.61)
Weighted-Average Shares of Class A Common Stock Outstanding — Basic and Diluted	18,258,174

See notes to consolidated and combined financial statements.

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

	Year Ended December 31,		
	2016	2015	2014
Net Income (Loss)	$ 5,108	$ (6,175)	$ 4,492
Other Comprehensive Income, Net of Tax — Currency Translation Adjustment	252	622	1,243
Comprehensive Income (Loss)	5,360	(5,553)	$ 5,735
Less:			
Comprehensive Income (Loss) Attributable to Redeemable Non-Controlling Interests	8,285	(6)	
Comprehensive Loss Attributable to PJT Partners Inc.	$ (2,925)	$ (5,547)	

See notes to consolidated and combined financial statements.

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

	Shares						Accumulated			Redeemable
	Class A Common Stock	Class B Common Stock	Class A Common Stock	Class B Common Stock	Additional Paid-In Capital	Retained Deficit	Other Comprehensive Income (Loss)	Former Parent Company Investment	Total	Non-Controlling Interests
Balance at December 31, 2013	—	—	$ —	$ —	$ —	$ —	$ (233)	$ 301,561	$ 301,328	$ —
Net Income	—	—	—	—	—	—	—	4,492	4,492	—
Currency Translation Adjustment	—	—	—	—	—	—	1,243	—	1,243	—
Net Increase in Former Parent Company Investment	—	—	—	—	—	—	—	25,257	25,257	—
Balance at December 31, 2014	—	—	—	—	—	—	1,010	331,310	332,320	—
Net Income	—	—	—	—	—	—	—	18,760	18,760	—
Currency Translation Adjustment	—	—	—	—	—	—	635	—	635	—
Net Decrease in Former Parent Company Investment	—	—	—	—	—	—	—	(95,530)	(95,530)	—
Balance Before Spin-Off	—	—	—	—	—	—	1,645	254,540	256,185	—
Settlement of Due from Blackstone Balances	—	—	—	—	24,002	—	—	—	24,002	—
Establishment of Deferred Tax Asset Related to Reorganization	—	—	—	—	62,267	—	—	—	62,267	—
Tax Distributions	—	—	—	—	—	—	—	—	—	(4,663)
Forfeiture Liability for Equity Awards	—	—	—	—	(1,319)	—	—	—	(1,319)	—
Net Loss	—	—	—	—	—	(11,184)	—	—	(11,184)	(13,751)
Currency Translation Adjustment	—	—	—	—	—	—	(13)	—	(13)	—
Reorganization of Equity Structure	—	—	—	—	146,227	—	(1,680)	(254,540)	(109,993)	119,858
Issuance of Class A Common Stock	17,966,456	—	180	—	—	—	—	—	180	—
Issuance of Class B Common Stock	—	300	—	—	—	—	—	—	—	—
Equity-Based Compensation	—	—	—	—	11,782	—	—	—	11,782	8,589
Adjustment of Redeemable Non-Controlling Interests to Fair Value	—	—	—	—	(199,822)	—	—	—	(199,822)	199,822
Other	—	—	—	—	(5)	—	—	—	(5)	—
Balance at December 31, 2015	17,966,456	300	$ 180	$ —	$ 43,132	$ (11,184)	$ (48)	$ —	$ 32,080	$ 309,855

(continued)

See notes to consolidated and combined financial statements.

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

	Shares								
	Class A Common Stock	Class B Common Stock	Class A Common Stock	Class B Common Stock	Additional Paid-In Capital	Retained Deficit	Accumulated Other Comprehensive Income (Loss)	Total	Redeemable Non-Controlling Interests
Balance at December 31, 2015	17,966,456	300	$ 180	$ —	$ 43,132	$ (11,184)	$ (48)	$ 32,080	$ 309,855
Net Income (Loss)	—	—	—	—	—	(3,034)	—	(3,034)	8,142
Currency Translation Adjustment	—	—	—	—	—	—	109	109	143
Dividends	—	—	—	—	—	(3,728)	—	(3,728)	—
Tax Distributions	—	—	—	—	—	—	—	—	(12,381)
Non-Cash Contributions from Former Parent	—	—	—	—	8,566	—	—	8,566	—
Equity-Based Compensation	—	—	—	—	50,510	—	—	50,510	38,500
Forfeiture Liability for Equity Awards	—	—	—	—	804	—	—	804	—
Net Share Settlement	—	—	—	—	(230)	—	—	(230)	(36)
Issuance of Shares of Class A Common Stock	36,816	—	—	—	—	—	—	—	—
Issuance of Shares of Class B Common Stock	—	7	—	—	(8,933)	—	—	(8,933)	8,933
Forfeitures of Shares of Class B Common Stock	—	(3)	—	—	1,511	—	—	1,511	(1,511)
Cash-Settled Exchanges of Partnership Units	—	(33)	—	—	170	—	—	170	(16,054)
Adjustment of Redeemable Non-Controlling Interests to Redemption Value	—	—	—	—	(86,385)	—	—	(86,385)	86,385
Balance at December 31, 2016	18,003,272	271	$ 180	$ —	$ 9,145	$ (17,946)	$ 61	$ (8,560)	$ 421,976

See notes to consolidated and combined financial statements.

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

	Year Ended December 31,		
	2016	**2015**	**2014**
Operating Activities			
Net Income (Loss)	$ 5,108	$ (6,175)	$ 4,492
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by Operating Activities			
Equity-Based Compensation Expense	89,010	38,614	66,464
Depreciation and Amortization Expense	14,026	14,760	7,773
Bad Debt Expense (Recovery)	4,132	(2,260)	882
Foreign Currency Transaction Gains	710	—	—
Deferred Taxes	2,293	—	—
Other Non-Cash Amounts Included in Net Income (Loss)	—	834	(87)
Cash Flows Due to Changes in Operating Assets and Liabilities			
Accounts Receivable	(64,853)	(4,517)	(1,265)
Receivable from Affiliates	—	28,464	5,294
Due from Blackstone	—	35,042	(26,712)
Deferred Tax Assets	—	(66,090)	—
Other Assets	(429)	(12,126)	(4,149)
Accrued Compensation and Benefits	63,160	53,146	(3,533)
Accounts Payable, Accrued Expenses and Other Liabilities	(1,119)	20,556	299
Deferred Rent Liability	4,604	12,414	—
Deferred Tax Liability	—	106	—
Taxes Payable	(145)	512	(233)
Deferred Revenue	354	(1,097)	764
Net Cash Provided by Operating Activities	116,851	112,183	49,989
Investing Activities			
Note Issued to Employee	—	(550)	—
Proceeds from Repayment of Note Issued to Employee	538	—	—
Cash from Acquisition of PJT Capital LP	—	12,653	—
Purchases of Intangible Assets	—	(1,337)	—
Purchases of Furniture, Equipment and Leasehold Improvements	(13,088)	(34,582)	—
Dispositions of Furniture, Equipment and Leasehold Improvements	—	457	—
Change in Restricted Cash	757	(827)	—
Net Cash Used in Investing Activities	(11,793)	(24,186)	—

(continued)

See notes to consolidated and combined financial statements.

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

	Year Ended December 31, 2016	2015	2014
Financing Activities			
Dividends	$ (3,728)	$ —	$ —
Tax Distributions	(12,381)	(4,663)	—
Contributions from Former Parent	—	49,371	—
Distribution to Former Parent	—	(88,895)	—
Employee Taxes Paid for Shares Withheld	(266)	—	—
Cash-Settled Exchanges of Partnership Units	(16,054)	—	—
Principal Payments on Capital Lease Obligations	(88)	(21)	—
Net Decrease from Former Parent Company Investment	—	—	(41,120)
Net Cash Used in Financing Activities	(32,517)	(44,208)	(41,120)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(2,432)	—	—
Net Increase in Cash and Cash Equivalents	70,109	43,789	8,869
Cash and Cash Equivalents, Beginning of Period	82,322	38,533	29,664
Cash and Cash Equivalents, End of Period	$ 152,431	$ 82,322	$ 38,533
Supplemental Disclosure of Cash Flows Information			
Payments for Income Taxes, including those to Former Parent, Net of Refunds Received	$ 6,813	$ 3,518	$ 3,668
Supplemental Disclosure of Significant Non-Cash Activities			
Non-Cash Contributions from Former Parent	$ 8,566	$ —	$ —
Acquisition of PJT Capital LP			
Accounts Receivable	—	(1,170)	—
Furniture, Equipment and Leasehold Improvements, Net	—	(334)	—
Other Assets	—	(362)	—
Intangible Assets	—	(13,300)	—
Goodwill	3,483	(6,896)	—
Deferred Tax Asset	(3,483)	—	—
Accrued Compensation and Benefits	—	29,424	—
Accounts Payable, Accrued Expenses and Other Liabilities	—	4,626	—
Taxes Payable	—	665	—
Reorganization and Separation Adjustments			
Accounts Receivable	—	1,281	—
Receivable from Affiliates	—	(16,302)	—
Due from Blackstone	—	1,475	—
Furniture, Equipment and Leasehold Improvements, Net	—	4,258	—
Other Assets	—	70	—
Accrued Compensation and Benefits	—	(10,527)	—
Accounts Payable, Accrued Expenses and Other Liabilities	—	(445)	—
Taxes Payable	—	433	—
Accumulated Other Comprehensive Income	—	(1,680)	—
Furniture, Equipment and Leasehold Improvements, Net Included in Accounts Payable, Accrued Expenses and Other Liabilities	—	(7,296)	—

See notes to consolidated and combined financial statements.

1. ORGANIZATION

On October 7, 2014, the board of directors of the general partner of The Blackstone Group L.P. (the “former Parent” or “Blackstone”) approved a plan to separate Blackstone’s strategic advisory services, restructuring and reorganization advisory services and Park Hill Group businesses from Blackstone and combine the separated business with PJT Capital (as defined below) to form PJT Partners (“PJT Partners” or the “Company”), which separation occurred on October 1, 2015.

On October 1, 2015, Blackstone 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.”

The spin-off, including the consummation of the acquisition of PJT Capital and the Distribution is described in Note 3. “Reorganization and Spin-off.”

PJT Partners delivers a wide array of strategic advisory, restructuring and special situations and private fund advisory and placement services to corporations, financial sponsors, institutional investors and governments around the world. The Company offers a unique portfolio of advisory services designed to help its clients realize major corporate milestones and solve complex issues. Also, through the Park Hill Group, the Company provides private fund advisory and placement services for alternative investment managers, including private equity funds, real estate funds and hedge funds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Company prepared the accompanying consolidated and combined financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”). 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 subsidiaries. The Company operates through the following subsidiaries: PJT Partners LP, Park Hill Group LLC, PJT Partners (UK) Limited and PJT Partners (HK) Limited.

The Company did not operate as an independent, stand-alone entity for all periods included in these consolidated and combined financial statements. Prior to the spin-off on October 1, 2015, the Company’s operations were included in Blackstone’s results as they were historically managed as part of Blackstone, in conformity with GAAP. For periods prior to October 1, 2015, the accompanying consolidated and combined financial statements were prepared on a stand-alone basis and were derived from the consolidated financial statements and accounting records of Blackstone. Additionally prior to October 1, 2015, Blackstone’s net investment in PJT Partners was shown as Former Parent Company Investment in lieu of Stockholders’ Equity in the consolidated and combined financial statements.

All intercompany transactions have been eliminated for all periods presented.

The Consolidated and Combined Statements of Operations reflect intercompany expense allocations made to the Company by Blackstone for certain corporate functions and for shared services provided by Blackstone prior to October 1, 2015. Where possible, these allocations were made on a specific identification basis and, in other cases, these expenses were allocated by Blackstone based on a pro rata basis of headcount, usage or some other basis depending on the nature of the allocated cost. Expenses without a specific consumption based indicator were allocated based on revenues adjusted for factors such as the size and complexity of the business. See Note 12. “Transactions with Related Parties” for further information on expenses allocated by Blackstone.

Both the Company and Blackstone consider the basis on which the expenses were previously allocated to be a reasonable reflection of the utilization of services provided to or the benefit received by the Company during the periods presented prior to October 1, 2015. The allocations may not, however, reflect the expense the Company would have incurred as an independent, publicly traded company for the periods presented. Actual costs that may have been incurred if PJT Partners had been a stand-alone company would depend on a number of factors, including the chosen organizational structure, which functions were outsourced or performed by employees and strategic decisions made in areas such as information technology and infrastructure. Following the spin-off, the Company has been performing these functions using its own resources or purchased services. For an interim period, however, some of these functions maycontinue to be provided by Blackstone, pursuant to a transition services agreement for a period of 24 months with the option for Blackstone or the Company to terminate any given service with 60 days' notice. See Note 12. "Transactions with Related Parties" for further information on services provided by Blackstone to the Company for the years ended December 31, 2016 and 2015.

During the second quarter of 2016, a misstatement was identified in the accounting for certain partnership interests in PJT Partners Holdings LP, which resulted in a reclassification from Redeemable Non-Controlling Interests to Retained Deficit and Additional Paid-In Capital. In accordance with Accounting Standards Codification ("ASC") Topic 250, *Accounting Changes and Error Corrections*, the Company evaluated the materiality of the misstatement from quantitative and qualitative perspectives, and concluded that it was immaterial to the prior periods. Consequently, the Company revised the historical consolidated financial information presented therein. The immaterial restatement resulted in a reduction in Retained Deficit and an increase in Additional Paid-In Capital of $99.8 million and $43.1 million, respectively, and a decrease in Redeemable Non-Controlling Interests of $142.9 million in the Company's Consolidated and Combined Statements of Financial Condition and Statements of Changes in Equity (Deficit) as of December 31, 2015. This immaterial restatement had no impact in the Company's Consolidated and Combined Statements of Operations and Statements of Cash Flows.

Use of Estimates

The preparation of consolidated and combined 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 and combined financial statements, management makes estimates regarding the adequacy of the allowance for doubtful accounts, evaluation of goodwill and intangible assets, realization of deferred taxes, measurement of equity-based compensation and other matters that affect the reported amounts and disclosures in the consolidated and combined financial statements.

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 and Combined Statements of Financial Condition as of the respective acquisition dates based upon their estimated fair values at such dates. The results of operations of businesses acquired by the Company are included in the Company's Consolidated and Combined Statements of Operations from their respective dates of acquisition.

Revenue Recognition

Revenues consist of Advisory Fees, Placement Fees and Interest Income and Other. Fees are recognized when (a) there is evidence of an arrangement with a client, (b) agreed upon services have been provided, (c) fees are fixed or determinable, and (d) collection is reasonably assured.

Advisory Fees – Advisory Fees typically consist of retainer and transaction-based fee arrangements related to strategic advisory services, restructuring and special situations services and secondary advisory services provided by Park Hill Group. Advisory retainer and transaction-based fees are recognized when services for the transactions are complete, in accordance with terms set forth in individual agreements. The amount and timing of the fees paid vary by the type of engagement. The majority of the Advisory Fees are dependent on the successful completion of a transaction.

Placement Fees – Placement Fees consist of fund placement services for alternative investment funds and private placements for corporate clients. Placement fees earned for services to corporate clients are recognized as earned upon successful completion of the transaction. Fund placement fees earned for services to alternative asset managers are typically recognized as earned 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 as commitments are accepted. Fees for such closed-end fund arrangements are generally paid in quarterly installments over three or four years and interest is charged to the outstanding balance at an agreed upon rate (typically the London Interbank Offered Rate ("LIBOR") plus a market-based margin). For funds with multiple closings, each closing is treated as a separate performance obligation. As a result, revenue is recognized at each closing as the performance obligations are fulfilled. For open-end fund structures, placement fees are typically calculated as a percentage of a placed investor's month-end net asset value. Typically, fees for such open-end fund structures are earned over a 48 month period. For these arrangements, revenue is recognized monthly as the amounts become fixed and determinable.

The Company may receive non-refundable up-front fees upon execution of agreements with clients to provide placement services, which are recorded as revenues in the period over which services are provided.

Accrued but unpaid Advisory and Placement Fees are included in Accounts Receivable in the Consolidated and Combined Statements of Financial Condition.

Interest Income and Other – Interest Income and Other represents interest typically earned on Cash and Cash Equivalents and outstanding placement fees receivable, miscellaneous income, foreign exchange gains and losses arising on transactions denominated in currencies other than U.S. dollars and sublease income. Interest on placement fees receivable is earned from the time revenue is recognized and is calculated based upon LIBOR plus an additional percentage as mutually agreed upon with the receivable counterparty. Interest receivable is included in Accounts Receivable in the Consolidated and Combined Statements of Financial Condition.

Deferred Revenue – Deferred Revenue represents the receipt of Advisory and Placement Fees prior to such amounts being earned and is recognized using the straight-line method over the period that it is earned.

Fair Value of Financial Instruments

The carrying value of financial instruments approximates fair value. Financial instruments held by the Company include Cash Equivalents and Accounts Receivable.

GAAP establishes a hierarchical disclosure framework which 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.

Cash and Cash Equivalents

Cash and Cash Equivalents include all 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 is primarily held at two major U.S. financial institutions.

As of December 31, 2016, the Company had cash equivalents of $50.0 million representing investments in U.S. Treasury bills. The Company had no such investments in U.S. Treasury bills as of December 31, 2015.

The fair values of the U.S. Treasury bills are based on quoted prices for recent trading activity in identical instruments and are classified accordingly as Level I in the fair value hierarchy.

Restricted Cash

Restricted cash consists of cash held at a financial institution related to deposits received from sublessees

Accounts Receivable

Accounts Receivable includes placement fees, interest and advisory fee receivables. Accounts receivable are assessed periodically for collectibility and an allowance is recognized for doubtful accounts, if required.

Included in Accounts Receivable are long-term receivables which relate to placement fees that are generally paid in installments over a period of three to four years. Additional disclosures regarding Accounts Receivable are discussed in Note 5. “Accounts Receivable and Allowance for Doubtful Accounts.” The Company charges interest on long-term receivables based upon LIBOR plus an additional percentage as mutually agreed upon with the receivable counterparty.

The Company is reimbursed by certain clients for reasonable travel, telephone, postage and other out-of pocket expenses incurred in relation to services provided. Expenses that are directly related to such transactions and billable to clients are presented net in the Consolidated and Combined Statements of Operations. Reimbursable expenses that are outstanding are reported in Accounts Receivable in the Consolidated and Combined Statements of Financial Condition.

Allowance for Doubtful Accounts

The Company performs periodic reviews of outstanding accounts receivable and its clients’ financial condition. The Company generally does not require collateral and establishes an allowance for doubtful accounts based upon factors such as historical experience, credit quality, age of the accounts receivable balances and the current economic conditions that may affect a counterparty’s ability to pay such amounts owed to the Company.

After concluding that a reserved accounts receivable balance is nolonger collectible, the Company will reduce both the gross receivable and the allowance for doubtful accounts. This is determined based on several factors including the age of the accounts receivable balance and the creditworthiness of the counterparty.

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") as well as from the acquisition of PJT Capital LP that occurred on October 1, 2015. 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 which 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 two-step 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, (b) the value of the trade name as part of the acquisition of PJT Capital LP, (c) the open customer backlog acquired as part of the PJT Capital LP acquisition, and (d) the purchase of certain customer mandates from Blackstone. Identifiable finite-lived intangible assets are amortized on a straight-line basis over their estimated useful lives of one 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 and Combined 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.

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 and Combined Statements of Operations.

Fixed assets held under capital 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 and Combined 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 and Combined Statements of Operations. The capital lease obligations are included in Accounts Payable, Accrued Expenses and Other Liabilities in the Consolidated and Combined Statements of Financial Condition.

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 and Combined 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 exchange rate on the dates they were recorded. Cumulative translation adjustments arising from the translation of non-U.S. dollar denominated operations are recorded in Other Comprehensive Income.

Comprehensive Income (Loss)

Comprehensive Income consists of Net Income (Loss) and Other Comprehensive Income (Loss). The Company's Other Comprehensive Income (Loss) is comprised of foreign currency cumulative translation adjustments.

Redeemable Non-Controlling Interests

The holders of the common units of partnership interest in PJT Partners Holdings LP ("Partnership Units") have redemption rights not solely within the Company's control and thus is considered a redeemable non-controlling interest. Redeemable Non-Controlling Interests have been presented separately from Equity in the Consolidated and Combined Statements of Financial Condition and the portion of net income or loss attributable to the redeemable non-controlling interests has been presented separately in the Consolidated and Combined Statements of Operations.

The Company has elected to recognize any changes in the redemption value immediately as they occur and adjusts the carrying amount of the redeemable non-controlling interests to its redemption value at the end of each reporting period. Reductions in the carrying amount of the redeemable non-controlling interests are only recorded if the Company has previously recorded increases in the carrying amount of the redeemable non-controlling interests. The change in redemption value is recognized in Additional Paid-In Capital in the Consolidated and Combined Statements of Financial Condition.

Compensation and Benefits

Compensation and Benefits consists of (a) employee compensation, comprising salary and bonus, and benefits paid and payable to employees and partners, and (b) equity-based compensation associated with the grants of equity-based awards to employees and partners. 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.

Prior to October 1, 2015, certain of the Company's employees participated in Blackstone's equity-based compensation plans. Equity-based compensation expense related to those plans was based upon specific identification of cost related to the Company's employees. The Company also received allocated equity-based compensation expense associated with Blackstone's employees of central support functions.

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. Such payments are recorded in Compensation and Benefits in the Consolidated and Combined 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. Prior to October 1, 2015, these taxes were not reflected in the Company's consolidated and combined financial statements.

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

Prior to October 1, 2015, the Company's operations were included in the income tax returns of Blackstone's subsidiaries, except for certain entities that were classified as partnerships for U.S. tax purposes. These partnerships were subject to New York City UBT and certain other foreign, state and local taxes, as applicable.

In connection with the spin-off from Blackstone on October 1, 2015, PJT Partners Inc. became 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 and Combined Statements of Financial Condition.

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 and combined 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 and Combined Statements of Operations, as applicable.

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

Amount Due Pursuant to Tax Receivable Agreement

Holders of 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. PJT Partners Holdings LP intends to make an election under Section 754 of the 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 entered into a tax receivable agreement 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 will continue 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 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 would be included in net income.

Net Income (Loss) Per Share of Class A Common Stock

Prior to the spin-off from Blackstone, the Company's business was conducted through a number of Blackstone entities as to which there was no single holding entity. There was no single capital structure upon which to calculate historical net income (loss) per share. Accordingly, net income (loss) per share information has not been presented for historical periods prior to the spin-off.

Basic Net Income (Loss) 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 (Loss) Per Share is computed using the number of shares of Class A common stock included in the Basic Net Income (Loss) 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.

Contingencies and Litigation

The Company records loss contingencies if (a) information available prior to issuance of the consolidated and combined 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 and combined 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 and Combined Statements of Operations.

Insurance Reimbursements

Receipts from insurance reimbursements up to the amount of the losses recognized are considered recoveries. These recoveries are accounted for when they are probable of receipt. Insurance recoveries are not recognized prior to the recognition of the related loss. Any receivable for insurance recoveries is recorded separately from the corresponding liability, and only if recovery is determined to be probable and reasonably estimable. Insurance reimbursements are recorded in Other Expenses in the Consolidated and Combined Statements of Operations.

Recent Accounting Developments

In June 2014, the Financial Accounting Standards Board ("FASB") issued amended guidance on revenue from contracts with customers. The guidance requires that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity is required to (a) identify the contract(s) with a customer, (b) identify the performance obligations in the contract, (c) determine the transaction price, (d) allocate the transaction price to the performance obligations in the contract, and (e) recognize revenue when (or as) the entity satisfies a performance obligation. In determining the transaction price, an entity may include variable consideration only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized would not occur when the uncertainty associated with the variable consideration is resolved. The guidance introduces new qualitative and quantitative disclosure requirements about contracts with customers including revenue and impairments recognized, disaggregation of revenue and information about contract balances and performance obligations. Information is required about significant judgments and changes in judgments in determining the timing of satisfaction of performance obligations and determining the transaction price and amounts allocated to performance obligations. Additional disclosures are required about assets recognized from the costs to obtain or fulfill a contract. As originally proposed, the guidance was effective prospectively for annual periods beginning after December 15, 2016 including interim periods within that reporting period. In recent re-deliberations, the FASB approved a one-year deferral of the effective date of this guidance, such that it will be effective for annual reporting periods beginning after December 31, 2017, with early adoption permitted for annual periods beginning after December 15, 2016. The Company is still in the process of determining the full impact the adoption of this guidance will have on its financial statements, but plans to adopt the standard using the modified retrospective approach as of January 1, 2018. The Company continues to evaluate guidance issued from the various standard setters and interpretations as available and will provide additional information about the expected impact of adoption as available.

In September 2015, the FASB issued guidance on measurement period adjustments with respect to business combinations. The amendments apply to entities that have reported provisional amounts for items in a business combination for which the accounting is incomplete by the end of the reporting period in which the combination occurs and during the measurement period have an adjustment to provisional amounts recognized. An entity is now required to recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined, not on a retrospective basis as previously required. The amendments apply prospectively to adjustments to provisional amounts that occur in fiscal years beginning after December 15, 2015, including interim periods within those fiscal years. Adoption of this guidance did not have a material impact on the Company's consolidated and combined financial statements.

In February 2016, the FASB issued new guidance regarding leases. The guidance requires lessees to recognize, on the balance sheet, assets and liabilities for the rights and obligations created by leases. Entities are also required to provide enhanced disclosure about leasing arrangements. The amendments retain lease classifications, distinguishing finance leases from operating leases, using criteria that are substantially similar for distinguishing capital leases from operating leases in previous guidance. The guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018, with early adoption permitted. Adoption requires a modified retrospective approach. While the Company is still in the process of determining the full impact this guidance will have on its financial statements, the Company has tentatively determined the following based on its evaluation to date: (a) the Company will adopt the standard as of January 1, 2019, and (b) the Company currently expects the adoption of this guidance to have a material impact on the statement of financial condition due to assets and liabilities related to current operating leases being recorded in the statement of financial condition.

In March 2016, the FASB issued amendments to the guidance on employee share-based payment accounting intended to improve the accounting for employee share-based payments. This amended guidance simplified several aspects of the accounting for share-based payment award transactions, including the income tax consequences, classification of awards as either equity or liabilities and classification in the statement of cash flows. The amendments were effective for annual periods beginning after December 15, 2016, and interim periods within those annual periods. Early adoption was permitted. The Company elected to early adopt the new guidance in the second quarter of fiscal year 2016, which required the Company to reflect any adjustments as of January 1, 2016, the beginning of the annual period that includes the interim period of adoption. The primary impact of the adoption was the recognition of excess tax benefits in the Company's Provision for Taxes rather than Additional Paid-In Capital for all periods in the year ended December 31, 2016. As no excess tax benefits were previously recognized during the three months ended March 31, 2016, no adjustments were required to show the impact to the previously reported amounts. Additionally, there were no previously unrecognized excess tax benefits. The Company elected to apply the presentation requirements for cash flows related to excess tax benefits retrospectively and prior periods have been adjusted to remove the amounts of excess tax benefits presented in operating and financing activities in the Consolidated and Combined Statements of Cash Flows. Such prior period adjustment was immaterial. Additionally, the Company has retrospectively included in financing activities on the Consolidated and Combined Statements of Cash Flows amounts for employee taxes paid in instances when the Company withheld shares for tax withholding purposes. The Company has elected to maintain its current accounting policy of estimating forfeitures in its computation of equity-based compensation expense. Upon the adoption of this guidance, the Company excluded the estimated impact of excess tax benefits and tax deficiencies from the calculation of assumed proceeds for determining diluted net income (loss) per share using the treasury stock method. There was no impact on net income (loss) per share of Class A common stock.

In June 2016, the 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 expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The guidance is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Early adoption is permitted for fiscal years beginning after December 15, 2018. The Company is currently assessing the impact the adoption of this guidance will have on its consolidated and combined financial statements.

In November 2016, the FASB issued guidance that requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The new guidance is effective for interim and annual periods beginning after December 15, 2017 and early adoption is permitted. The amendment should be adopted retrospectively.The Company is currently assessing the impact the adoption of this guidance will have on its consolidated and combined financial statements.

In January 2017, the FASB issued an update to clarify the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions of assets or businesses. This new guidance becomes effective for the Company in the first quarter of fiscal 2019 and is applied prospectively. The Company is currently assessing the impact the adoption of this guidance will have on its consolidated and combined financial statements.

In January 2017, the FASB issued guidance intended to simplify how an entity is required to test goodwill for impairment by eliminating Step 2 from the goodwill impairment test. Step 2 measures a goodwill impairment loss by comparing the implied fair value of a reporting unit's goodwill with the carrying amount of that goodwill. This new guidance becomes effective for the Company in its annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2019 and is applied prospectively. The Company expects that the adoption of this guidance will not have a material impact on its consolidated and combined financial statements.

3. REORGANIZATION AND SPIN-OFF

In connection with the spin-off on October 1, 2015, Blackstone underwent an internal reorganization, pursuant to which the operations that had historically constituted Blackstone's Financial Advisory reporting segment, other than Blackstone's capital markets services business, were contributed to PJT Partners Holdings LP, a newly-formed holding partnership that became controlled by PJT Partners Inc., as general partner. In the internal reorganization, the limited partners of the holding partnerships that owned Blackstone's operating subsidiaries and certain individuals engaged in the Company's business received Class A common stock of PJT Partners Inc., as well as Partnership Units that, subject to certain terms and conditions, are redeemable at the option of the holder for cash, or, at PJT Partners Holdings LP's election, for shares of PJT Partners Inc.'s Class A common stock on a one-for-one basis.

On October 1, 2015, prior to the distribution, PJT Partners Holdings LP acquired all of the outstanding equity interests in PJT Capital LP. In connection with the acquisition, Mr. Taubman and the other selling holders of equity interests in PJT Capital LP received unvested Partnership Units.

On October 1, 2015, following the internal reorganization and the acquisition, Blackstone distributed on a pro rata basis to its common unitholders, all of the issued and outstanding Class A common stock of PJT Partners Inc. held by it.

In connection with the spin-off described above, several transactions took place which impacted the Company's consolidated and combined financial statements including the following:

- The recording of the assets transferred and liabilities assumed of PJT Capital LP along with goodwill and intangible assets as part of the business combination (refer to Note 4. "Business Combinations");
- PJT Partners Inc.'s new capital structure, including the allocation of income (loss) between PJT Partners Inc. and redeemable non-controlling interests and the net settlement of Blackstone's former net investment in PJT Partners;
- The recording of $55.4 million in cash, which amount was determined prior to the spin-off and took into account the accounts receivable the Company had as of the date of the spin-off and was designed to satisfy all regulatory and statutory reserve requirements to provide minimum working capital to the Company;

(All Dollars Are in Thousands, Except Share and Per Share Data, Except Where Noted)

- PJT Partners (UK) Limited's purchase of open customer mandates from Blackstone, which were recorded as intangible assets on the Consolidated and Combined Statements of Financial Condition;
- The contribution of certain intangible assets and the related deferred tax assets that were previously held by Blackstone or its subsidiaries, including the establishment of a deferred tax asset (and a corresponding credit to Additional Paid-In Capital) of $58.4 million associated with tax basis step-up arising from exchanges by Blackstone partners of their partnership interests in certain Blackstone subsidiaries;
- The reversal of severance charges related to the reorganization, spin-off and acquisition; and
- The settlement of account balances between the Company and Blackstone.

4. BUSINESS COMBINATIONS

Acquisition of PJT Capital LP

On October 1, 2015, PJT Partners Holdings LP acquired all of the outstanding equity interests in PJT Capital LP. The effect of the transaction was a transfer of PJT Capital LP interests to PJT Partners Holdings LP in exchange for unvested PJT Partners Holdings LP units. No other consideration was transferred. This transaction was accounted for as a business combination and PJT Capital LP's operating results have been included in the Company's financial statements from the date of the transaction. The Company incurred $0.1 million of costs related to the acquisition, which were included in Professional Fees in the Consolidated and Combined Statement of Operations for the year ended December 31, 2015.

The following table summarizes the allocation of the purchase price for PJT Capital LP at the acquisition date as well as measurement period adjustments recorded:

	October 1, 2015	Measurement Period Adjustments	December 31, 2016
Assets			
Cash	$ 12,653	$ —	$ 12,653
Accounts Receivable	1,170	—	1,170
Furniture, Equipment and Leasehold Improvements	334	—	334
Other Assets	362	—	362
Intangible Assets	13,300	—	13,300
Deferred Tax Assets	—	3,483	3,483
Goodwill	6,896	(3,483)	3,413
	34,715	—	34,715
Liabilities			
Accrued Compensation and Benefits	29,424	—	29,424
Accounts Payable, Accrued Expenses and Other Liabilities	4,626	—	4,626
Taxes Payable	665	—	665
	34,715	—	34,715
Net Assets Acquired	$ —	$ —	$ —

The excess of the purchase price over the fair value of the net assets acquired of $3.4 million was recorded as goodwill. Goodwill includes the in-place workforce, which allows the Company to continue serving its existing client base, begin marketing to potential clients and avoid significant costs reproducing the workforce. The transaction did not result in goodwill for tax purposes.

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The estimated fair value of the intangible assets acquired, which consisted of PJT Capital LP's backlog of client assignments that existed at the time of the acquisition and trade name was based, in part, on a valuation using an income approach or market approach and has been included in Intangible Assets, Net in the Consolidated and Combined Statements of Financial Condition. The estimated fair value ascribed to the identifiable intangible assets is amortized on a straight-line basis over the estimated useful lives of the assets over periods ranging between one and ten years.

The Consolidated and Combined Statement of Operations for the year ended December 31, 2015 included the results of PJT Capital LP from the date of acquisition, October 1, 2015, through December 31, 2015. Supplemental information on an unaudited pro forma basis, as if the acquisition had been consummated as of January 1, 2014 is as follows:

	Year Ended December 31,	
	2015	2014
Total Revenues	$ 430,086	$ 411,073
Loss Before Provision for Taxes	$ (29,102)	$ (296)
Loss Attributable to PJT Partners Inc.	$ (11,616)	$ (3,478)

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, 2014, 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.

The pro forma results include (a) the amortization of identifiable intangible assets of PJT Capital LP, and (b) the estimated income tax expense related to the historical earnings of PJT Capital LP, which as a result of the acquisition, would have been subject to income tax at the effective tax rate of the Company.

Acquisition of Customer Mandates

On October 1, 2015, PJT Partners (UK) Limited, a subsidiary of the Company, purchased certain open customer mandates and other assets from a subsidiary of its former Parent. This transaction was accounted for as an asset acquisition. There were no capitalized transaction costs and the total purchase price was $1.5 million. The customer mandates acquired were recorded as intangible assets and are amortized over their estimated useful lives of 18 months. In connection with the transaction, the Company acquired $1.3 million of customer mandates and $0.2 million of other assets and liabilities, net.

5. ACCOUNTS RECEIVABLE AND ALLOWANCE FOR DOUBTFUL ACCOUNTS

Included in Accounts Receivable are long-term receivables of $73.1 million and $62.6 million as of December 31, 2016 and 2015, 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. Long-term receivables that were more than 90 days past due were $2.7 million and $2.2 million as of December 31, 2016 and 2015, respectively.

Changes in the allowance for doubtful accounts related to long-term receivables are presented below:

	Year Ended December 31,		
	2016	2015	2014
Balance, Beginning of Period	$ —	$ 392	$ 1,621
Bad Debt Recovery	—	(392)	(1,229)
Balance, End of Period	$ —	$ —	$ 392

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6. GOODWILL AND INTANGIBLE ASSETS

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

	December 31, 2016	December 31, 2015
Balance, Beginning of Year	$ 75,769	$ 68,873
Goodwill Acquired (a)	—	6,896
Measurement Period Adjustment (b)	(3,483)	—
Balance, End of Year	$ 72,286	$ 75,769

(a) The change in carrying amount of goodwill was the result of the business combination disclosed in Note 4. "Business Combinations."
(b) During the year ended December 31, 2016, the Company recorded a $3.5 million measurement period adjustment related to the acquisition of PJT Capital LP.

As of December 31, 2016 and 2015, the Company's assessment did not result in any impairment of goodwill.

Intangible Assets, Net consists of the following:

	December 31, 2016	December 31, 2015
Finite-Lived Intangible Assets		
Customer Relationships	$ 26,476	$ 26,476
Client Backlog	—	7,600
Trade Name	5,700	5,700
Client Mandates and Other	1,276	1,483
Total Intangible Assets	33,452	41,259
Accumulated Amortization	(18,739)	(17,613)
Intangible Assets, Net (a)	$ 14,713	$ 23,646

(a) Excludes fully amortized intangible assets.

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

	Year Ended December 31, 2016	2015	2014
Balance, Beginning of Year	$ 23,646	$ 19,797	$ 22,450
Additions	—	14,805	—
Amortization Expense	(8,870)	(10,939)	(2,653)
Translation Adjustments	(63)	(17)	—
Balance, End of Year	$ 14,713	$ 23,646	$ 19,797

At September 30, 2015, the Company performed an assessment of its intangible assets and determined that impairment indicators existed regarding certain customer relationship intangible assets established at the time of Blackstone's IPO. The Company concluded there were no future cash flows associated with these intangible assets; therefore, the fair value was zero. As a result, the Company recorded an impairment charge of $6.0 million during the year ended December 31, 2015 to fully impair these intangible assets, which was included in Depreciation and Amortization in the Consolidated and Combined Statements of Operations. No such impairment was recorded during the year ended December 31, 2016.

Amortization of Intangible Assets held at December 31, 2016 is expected to be $2.4 million for the year ending December 31, 2017 and $2.3 million for the years ending 2018, 2019, 2020 and 2021. The intangible assets as of December 31, 2016 are expected to amortize over a weighted-average period of 8.7 years.

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7. FURNITURE, EQUIPMENT AND LEASEHOLD IMPROVEMENTS

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

	December 31, 2016	December 31, 2015
Office Equipment	$ 1,778	$ 1,873
Leasehold Improvements	32,889	23,330
Furniture and Fixtures	11,364	9,119
Total Furniture, Equipment and Leasehold Improvements	46,031	34,322
Accumulated Depreciation	(7,876)	(2,832)
Furniture, Equipment and Leasehold Improvements, Net	$ 38,155	$ 31,490

Depreciation expense, including allocations from the former Parent for the periods presented before October 1, 2015, was $5.2 million, $3.9 million and $5.1 million for the years ended December 31, 2016, 2015 and 2014, respectively.

8. INCOME TAXES

The Company's operations were included in Blackstone subsidiaries' U.S. federal, state and foreign tax returns for taxable periods ending before the Company's spin-off and separation from Blackstone on October 1, 2015. With respect to such taxable periods, the Company's income taxes were calculated on a separate tax return basis. For subsequent periods, the Company is filing tax returns as a stand-alone entity, and its deferred taxes and effective tax rates differ from those of the historical periods.

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

	Year Ended December 31, 2016	2015	2014
Income (Loss) Before Provision for Taxes			
Domestic	$ 38,360	$ 29,581	$ 8,952
International	(23,860)	(35,517)	(1,414)
Total	$ 14,500	$ (5,936)	$ 7,538

The Provision for Income Taxes consists of the following:

	Year Ended December 31, 2016	2015	2014
Current			
Federal Income Tax	$ 4,131	$ 50	$ —
State and Local Income Tax	2,777	3,576	3,495
Foreign Income Tax	191	331	319
	7,099	3,957	3,814
Deferred			
Federal Income Tax	2,376	(3,698)	—
State and Local Income Tax	(20)	(17)	(768)
Foreign Income Tax	(63)	(3)	—
	2,293	(3,718)	(768)
Provision for Taxes	$ 9,392	$ 239	$ 3,046

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The following table summarizes the Company’s tax position:

	Year Ended December 31,		
	2016	2015	2014
Income (Loss) Before Provision for Taxes	$ 14,500	$ (5,936)	$ 7,538
Provision for Taxes	$ 9,392	$ 239	$ 3,046
Effective Income Tax Rate	64.8%	-4.0%	40.4%

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

	Year Ended December 31,		
	2016	2015	2014
Expected Income Tax Expense (Benefit) at the Federal Statutory Rate	35.0%	35.0%	35.0%
Permanent Differences for Compensation	33.4%	-24.9%	—
Accrual to Blackstone Related to Employee Matters Agreement	9.9%	—	—
Partnership (Income) Loss Not Subject to U.S. Corporate Income Taxes	-21.2%	54.2%	-35.0%
Foreign Income Taxes	0.9%	-4.9%	4.2%
State and Local Income Taxes, Net of Federal Benefit	14.0%	-63.2%	36.2%
Return to Provision	-6.4%	—	—
Other	-0.8%	-0.2%	—
Effective Income Tax Rate	64.8%	-4.0%	40.4%

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,	
	2016	2015
Deferred Tax Assets		
Tax Basis Step-Up from Blackstone	$ 51,321	$ 57,046
Deferred Compensation	22,570	15,173
Net Operating Loss	4,879	2,919
Deferred Rent	3,506	—
Partner Exchange Basis Step-Up	1,135	—
Other	973	3,184
Deferred Tax Assets Before Valuation Allowance	84,384	78,322
Valuation Allowance	(5,347)	(2,222)
Total Deferred Tax Assets	$ 79,037	$ 76,100
Deferred Tax Liabilities		
Intangible Assets	$ 3,164	$ 5,008
Fixed Assets	2,408	—
Other	2,508	2,404
Total Deferred Tax Liabilities	8,080	7,412
Deferred Tax Asset, Net	$ 70,957	$ 68,688

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In connection with the exchange of Partnership Units for cash during theyear ended December 31, 2016, the Company recorded an estimated deferred tax asset of $1.1 million as a result of the increase in the tax basis of the Company's assets attributable to the exchanges. Pursuant to the tax receivable agreement, 85% (or $1.0 million) of the tax benefit associated with this deferred tax asset is payable to such exchanging partners generally over 15 years, and is recorded as Amount Due Pursuant to Tax Receivable Agreement in the Consolidated and Combined Statements of Financial Condition. The remaining tax benefit $0.2 million is allocable to the Company and is recorded in Additional Paid-In Capital.

With respect to foreign operations, the Company has an income tax net operating loss of $23.9 million with an unlimited life.

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.

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 in the U.S. federal jurisdiction currently indicate that it is more likely than not that the U.S. federal deferred tax assets will be realized.

The Company evaluated the losses incurred in foreign operating jurisdictions in 2016 and 2015 as objective negative evidence, and concluded that it outweighs any positive evidence afforded by projections of taxable income in future years. Accordingly, the Company recorded a valuation allowance of $5.3 million and $2.2 million at December 31, 2016 and 2015, respectively, with respect to certain foreign deferred tax assets (consisting principally of the tax benefit associated with net operating losses incurred in certain foreign jurisdictions).

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, 2016, the Company is not generally subject to examination by the tax authorities for years before 2012.

The Company's unrecognized tax benefits, excluding related interest and penalties, were:

	Year Ended December 31,		
	2016	**2015**	**2014**
Unrecognized Tax Benefits — January 1	$ —	$ —	$ 5
Additions for Tax Positions of Prior Years	—	—	56
Settlements	—	—	(61)
Unrecognized Tax Benefits — December 31	$ —	$ —	$ —

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

During the years ended December 31, 2016 and 2015, no interest or penalties were accrued with respect to unrecognized tax positions and there were no settlements with taxing authorities.

During the year ended December 31, 2014, interest expense of $42 thousand was accrued with respect to unrecognized tax positions and no penalties were accrued. During the year ended December 31, 2014, the Company paid $45 thousand of accrued interest in the settlement of an audit of a subsidiary tax return for the year 2007.

(All Dollars Are in Thousands, Except Share and Per Share Data, Except Where Noted)

9. NET LOSS PER SHARE OF CLASS A COMMON STOCK

Basic and diluted net loss per share of Class A common stock for the year ended December 31, 2016 and period from October 1, 2015 (date of spin-off) through December 31, 2015 is presented below:

	Year Ended December 31, 2016	Period from October 1, 2015 through December 31, 2015
Numerator:		
Net Income (Loss)	$ 5,108	$ (24,935)
Net Income (Loss) Attributable to Redeemable Non-Controlling Interests	8,142	(13,751)
Net Loss Attributable to PJT Partners Inc.	$ (3,034)	$ (11,184)
Denominator:		
Weighted-Average Shares of Class A Common Stock Outstanding — Basic and Diluted	18,292,717	18,258,174
Net Loss Per Share of Class A Common Stock — Basic and Diluted	$ (0.17)	$ (0.61)

The allocation of income (loss) between holders of shares of Class A common stock and the Redeemable Non-Controlling Interests began following the spin-off on October 1, 2015.

Partnership Units may be exchanged for PJT Partners Inc. Class A common stock on a one-for-one basis, subject to applicable lock-up, vesting and transfer restrictions. If all Partnership Units were exchanged for Class A common stock, fully diluted Class A common stock outstanding would be 34,361,674 as of December 31, 2016. In computing the dilutive effect, if any, that the aforementioned exchange would have on net loss per share, net income (loss) 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). For the year ended December 31, 2016 and period from October 1, 2015 through December 31, 2015, such exchange is not reflected in diluted net loss per share as the assumed exchange is not dilutive.

During the year ended December 31, 2016 and period from October 1, 2015 through December 31, 2015, unvested RSUs, participating RSUs and Partnership Units were all determined to be anti-dilutive and excluded from the calculation of net loss per share of Class A common stock. The following amounts would have been included in this calculation if their effect were dilutive for the respective periods:

	Year Ended December 31, 2016	Period from October 1, 2015 through December 31, 2015
Weighted-Average Unvested RSUs	2,087,696	623,316
Weighted-Average Participating RSUs	733,287	511,139
Weighted-Average Partnership Units	16,068,957	16,055,122

10. EQUITY-BASED COMPENSATION

Overview

Until the consummation of the spin-off, certain of the Company’s employees participated in Blackstone’s equity compensation plans. The equity-based compensation expense recorded by the Company for the periods presented prior to October 1, 2015 included the expense associated with the employees historically attributable to the Company’s operations. As the equity-based compensation plans were Blackstone’s plans, the amounts were previously recognized within Former Parent Company Investment and Due from Blackstone in the Consolidated and Combined Statements of Financial Condition.

(All Dollars Are in Thousands, Except Share and Per Share Data, Except Where Noted)

Blackstone granted equity-based compensation awards to its partners, non-partner professionals, non-professionals and selected external advisers under its Amended and Restated 2007 Equity Incentive Plan (the "Equity Plan"), the majority of which were granted in connection with Blackstone's IPO. The Equity Plan allowed for the granting of options, unit appreciation rights or other unit-based awards (units, restricted units, restricted common units, deferred restricted common units, phantom restricted common units or other unit-based awards based in whole or in part on the fair value of Blackstone common units or Blackstone Holdings Partnership Units) which contained certain service or performance requirements.

On October 1, 2015, generally 50% of Blackstone's unvested equity awards (other than awards scheduled to vest within 180 calendar days following the spin-off) held by employees of the Company were converted into equity awards of PJT. These replacement awards have the same terms and conditions as the Blackstone equity awards, except that vesting conditions and settlement terms based on continued service to Blackstone are now based on continued service to the Company. As a result, the Company issued 963,517 RSUs in PJT Partners Inc. Class A common stock and 554,850 RSUs in PJT Partners Holdings LP.

On October 1, 2015, the Company adopted the PJT Partners Inc. 2015 Omnibus Incentive Plan (the "PJT Equity Plan") for the purpose of providing incentive compensation measured by reference to the value of the Company's 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 initially authorized 12.2 million shares of Class A common stock for issuance under the PJT Equity Plan.

The following table represents stock-based compensation expense and related income tax benefits for the years ended December 31, 2016, 2015 and 2014, respectively:

	Year Ended December 31,		
	2016	2015	2014
Stock-Based Compensation Expense	$ 89,010	$ 65,342	$ 90,396
Income Tax Benefit	$ 10,678	$ 2,618	$ 308

Stock-based compensation expense for the year ended December 31, 2015 consists of $20.4 million of expense related to equity-classified awards and $44.9 million of expense allocated from the former Parent prior to the spin-off on October 1, 2015.

Restricted Stock Units

Pursuant to the PJT Equity Plan and in connection with the Company's spin-off from Blackstone, annual compensation process and ongoing hiring process, the Company has issued shares of RSUs, which generally vest over a service life of three to five years. Awards are forfeited if the employee ceases to be employed by the Company prior to vesting or does not meet the requisite service requirement.

(All Dollars Are in Thousands, Except Share and Per Share Data, Except Where Noted)

A summary of the status of the Company's unvested RSUs in PJT Partners Inc. and PJT Partners Holdings LP as of December 31, 2016 and of changes during the period January 1, 2016 through December 31, 2016 is presented below:

	Restricted Stock Units			
	PJT Partners Inc.		PJT Partners Holdings LP	
	Number of Units	Weighted-Average Grant Date Fair Value (in dollars)	Number of Partnership Units	Weighted-Average Grant Date Fair Value (in dollars)
Balance, December 31, 2015	5,344,573	$ 20.98	554,850	$ 23.73
Granted	736,135	27.15	—	—
Vested	(82,734)	17.46	(111,161)	16.33
Forfeited	(225,182)	23.65	—	—
Dividends Reinvested on Participating RSUs	3,322	22.08	—	—
Balance, December 31, 2016	5,776,114	$ 21.71	443,689	$ 25.58

As of December 31, 2016, there was $71.1 million of estimated unrecognized compensation expense related to unvested RSU awards. The Company assumes a forfeiture rate of 1.0% to 16.7% annually based on expected turnover and periodically reassesses this rate. This cost is expected to be recognized over a weighted-average period of 1.3 years.

Partnership Units

In connection with the spin-off on October 1, 2015, Blackstone underwent an internal reorganization, pursuant to which the operations that had historically constituted Blackstone's Financial Advisory reporting segment, other than Blackstone's capital markets services business, were contributed to PJT Partners Holdings LP, a newly-formed holding partnership that became controlled by PJT Partners Inc., as general partner. In the internal reorganization, the limited partners of the holding partnerships that owned Blackstone's operating subsidiaries and certain individuals engaged in the Company's business received Class A common stock of PJT Partners Inc., as well as Partnership Units that, subject to certain terms and conditions, are redeemable 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 five years.

A summary of the status of the Company's unvested Partnership Units as of December 31, 2016 and of changes during the period January 1, 2016 through December 31, 2016 is presented below:

	Partnership Units	
	Number of Partnership Units	Weighted-Average Grant Date Fair Value (in dollars)
Balance, December 31, 2015	5,315,000	$ 21.00
Granted	340,228	26.23
Forfeited	(63,871)	28.29
Balance, December 31, 2016	5,591,357	$ 21.23

As of December 31, 2016, there was $76.9 million of estimated unrecognized compensation expense related to unvested Partnership Units. The Company assumes a forfeiture rate of 5.5% annually based on expected turnover and periodically reassesses this rate. This cost is expected to be recognized over a weighted-average period of 2.1 years.

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Equity-Based Awards with Both Service and Market Conditions

In connection with the spin-off, the Company also granted equity-based 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 equity-based awards is 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 ratably at $48, $55, $63, $71 and $79 per share of Class A common stock.

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.

A summary of the status of the Company's unvested equity-based awards in PJT Partners Holdings LP with both a service and market condition as of December 31, 2016 and of changes during the period January 1, 2016 through December 31, 2016 is presented below:

	Equity-Based Awards with Both Service and Market Conditions	
	Number of Partnership Units	Weighted-Average Grant Date Fair Value (in dollars)
Balance, December 31, 2015	6,530,048	$ 5.72
Forfeited	(26,584)	5.72
Balance, December 31, 2016	6,503,464	$ 5.72

As of December 31, 2016, there was $22.7 million of estimated unrecognized compensation expense related to equity-based awards with both a service and market condition. The Company assumes a forfeiture rate of 5.5% annually based on expected turnover and periodically reassesses this rate. This cost is expected to be recognized over a weighted-average period of 2.4 years.

Units Expected to Vest

The following unvested units, after expected forfeitures, as of December 31, 2016, are expected to vest:

	Units	Weighted-Average Service Period in Years
Partnership Units	11,074,322	2.3
Restricted Stock Units	5,852,412	1.3
Total Equity-Based Awards	16,926,734	1.9

11. STOCKHOLDERS' EQUITY (DEFICIT)

Class A and Class B Common Stock

In connection with the spin-off on October 1, 2015, the Company issued 17,966,456 shares of Class A 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 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.

Additionally, in connection with the spin-off on October 1, 2015, the Company issued 300 shares of Class B common stock. 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 Company's board of directors, 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 of directors 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.

Redeemable Non-Controlling Interests

Following the spin-off, PJT Partners Inc. became 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, 2016 and 2015, the non-controlling interest was 46.6% and 47.1%, respectively. The percentage of the Net Income Attributable to the Redeemable 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. A non-controlling interest with redemption features not solely within the Company's control is considered a redeemable non-controlling interest and is presented separately from Equity in the Consolidated and Combined Statements of Financial Condition.

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.

12. TRANSACTIONS WITH RELATED PARTIES

Prior to the spin-off on October 1, 2015, the Company was managed and operated in the normal course of business with other affiliates of Blackstone. Accordingly, certain shared costs were allocated to the Company and reflected as expenses in the stand-alone Consolidated and Combined Statements of Operations. Management of Blackstone and the Company considered the allocation methodologies used to be reasonable and appropriate reflections of the historical expenses attributable to the Company for purposes of the stand-alone financial statements. The expenses reflected in the Consolidated and Combined Statements of Operations may not be indicative of expenses that will be incurred by the Company in the future.

During the year ended December 31, 2016, the Company recorded $0.3 million related to certain professional fees payable to Blackstone. No such fees were recorded during the years ended December 31, 2015 or 2014. As of December 31, 2016, the Company had amounts payable to Blackstone for such expenses of $0.3 million.

Certain purchases of furniture, equipment and leasehold improvements were paid by Blackstone on the Company's behalf. The Company had no amounts payable to Blackstone for such costs as of December 31, 2016 and $4.0 million as of December 31, 2015.

On December 31, 2015, a client remitted a $4.5 million payment to Blackstone in settlement of an accounts receivable balance instead of the Company. Blackstone subsequently wired such amount to the Company on January 4, 2016. As of December 31, 2015, such amount was included in Accounts Receivable in the Consolidated and Combined Statements of Financial Condition.

During the year ended December 31, 2016, the Company recorded $8.6 million in non-cash contributions related to the ultimate settlement of balances due to and from Blackstone.

Revenues Earned from Affiliates

Following the spin-off on October 1, 2015, Blackstone is no longer an affiliate of the Company. Accordingly, for periods subsequent to October 1, 2015, revenues earned from Blackstone are no longer reported as Revenues Earned from Affiliates in the Consolidated and Combined Statements of Operations and receivables from Blackstone are no longer included in Receivable from Affiliates in the Consolidated and Combined Statements of Financial Condition.

There were no Advisory Fees earned from affiliates for the year ended December 31, 2016. Advisory Fees earned from affiliates totaled $4.2 million and $31.9 million for the years ended December 31, 2015 and 2014, respectively, representing 1.5% and 11.8% of total Advisory Fees for such periods, respectively. There were no Placement Fees earned from affiliates for the year ended December 31, 2016. Placement Fees earned from affiliates totaled $14.3 million and $14.9 million for the years ended December 31, 2015 and 2014, respectively, representing 12.6% and 11.7% of total Placement Fees for such periods, respectively. These fees were earned in the ordinary course of business.

There was no Interest Income earned from affiliates for the year ended December 31, 2016. Interest Income earned from affiliates totaled $0.2 million and $0.3 million for the years ended December 31, 2015 and 2014, respectively.

Corporate Allocations

Prior to the spin-off on October 1, 2015, Blackstone historically provided the Company with various office facilities, administrative and operational support services at cost. Such expenses were historically allocated to the Company based upon an established methodology appropriate to the expense. Under this methodology, expenses incurred by support service groups were allocated based upon agreed expense drivers. Example allocation methodologies included time and labor studies and proportional usage, headcount or square footage measures. Additionally, Blackstone incurred expenses on behalf of the Company that were specifically attributed to the Company. Such expenses were comprised principally of compensation and benefits, occupancy and office services, communications and information services, research and professional fees. The Company reimbursed Blackstone for its share of all such expenses paid on its behalf.

(All Dollars Are in Thousands, Except Share and Per Share Data, Except Where Noted)

Management believes the assumptions underlying the consolidated and combined financial statements for periods presented prior to October 1, 2015 are reasonable. Nevertheless, the consolidated and combined financial statements may not have included all of the actual expenses that would have been incurred and may not have reflected the Company's combined results of operations, financial position and cash flows had it been a stand-alone company during the periods presented. Actual costs that would have been incurred if PJT Partners Inc. had been a stand-alone company would depend on multiple factors, including organizational structure and strategic decisions made in various areas, including information technology and infrastructure.

In connection with the spin-off, the Company incurred severance costs of $19.8 million for the year ended December 31, 2014, which were recorded as Compensation and Benefits in the Consolidated and Combined Statements of Operations. The severance costs were primarily associated with the termination of employees and related benefits. Of the $19.8 million, $5.2 million was a non-cash equity-based compensation expense with its related credit recorded in Former Parent Company Investment in the Consolidated and Combined Statements of Financial Condition. During the year ended December 31, 2015, a net reversal of severance of $2.6 million was recorded. No such amounts were recorded during the year ended December 31, 2016.

The following table summarizes the net accrued balance and utilization by caption as recorded in the Consolidated and Combined Statements of Financial Condition:

	Due to Blackstone	Accrued Compensation and Benefits	Total
Severance, December 31, 2014	$ 10,372	$ 3,021	$ 13,393
Severance Reversed	(2,526)	(94)	(2,620)
Payments	(7,706)	(2,927)	(10,633)
Settlement of Due to Blackstone Balance	(140)	—	(140)
Severance, December 31, 2015	$ —	$ —	$ —

As noted above, Blackstone previously provided payroll services on behalf of the Company before the spin-off on October 1, 2015. The severance liability was thus recorded based on whether Blackstone or the Company would pay the liability. As part of the spin-off on October 1, 2015, the Company settled the Due to Blackstone balance and therefore no severance liability remained at December 31, 2015.

Agreements with Blackstone

Transition Services Agreement

In connection with the spin-off, the Company entered into a Transition Services Agreement with Blackstone under which Blackstone or its respective affiliates may provide the Company with certain services for a period of up to 24 months from the date of the spin-off (subject to the earlier termination of the agreement or any or all of the services provided thereunder in the circumstances set forth therein) to help ensure an orderly transition for each of the Company and Blackstone following the distribution. Pursuant to the Transition Services Agreement, Blackstone agreed to provide the Company certain finance, information technology, human resources and compensation, facilities, legal and compliance, external relations and public company services. The Company pays Blackstone for any such services at agreed amounts as set forth in the Transition Services Agreement. In addition, from time to time during the term of the agreement, the Company and Blackstone may mutually agree on additional services to be provided by Blackstone to the Company at pricing based on market rates that are reasonably agreed by the parties.

The Company had amounts payable to Blackstone with respect to the Transition Services Agreement of $25 thousand and $0.5 million as of December 31, 2016 and 2015, respectively.

Employee Matters Agreement

In connection with the spin-off, the Company entered into an Employee Matters Agreement with Blackstone that governs the respective rights, responsibilities and obligations of the parties from and after the spin-off with respect to employee-related liabilities and the Company's respective retirement plans, nonqualified deferred compensation plans, health and welfare benefit plans and equity-based compensation plans (including the treatment of outstanding awards thereunder). The Employee Matters Agreement generally provides for the allocation and treatment of assets, account balances and liabilities, as applicable, arising out of incentive plans, retirement plans, nonqualified deferred compensation plans and employee health and welfare benefit programs in which the Company's employees participated prior to the spin-off.

The Company retained or otherwise assumed all liabilities for current and former employees and employees of Blackstone who became the Company's employees upon consummation of the spin-off. Blackstone retained or otherwise assumed liabilities with respect to the employment, service, termination of employment or termination of service of its former employees who, immediately prior to their separation from Blackstone, primarily provided services in respect of the Company's business (except that the Company assumed certain specified liabilities). The Company assumed all annual cash incentive arrangements with respect to the Company's personnel and adopted new welfare, 401(k) and similar plans for the Company's personnel. However, Blackstone reimbursed the Company for the amount of 2015 annual incentive compensation that was accrued by Blackstone for such employees prior to the spin-off date.

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 and Combined Statements of Financial Condition. The Company will cash settle the liability to Blackstone quarterly as the forfeitures attributable to these employees crystallize. The accrual for these forfeitures was $0.5 million and $1.3 million as of December 31, 2016 and 2015, respectively.

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 and Combined 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, 2016, the Company had accrued $4.1 million, which the Company anticipates will be payable to Blackstone during the third quarter of 2017. 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.

Tax Matters Agreement

The Company entered into a Tax Matters Agreement with Blackstone that governs the respective rights, responsibilities and obligations of the Company and Blackstone after the spin-off with respect to tax liabilities and benefits, tax attributes, tax contests and other tax sharing regarding U.S. federal, state, local and foreign income taxes, other tax matters and related tax returns. The Company has joint and several liability with Blackstone to the Internal Revenue Service ("IRS") for the consolidated U.S. federal income taxes of the Blackstone consolidated group relating to the taxable periods in which the Company was part of that group. However, the Tax Matters Agreement specifies the portion, if any, of this tax liability for which the Company bears responsibility, and Blackstone agrees to indemnify the Company against any amounts for which the Company is not responsible. The Tax Matters Agreement also provides special rules for allocating tax liabilities in the event that the spin-off is determined not to be tax-free. Though valid as between the parties, the Tax Matters Agreement is not binding on the IRS.

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, from and after the first anniversary of the date of the consummation of the spin-off (subject to the terms of the exchange agreement), 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. 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.

During the year ended December 31, 2016, certain Partnership Unitholders exchanged 594,072 Partnership Units for cash in the amount of $16.1 million.

During the fourth quarter of 2016, the Company was presented with 361,588 Partnership Units to be exchanged. The Company elected to settle the exchange of these Partnership Units on February 16, 2017 using cash on hand for an aggregate payment of $13.0 million. The price per Partnership Unit paid by the Company was $36.09, which was equal to the volume-weighted average price of a share of the Company's Class A common stock on February 13, 2017.

Registration Rights Agreement

The Company 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.

Tax Receivable Agreement

The Company entered into a tax receivable agreement 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, 2016, the Company had an amount due of $1.0 million pursuant to the tax receivable agreement, which represents management's best estimate of the amounts currently expected to be owed in connection with the tax receivable agreement. Actual payments may differ significantly from estimated payments.

Promissory Note

As of December 31, 2015, there was a $0.6 million unsecured promissory note from an employee held by the Company. The outstanding principal balance and accrued interest was included in Other Assets in the Consolidated and Combined Statements of Financial Condition. The promissory note bore a variable interest rate of the prime rate less one percent per annum, determined as of the date of the promissory note and then on the twentieth day of each month thereafter until the promissory note was repaid. During the three months ended March 31, 2016, the promissory note was repaid.

Aircraft Lease

On occasion, certain of the Company's executive officers, employees and their families may make use of aircraft in which the Company owns a fractional interest (the "Aircraft"). Any such personal use of the Aircraft is charged to the executive officer or employee based on market rates and usage. The amount is not material to the consolidated and combined financial statements.

13. COMMITMENTS AND CONTINGENCIES

Commitments

Line of Credit

On October 1, 2015, PJT Partners Holdings LP entered into a Loan Agreement (the "Loan Agreement") and related documents with First Republic Bank. The Loan 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 Loan 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 2, 2017. The proceeds of the revolving credit facility are available for working capital and general corporate purposes. Interest on the borrowings is based on the prime rate minus 1.0% and undrawn commitments bear a commitment fee. The Loan Agreement contains customary representations, covenants and events of default. Financial covenants consist of a minimum consolidated tangible net worth, maximum leverage ratio, minimum consolidated liquidity ratio and limitation on additional indebtedness, each tested quarterly.

On October 10, 2016, PJT Partners Holdings LP entered into a Renewal Agreement (the "Renewal Agreement") and related documents with First Republic Bank, amending the terms of the Company's revolving credit facility under the Loan Agreement. The Renewal Agreement provides for a one-year extension of the maturity of the revolving credit facility to October 2, 2018.

As of December 31, 2016, there were no borrowings under the revolving credit facility and the Company was in compliance with the debt covenants.

Leases

The Company leases office space under non-cancelable lease agreements, which expire at various dates through 2030. Occupancy lease agreements, in addition to base rentals, generally are subject to escalation provisions based on certain costs incurred by the landlord and are recognized on a straight-line basis over the term of the lease agreement.

Total rent expense, including former Parent allocations of rent expense for periods prior to October 1, 2015, was $24.3 million, $17.2 million and $23.3 million for the years ended December 31, 2016, 2015 and 2014, respectively. Rent expense is included in Occupancy and Related in the Consolidated and Combined Statements of Operations. These amounts include variable operating escalation payments, which are paid when invoiced.

As of December 31, 2016, the Company maintained an irrevocable standby letter of credit for operating leases of $4.5 million and as of December 31, 2015, the Company's former Parent maintained an irrevocable standby letter of credit of $5.5 million.

Capital lease obligations recorded are payable through 2021 at a weighted-average interest rate of 2.3%. The net book value of all assets recorded under capital leases aggregated $0.4 million as of December 31, 2016 and 2015.

(All Dollars Are in Thousands, Except Share and Per Share Data, Except Where Noted)

As of December 31, 2016, the aggregate minimum future payments required on non-cancelable leases are as follows:

	Minimum Lease Payments	
Year Ending December 31,	**Capital**	**Operating**
2017	$ 100	$ 22,768
2018	100	20,564
2019	100	19,980
2020	77	19,033
2021	4	19,528
Thereafter	—	105,527
Total Minimum Lease Payments	381	207,400
Less: Amount Representing Interest	16	
Capital Lease Obligation	$ 365	
Less: Sublease Proceeds		18,588
Net Minimum Lease Payments		$ 188,812

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 and combined financial statements of the Company.

As previously disclosed, the Company terminated Andrew Caspersen on March 28, 2016 after learning of a number of unauthorized and unlawful transactions outside the scope of his employment with Park Hill. The Company recorded an expense of $8.9 million during the year ended December 31, 2016, which represented the amount that was considered to be probable and reasonably estimable as well as a related insurance reimbursement of $5.6 million deemed probable of receipt. The Company made payments totaling $8.9 million related to the charge and also received a $5.6 million insurance reimbursement during the year ended December 31, 2016.

With respect to potential additional claims related to funds fraudulently obtained by Mr. Caspersen, the Company believes that any such claims would be without merit and would vigorously defend any such actions.

For other matters, 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.

Indemnification

The Company enters into contracts, including contracts with Blackstone relating to the spin-off, which contain a variety of indemnifications. The Company's maximum exposure under these arrangements is not known. However, the Company has not had prior claims or losses pursuant to these contracts and expects the risk of loss to be remote.

14. EMPLOYEE BENEFIT PLANS

The Company contributes to employer sponsored defined contribution plans for certain employees, subject to eligibility and statutory requirements. The Company incurred expenses with respect to these defined contribution plans in the amounts of $0.6 million, $0.6 million and $0.5 million for the years December 31, 2016, 2015 and 2014, respectively, which are included in Compensation and Benefits in the Consolidated and Combined Statements of Operations.

15. REGULATED ENTITIES

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

PJT Partners LP is a registered broker-dealer through which strategic advisory and restructuring and special situations 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 $65.6 million and $10.3 million as of December 31, 2016 and 2015, respectively, which exceeded the minimum net capital requirement by $64.1 million and $9.3 million, respectively.

Park Hill Group LLC is a registered broker-dealer through which private fund advisory and placement services are conducted in the United States and is subject to the net capital requirements of Rule 15c3-1 under the Exchange Act. Park Hill Group LLC elected to adopt the alternative standard, which defines minimum net capital as the greater of $250 thousand or 2% of aggregate debit items computed in accordance with the reserve requirement. Park Hill Group LLC had net capital of $18.1 million and $19.0 million as of December 31, 2016 and 2015, respectively, which exceeded the minimum net capital requirement by $17.9 million and $18.8 million, respectively.

PJT Partners LP and Park Hill Group LLC do not carry customer accounts and do not otherwise hold funds or securities for, or owe money or securities to, customers and, accordingly, are both exempt from the SEC Customer Protection Rule (Rule 15c3-3).

PJT Partners (UK) Limited is licensed with 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. As of December 31, 2016 and 2015, both of these entities were in compliance with local capital adequacy requirements.

16. BUSINESS INFORMATION

The Company’s activities providing strategic advisory, restructuring and special situations and private fund advisory and placement services constitute a single reportable segment. An operating segment is a component of an entity which conducts business, incurs revenues and expenses for which discrete financial information is available that is reviewed by the chief operating decision maker in 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 our advice to clients by drawing upon the diversified expertise and broad relationships of our 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.

(All Dollars Are in Thousands, Except Share and Per Share Data, Except Where Noted)

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,		
	2016	2015	2014
Revenues			
Domestic	$ 465,046	$ 381,389	$ 352,391
International	34,384	24,549	48,678
Total	$ 499,430	$ 405,938	$ 401,069

	December 31,	
	2016	2015
Assets		
Domestic	$ 545,049	$ 444,040
International	45,427	23,212
Total	$ 590,476	$ 467,252

The Company is not subject to any material concentrations with respect to its revenues for the years ended December 31, 2016, 2015 and 2014, or credit risk with respect to its accounts receivable as of December 31, 2016 and 2015.

17. SUBSEQUENT EVENTS

The Board of Directors of PJT Partners Inc. has declared a quarterly dividend of $0.05 per share of Class A common stock, which will be paid on March 23, 2017 to Class A common stockholders of record on March 9, 2017.

The Company did not identify any other subsequent events besides the exchange of Partnership Units described in Note 12. "Transactions with Related Parties."

18. QUARTERLY FINANCIAL DATA (UNAUDITED)

	Three Months Ended			
	March 31, 2016	June 30, 2016	September 30, 2016	December 31, 2016
Revenues	$ 115,304	$ 89,284	$ 121,346	$ 173,496
Expenses	112,571	99,539	123,306	149,514
Income (Loss) Before Provision for Taxes	$ 2,733	$ (10,255)	$ (1,960)	$ 23,982
Net Income (Loss)	$ 1,431	$ (4,716)	$ (10,336)	$ 18,729
Net Income (Loss) Attributable to Redeemable Non-Controlling Interests	1,176	(4,393)	(625)	11,984
Net Income (Loss) Attributable to PJT Partners Inc.	$ 255	$ (323)	$ (9,711)	$ 6,745
Net Income (Loss) Per Share of Class A Common Stock — Basic and Diluted	$ 0.01	$ (0.02)	$ (0.53)	$ 0.35
Dividends Declared Per Share of Class A Common Stock	$ 0.05	$ 0.05	$ 0.05	$ 0.05

(All Dollars Are in Thousands, Except Share and Per Share Data, Except Where Noted)

	Three Months Ended			
	March 31, 2015	June 30, 2015	September 30, 2015	December 31, 2015
Revenues	$ 82,325	$ 72,469	$ 147,322	$ 103,822
Expenses	97,014	78,908	103,461	132,491
Income (Loss) Before Provision for Taxes	$ (14,689)	$ (6,439)	$ 43,861	$ (28,669)
Net Income (Loss)	$ (16,107)	$ (7,023)	$ 41,890	$ (24,935)
Net Loss Attributable to Redeemable Non-Controlling Interests				(13,751)
Net Loss Attributable to PJT Partners Inc.				$ (11,184)
Net Loss Per Share of Class A Common Stock — Basic and Diluted	N/A	N/A	N/A	$ (0.61)
Dividends Declared Per Share of Class A Common Stock	N/A	N/A	N/A	$ —

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

	Allowance for Doubtful Accounts		
	Year Ended December 31,		
	2016	2015	2014
Balance, Beginning of Period	$ 862	$ 3,758	$ 2,876
Additions:			
Bad Debt Expense (Reversal)	3,512	(2,260)	2,138
Deductions:			
Charge-offs of Uncollectible Balances	—	—	(1,256)
Adjustment for Separation from Blackstone	—	(636)	—
Balance, End of Period	$ 4,374	$ 862	$ 3,758

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

We maintain "disclosure controls and procedures," as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act"), that are designed to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing disclosure controls and procedures, our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures. The design of any disclosure controls and procedures also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired objectives.

Our management, including our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15 under the Exchange Act as of the end of the period covered by this report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this report, our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) are effective at the reasonable assurance level to accomplish their objectives of ensuring that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

No changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during our most recent quarter, that have materially affected, or are 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, 2016 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, 2016 was effective.

Deloitte & Touche LLP, an independent registered public accounting firm, has audited the Company's 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, 2016, which is included below.

Report of Independent Registered Public Accounting Firm

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

We have audited the internal control over financial reporting of PJT Partners Inc. and subsidiaries (the "Company") as of December 31, 2016, based on the criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. 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 conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel 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 the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2016, based on the criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated and combined financial statements as of and for the year ended December 31, 2016 of the Company and our report dated February 28, 2017 expressed an unqualified opinion on those financial statements.

/s/ Deloitte & Touche LLP

New York, New York
February 28, 2017

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 2017 Annual Meeting of Stockholders (the "Proxy Statement") is incorporated herein by reference.

The information regarding compliance with Section 16(a) of the Exchange Act set forth under the caption "Section 16(a) Beneficial Ownership Reporting Compliance" in 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 "Executive Compensation" and "Compensation of Directors" of 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" 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 "Executive Compensation—Equity Compensation Plan Information" and "Security Ownership of Certain Beneficial Owners and Management" of 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 2—Ratification of Independent Registered Public Accounting Firm" of the Proxy Statement is incorporated herein by reference.

PART IV.

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

1. *Financial Statements*

   The consolidated and combined 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 and Combined Financial Statements" in this Annual Report on Form 10-K included in Item 8 above.

3. *Exhibits:*

Exhibit Number	Exhibit Description
2.1	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).
3.1	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).
3.1.1	Certificate of Designation of Series A Junior Participating Preferred Stock of PJT Partners Inc. (incorporated herein by reference to Exhibit 3.1.1 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).
3.2	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).
10.1	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).
10.2	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).
10.3	Transition Services Agreement between Blackstone Holdings I L.P. and PJT Partners Holdings LP, dated as of October 1, 2015 (incorporated herein by reference to Exhibit 10.3 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).
10.4	Loan Agreement dated as of October 1, 2015, between PJT Partners Holdings LP and First Republic Bank (incorporated 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 13, 2016).
10.5	Renewal Agreement dated as of October 10, 2016, between PJT Partners Holdings LP and First Republic Bank (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 13, 2016).

Exhibit Number	Exhibit Description
10.6	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).
10.7	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).
10.8	Amendment No. 2 to the Second Amended and Restated Limited Partnership Agreement of PJT Partners Holdings LP, dated as of October 12, 2016.
10.9	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).
10.10	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).
10.11	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).
10.12	Stockholder Rights Agreement between PJT Partners Inc. and American Stock Transfer & Trust Company, LLC, as Rights Agent, dated as of October 1, 2015 (incorporated herein by reference to Exhibit 10.9 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).
10.13+	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).
10.14+	PJT Partners Inc. Amended and Restated Bonus Deferral Plan, dated as of February 21, 2017.
10.15+	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).
10.16+	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).
10.17+	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).
10.18+	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).
10.19+	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).

Exhibit Number	Exhibit Description
10.20+	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).
10.21+	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).
10.22+	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).
10.23+	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).
10.24+	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).
10.25+	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).
10.26+	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).
10.27+	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).
10.28+	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).
10.29+	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).
10.30+	Form of Special Equity Restricted Stock Unit Award Agreement.
10.31	Form of Director Indemnification Agreement.
21.1	Subsidiaries of PJT Partners Inc.
23.1	Consent of Deloitte & Touche LLP.
24.1	Power of Attorney (included on signature page hereto).
31.1	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a).
31.2	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a).
32.1	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).
32.2	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).
101.INS	XBRL Instance Document.

Exhibit Number	Exhibit Description
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.

\+ Indicates management or compensating plan or arrangement

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 28, 2017

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.

Name	Title	Date
/s/ Paul J. Taubman Paul J. Taubman	Chairman and Chief Executive Officer (Principal Executive Officer)	February 28, 2017
/s/ Helen T. Meates Helen T. Meates	Chief Financial Officer (Principal Financial and Accounting Officer)	February 28, 2017
/s/ James Costos James Costos	Director	February 28, 2017
/s/ Dennis S. Hersch Dennis S. Hersch	Director	February 28, 2017
/s/ Emily K. Rafferty Emily K. Rafferty	Director	February 28, 2017
/s/ Thomas M. Ryan Thomas M. Ryan	Director	February 28, 2017
/s/ Kenneth C. Whitney Kenneth C. Whitney	Director	February 28, 2017

Exhibit 10.8

AMENDMENT NO. 2 TO THE SECOND AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT OF PJT PARTNERS HOLDINGS LP

This Amendment (this "Amendment") to the Second Amended and Restated Limited Partnership Agreement of PJT Partners Holding LP (the "Partnership") dated October 1, 2015 (the "Agreement") is dated as of October 12, 2016. Capitalized terms used herein but not otherwise defined herein shall have the respective meanings set forth in the Agreement.

WHEREAS, pursuant to Section 11.12 of the Agreement, the Agreement may be amended by the General Partner in its sole discretion; and

WHEREAS, the General Partner desires to amend the Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Agreement is hereby amended as follows:

Section 1. **Amendment to Schedule I.** Schedule I of the Agreement is hereby amended and restated in its entirety to read as follows:

"**Schedule I**
LTIP UNITS

1.1 **Designation**. A class of Units in the Partnership designated as "LTIP Units" is hereby established. LTIP Units are intended to qualify as "profits interests" in the Partnership, except as otherwise provided in the relevant Award Agreement. The number of LTIP Units that may be issued by the Partnership shall not be limited.

1.2 **Vesting**. LTIP Units may, in the sole discretion of the General Partner, be issued subject to vesting, forfeiture and additional restrictions on transfer pursuant to the terms of the relevant Award Agreement and the remaining provisions of this Schedule I. The terms of any Award Agreement and the remaining provisions of this Schedule I may be modified by the General Partner from time to time in its sole discretion, subject to any restrictions on amendment imposed by the relevant Award Agreement or by the terms of any equity incentive plan, including without limitation the PJT Partners Inc. 2015 Omnibus Incentive Plan (the "Plan"), pursuant to which the LTIP Units are issued, if applicable. LTIP Units that have vested and are no longer subject to forfeiture under the terms of an Award Agreement or Section 1.16 of this Schedule I, if applicable, are referred to as "Vested LTIP Units;" all other LTIP Units are referred to as "Unvested LTIP Units."

1.3 **Forfeiture or Transfer of Unvested LTIP Units**. Unless otherwise specified in the relevant Award Agreement, upon the occurrence of any event specified in an Award Agreement resulting in either the forfeiture of any LTIP Units or the repurchase thereof by the Partnership at a specified purchase price, then, upon the occurrence of the circumstances resulting in such forfeiture or repurchase by the Partnership, the relevant LTIP Units shall immediately, and without any further action, be treated as cancelled and no longer outstanding for any purpose. Unless otherwise specified in the relevant Award Agreement, no consideration or other payment (other than the repurchase payment, if any) shall be due with respect to any LTIP Units that have been forfeited; *provided* that with respect to any distribution declared with a record date prior to the effective date of such forfeiture, such forfeited LTIP Units shall be included in calculating the applicable holder's Total Percentage Interest in accordance with Article IV of the Partnership Agreement.

1.4 **Legend**. Any certificate evidencing an LTIP Unit shall bear an appropriate legend indicating that additional terms, conditions and restrictions on transfer, including without limitation provisions set forth in the Award Agreement and the provisions of this Schedule I apply to the LTIP Unit.

1.5 **Adjustments**. If an LTIP Unit Adjustment Event (as defined below) occurs, then the General Partner shall make a corresponding adjustment to the LTIP Units to maintain the same correspondence between Class A Units and LTIP Units as existed prior to such LTIP Unit Adjustment Event. The following shall be "LTIP Unit Adjustment Events:" (A) the Partnership makes a distribution on all outstanding Class A Units in Class A Units, (B) the Partnership subdivides the outstanding Class A Units into a greater number of Units or combines the outstanding Class A Units into a smaller number of Units, or (C) the Partnership issues any Units in exchange for its outstanding Class A Units by way of a reclassification or recapitalization. If more than one LTIP Unit Adjustment Event occurs, the adjustment to the LTIP Units need be made only once using a single formula that takes into account each and every LTIP Unit Adjustment Event as if all LTIP Unit Adjustment Events occurred simultaneously. If the Partnership takes an action affecting the Class A Units other than actions specifically described above as LTIP Unit Adjustment Events, including any extraordinary distribution to holders of Class A Units, and in the opinion of the General Partner such action would require an adjustment to the LTIP Units to maintain the correspondence between Class A Units and LTIP Units as it existed prior to such action, the General Partner shall make such adjustment to the LTIP Units, to the extent permitted by law and by the terms of any Award Agreement or equity incentive plan pursuant to which the LTIP Units have been issued, in such manner and at such time as the General Partner, in its sole discretion, may determine to be appropriate under the circumstances to maintain such correspondence. If an adjustment is made to the LTIP Units as herein provided, the Partnership shall promptly file in the books and records of the Partnership an officer's certificate setting forth such adjustment and a brief statement of the facts requiring such adjustment, which certificate shall be conclusive evidence of the correctness of such adjustment absent manifest error. Promptly after filing such certificate, the Partnership shall mail or otherwise provide notice to each holder of LTIP Units setting forth the adjustment to such holder's LTIP Units and the effective date of such adjustment.

1.6 **Conversion of LTIP Units into Class A Units**. Subject to Section 1.15 of this Schedule I and except as otherwise agreed between the General Partner and the applicable LTIP Unit Limited Partner, subject to the expiration of any applicable LTIP Unit Restricted Period (as defined below), on the first date that a Participating LTIP Unit (including, for purposes of clarity, a Founder LTIP Unit) has attained a Book-Up Target of zero (such date, the "LTIP Unit Conversion Date"), such Participating LTIP Unit shall, without any action on the part of the holder of such LTIP Unit or any other Person, automatically be converted into a number (or fraction thereof) of fully paid and non-assessable Class A Units equal to the LTIP Conversion Factor (as defined below). No LTIP Units shall be convertible pursuant to this Section 1.6 of Schedule I prior to the expiration of a twenty-four month period (the "LTIP Unit Restricted Period") ending on the day before the first twenty-four month anniversary of such holder's becoming a holder of such LTIP Units; provided, however, that the General Partner may, in its sole and absolute discretion, shorten or lengthen the LTIP Unit Restricted Period applicable to any LTIP Units by written agreement with the holder thereof to a period of shorter or longer than twenty-four (24) months, without the consent of any other Partner and such written agreement shall govern the LTIP Unit Restricted Period with respect to such LTIP Units notwithstanding anything otherwise to the contrary herein. Any vesting, forfeiture and additional restrictions on transfer to which a Participating LTIP Unit is subject at the time of its conversion under this Agreement and the terms of the relevant Award Agreement shall apply, *mutatis mutandis*, to any Class A Units received upon conversion of such LTIP Unit. "LTIP Conversion Factor" shall mean the quotient of (i) the Economic Capital Account Balance attributable to the LTIP Unit being converted as of the date of conversion, divided by (ii) the Class A Unit Economic Balance as of the date of conversion, provided that if the Economic Capital Account Balance attributable to an LTIP Unit has at any time reached an amount equal to the Class A Economic Balance determined as of such time, the LTIP Conversion Factor for such LTIP Unit shall be equal to one (1) (except to the extent of adjustments (if any) to the LTIP Conversion Factor made pursuant to Section 1.5 of this Schedule I, without duplication).

1.7 **Forced Conversion by the Partnership into Class A Units.**

(a) Subject to Section 1.15 of this Schedule I, the Partnership may cause LTIP Units to be converted (a " LTIP Unit Forced Conversion") into Class A Units at any time so long as the applicable holder thereof receives in respect of each LTIP Unit so converted a number (or fraction thereof) of fully paid and non-assessable Class A Units equal to the greater of (x) the LTIP Conversion Factor for such LTIP Unit (giving effect to all adjustments (if any) made pursuant to Section 1.5 of this Schedule I) and (y) one (1).

(b) In order to exercise its right to cause an LTIP Unit Forced Conversion, the Partnership shall deliver a notice (a " LTIP Unit Forced Conversion Notice") in the form attached as Exhibit A hereto to the applicable holder not less than 10 nor more than 60 days prior to the date specified in such LTIP Unit Forced Conversion Notice (such date, the "LTIP Unit Forced Conversion Date"). A Forced LTIP Unit Conversion Notice shall be provided in the manner in which notices are generally to be provided in accordance with the Partnership Agreement. Each holder of LTIP Units covenants and agrees with the Partnership that all LTIP Units to be converted pursuant to this Section 1.7 of this Schedule I shall be free and clear of all liens.

1.8 **Conversion Procedures**. Subject to Section 1.15 of this Schedule I, a conversion of LTIP Units pursuant to Section 1.6 or 1.7 of this Schedule I shall occur automatically after the close of business on the applicable LTIP Unit Conversion Date or LTIP Unit Forced Conversion Date, as the case may be, without any action on the part of such holder of LTIP Units, as of which time such holder of LTIP Units shall be credited on the books and records of the Partnership with the issuance as of the opening of business on the next day of the number of Class A Units issuable upon such conversion. After the conversion of LTIP Units as aforesaid, the Partnership shall deliver to such holder of LTIP Units, upon his or her written request, a certificate certifying the number of Class A Units and remaining LTIP Units, if any, held by such Person immediately after such conversion.

1.9 **Treatment of Capital Account**. For purposes of making future allocations under the Partnership Agreement, reference to a Partner's portion of its Economic Capital Account Balance attributable to his or her LTIP Units shall exclude, after the date of conversion of any of its LTIP Units, the portion of such Partner's Economic Capital Account Balance attributable to the converted LTIP Units.

1.10 **Mandatory Conversion in Connection with a Capital Transaction**.

(a) Subject to Section 1.15 of this Schedule I, if the Partnership or the General Partner shall be a party to any transaction (including without limitation a merger, consolidation, unit exchange, self tender offer for all or substantially all Class A Units or other business combination or reorganization, or sale of all or substantially all of the Partnership's assets, but excluding any transaction which constitutes an LTIP Unit Adjustment Event) as a result of which Class A Units shall be exchanged for or converted into the right, or the holders of Class A Units shall otherwise be entitled, to receive cash, securities or other property or any combination thereof (any such transaction being referred to herein as a "Capital Transaction"), then, to the extent not already converted into Class A Units in accordance with Section 1.6 of this Schedule I, the General Partner shall, immediately prior to the consummation of the Capital Transaction, exercise its right to cause an LTIP Unit Forced Conversion with respect to any and all LTIP Units that have become Vested LTIP Units and the Book-Up Target of which is zero, taking into account any allocations that occur in connection with the Capital Transaction or that would occur in connection with the Capital Transaction if the assets of the Partnership were sold at the Capital Transaction price or, if applicable, at a value determined by the General Partner in good faith using the value attributed to the Class A Units in the context of the Capital Transaction (in which case the LTIP Unit Conversion Date shall be the effective date of the Capital Transaction and the conversion shall occur immediately prior to the effectiveness of the Capital Transaction).

(b) In anticipation of such LTIP Unit Forced Conversion and the consummation of the Capital Transaction, the Partnership shall use commercially reasonable efforts to cause each holder of such converting LTIP Units to be afforded the right to receive in connection with such Capital Transaction in consideration for the Class A Units into which such holder's LTIP Units will be converted the same kind and amount of cash, securities and other property (or any combination thereof) receivable upon the consummation of such Capital Transaction by a holder of the same number of Class A Units, assuming such holder of Class A Units is not a Person with which the Partnership consolidated or into which the Partnership merged or which merged into the Partnership or to which such sale or transfer was made, as the case may be (a "Constituent Person"), or an Affiliate of a Constituent Person. In the event that holders of Class A Units have the opportunity to elect the form or type of consideration to be received upon consummation of the Capital Transaction, prior to such Capital Transaction the Partnership shall give prompt written notice to each holder of such converting LTIP Units of such election, and the Partnership shall use commercially reasonable efforts to afford such holders the right to elect, by written notice to the General Partner, the form or type of consideration to be received upon conversion of each LTIP Unit held by such holder into Class A Units in connection with such Capital Transaction. If a holder of LTIP Units fails to make such an election, such holder (and any his or her transferees) shall receive upon conversion of each LTIP Unit held by him or her (or by any of his or her transferees) the same kind and amount of consideration that a holder of a Class A Unit would receive if such holder of Class A Units failed to make such an election.

(c) Subject to the rights of the Partnership and the General Partner under the relevant Award Agreement and the terms of any equity incentive plan, including without limitation the Plan, under which LTIP Units are issued, the Partnership shall use commercially reasonable efforts to (i) cause the terms of any Capital Transaction to be consistent with the provisions of this Section 1.10, and (ii) in the event LTIP Units are not converted into Class A Units in connection with the Capital Transaction (including pursuant to Section 1.10(a) above), subject to the rights of the General Partner and the Partnership set forth in Section 1.12 below to the extent that they can act without the consent of holders of LTIP Units, the Partnership shall (A) enter into an agreement with the successor or purchasing entity, as the case may be, for the benefit of those holders of LTIP Units whose LTIP Units will not be converted into Class A Units in connection with the Capital Transaction that, to the extent not incompatible with the interests of the holders of Class A Units and the holders of Class A common stock of the General Partner, (x) contains reasonable provisions designed to allow such holders to subsequently convert, redeem or exchange their LTIP Units, if and when eligible for conversion, redemption or exchange into securities comparable as reasonably possible under the circumstances to the Class A Units, and (y) preserves as far as reasonably possible under the circumstances the distribution, special allocation, conversion, and other rights of such holders, or (B) otherwise provide for payment to be made to such LTIP Unit holders (in respect of any unconverted LTIP Units) that is reasonably determined by the General Partner to be comparable to the consideration received by holders of Class A Units in the Capital Transaction.

1.11 **Exchange Rights of LTIP Unit Limited Partners.**

(a) Subject to Section 1.15 of this Schedule I, LTIP Units will not be redeemable at the option of the Partnership; provided, however, that the foregoing shall not prohibit the Partnership (i) from repurchasing LTIP Units from the holder thereof if and to the extent that such holder agrees to sell such LTIP Units or (ii) from exercising the right to cause a LTIP Unit Forced Conversion. For the avoidance of doubt, with respect to any Class A Units received by a LTIP Unit Limited Partner upon conversion of LTIP Units, including a LTIP Unit Forced Conversion, such LTIP Unit Limited Partner shall have the right to exchange such Class A Units in accordance with the Exchange Agreement.

(b) Except as otherwise set forth in the relevant Award Agreement or other separate agreement entered into between the Partnership and a LTIP Unit Limited Partner, and subject to the terms and conditions set forth herein or in the Partnership Agreement, on or at any time after the applicable LTIP Unit Conversion Date or LTIP Unit Forced Conversion Date, each LTIP Unit Limited Partner will have the same right (and subject to the same terms and conditions and to be effected in the same manner) to (i) exchange all or a portion of any vested Class A Units resulting from a conversion of any LTIP Units as the other holders of Class A Units in accordance with the Exchange Agreement and (ii) to receive payments of certain tax benefits as the other holders of Class A Units in accordance with the Tax Receivable Agreement.

1.12 **Special Approval Rights**. The General Partner and/or the Partnership shall not, without the affirmative approval of holders of more than 50% of the then outstanding LTIP Units affected thereby, given in person or by proxy, either in writing or at a meeting (voting separately as a class), take any action that would materially and adversely alter, change, modify or amend, whether by merger, consolidation or otherwise, the rights, powers or privileges of such LTIP Units, subject to the following exceptions and qualifications: (i) no separate consent of the holders of LTIP Units will be required if and to the extent that any such alteration, change, modification or amendment would, in a ratable and proportional manner, alter, change, modify or amend the rights, powers or privileges of the Class A Units; (ii) a merger, consolidation or other business combination or reorganization of the Partnership or the General Partner, or any of their Affiliates shall not be deemed to materially and adversely alter, change, modify or amend the rights, powers or privileges of an LTIP Unit (and the holder of such LTIP Unit will not be entitled to any vote or consent with respect to such merger, consolidation or other business combination or reorganization in respect of such LTIP Unit) so long as any of the following apply: (w) subject to Section 1.15 of this Schedule I, such LTIP Unit is converted immediately prior to the effectiveness of the transaction into a number (or fraction thereof) of fully paid and non-assessable Class A Units equal to the greater of (i) the LTIP Conversion Factor for such LTIP Unit (giving effect to all adjustments (if any) made pursuant to Section 1.5 of this Schedule I) and (ii) one (1) (which Class A Units, for the avoidance of doubt, may be unvested to the extent the LTIP Unit so converted is not a Vested LTIP Unit); (x) the holder of such LTIP Unit either will receive, or will have the right to elect to receive, in respect of such LTIP Unit an amount of cash, securities, or other property equal to the amount of cash, securities or other property that would be paid in respect of such LTIP Unit had it been converted into a Class A Unit (or fraction of a Class A Unit, as applicable under the terms of such LTIP Unit) immediately prior to the transaction; (y) such LTIP Unit remains outstanding with its terms materially unchanged; or (z) if the Partnership is not the surviving entity in such transaction, such LTIP Unit is exchanged for a security of the surviving entity with terms that are materially the same with respect to rights to allocations, distributions, redemption, conversion and voting as such LTIP Unit; (iii) any creation or issuance of Units (whether ranking junior to, on a parity with or senior to the LTIP Units in any respect), which either (x) does not require the consent of the holders of Class A Units or (y) is authorized by the holders of Class A Units shall not be deemed to materially and adversely alter, change, modify or amend the rights, powers or privileges of the LTIP Units; and (iv) any waiver by the Partnership or the General Partner of restrictions or limitations applicable to any outstanding LTIP Units with respect to any holder or holders thereof shall not be deemed to materially and adversely alter, change, modify or amend the rights, powers or privileges of the LTIP Units with respect to other holders. For the avoidance of doubt, the General Partner in its sole discretion may waive any restrictions or limitations (including vesting restrictions or transfer restrictions) applicable to any outstanding LTIP Units with respect to any holder or holders at any time and from time to time. Any such determination in the General Partner's discretion in respect of such LTIP Units shall be final and binding. Such determinations need not be uniform and may be made selectively among holders of LTIP Units, whether or not such holders are similarly situated, and shall not constitute the breach of any duty hereunder or otherwise existing at law, in equity or otherwise. The foregoing voting provisions will not apply if, as of or prior to the time when the action with respect to which such vote would otherwise be required will be taken or be effective, all outstanding LTIP Units shall have been converted and/or redeemed, or provision is made for such redemption and/or conversion to occur as of or prior to such time.

1.13 **Limited Partners' Rights to Transfer**. Subject to the remaining provisions of this Schedule I and the terms of the relevant Award Agreement or other document pursuant to which LTIP Units are granted and except in connection with the exercise of its exchange rights pursuant to Section 1.11 of this Schedule I, a holder of LTIP Units may not transfer all or any portion of such holder's LTIP Units, except, in the case of Vested LTIP Units, to the extent, and subject to the same restrictions, that a holder of Class A Units is entitled to transfer Class A Units pursuant to Section 8.03 of the Partnership Agreement.

1.14 **Allocations and Distributions**.

(a) All distributions shall be made to holders of LTIP Units in accordance with the provisions of Article IV of the Partnership Agreement.

(b) All allocations, including allocations of Profits and Losses of the Partnership, special allocations and allocations upon final liquidation, shall be made to holders of LTIP Units in accordance with Article V of the Partnership Agreement.

1.15 **Exchange for Class A Units in lieu of Conversion**. Notwithstanding any provision to the contrary herein, LTIP Units owned by each of the Partners listed in (i) Schedule II under the heading "U.K." and (ii) Schedule III ("U.K. LTIP Units"), or any LTIP Units designated as U.K. LTIP Units within the terms of the relevant Award Agreement or other documentation pursuant to which such LTIP Units are granted or issued, are subject to exchange as set out in this Section 1.15 rather than conversion. Except as otherwise agreed between the General Partner and the applicable LTIP Unit Limited Partner, subject to the expiration of any applicable LTIP Unit Restricted Period (as defined above), on the first date that a Participating LTIP Unit (including, for purposes of clarity, a Founder LTIP Unit) that is a U.K. LTIP Unit has attained a Book-Up Target of zero, the holder of such Participating LTIP Unit shall have the right, at such holder's option (but subject to the procedures described below), to exchange such Participating L TIP Unit for, at the election of the General Partner in its sole discretion: (A) a number (or fraction thereof) of fully paid and non-assessable Class A Units equal to the LTIP Conversion Factor (as defined above); or (B)(i) an amount of cash equal to the value of the Class A Units such holder would be entitled to receive pursuant to clause (A) (including, for the avoidance of doubt, the value attributable to such holder's future right to become party to the Tax Receivable Agreement). In order to exercise such right of exchange, a holder of LTIP Units shall deliver a notice in the form reasonably acceptable to the Partnership no less than 60 days prior to the date specified in such notice as the date of exchange, which date shall be the first day of a calendar quarter. For the avoidance of doubt, none of the U.K. LTIP Units shall be convertible into Class A Units (or any other securities) under any circumstances, and the intent of this Section 1.15 is that (1) rather than converting into Class A Units (whether automatically, pursuant to an LTIP Unit Forced Conversion or otherwise), U.K. LTIP Units shall be exchanged for the consideration set forth above and (2) all provisions of this Agreement relating to converting LTIP Units shall apply to the U.K. LTIP Un its but giving effect to the terms of this Section 1.15, with references to “conversion,” “convert into” or similar language replaced with “exchange,” “exchange for” or similar language.

1.16 **Performance Conditions Applicable to LTIP Units**. Except as otherwise agreed between the General Partner and the applicable LTIP Unit Limited Partner, for the avoidance of doubt:

(a) all LTIP Units issued under this Agreement were and are, from the date of issue, as a result of the terms applicable to Participating LTIP Units, actually (and intended to be) required to have certain Performance Conditions satisfied with respect to the Class A common stock of the General Partner in order to performance vest. The Performance Conditions embedded in the terms of the LTIP Units are set out herein as terms of this Agreement and in the applicable Award Agreement; and

(b) with respect to the definitions of “Performance Condition” and “Performance Tranche” specified in Section 1.01 of this Agreement, the “Performance Condition” shall be deemed satisfied with respect to a “Performance Tranche” (each as defined below) of LTIP Units, and such LTIP Units shall become “Participating LTIP Units” hereunder, if the Class A common stock of the General Partner achieves the designated per share price target for such tranche based on the volume-weighted average share price of the common stock of the General Partner over any 30 consecutive trading-day period ending prior to October 1, 2021 as reflected on the New York Stock Exchange or other such primary stock exchange with which the common stock of the General Partner is listed and traded (the “VWAP”). The five relevant “Performance Tranches” and their respective “Performance Conditions” are set forth below.

Performance Tranche	**Performance Condition**
$48 Tranche (20% of LTIP Units)	$48.00 VWAP
$55 Tranche (20% of LTIP Units)	$55.00 VWAP
$63 Tranche (20% of LTIP Units)	$63.00 VWAP
$71 Tranche (20% of LTIP Units)	$71.00 VWAP
$79 Tranche (20% of LTIP Units)	$79.00 VWAP

Section 2. **Amendment to Exhibit A**. Exhibit A of the Agreement is hereby amended and restated in its entirety to read as follows:

"EXHIBIT A

Notice of Election by Partnership of Forced Conversion of LTIP Units into Class A Units

PJT Partners Holdings LP (the "Partnership") hereby irrevocably elects to cause the number of LTIP Units held by the holder of LTIP Units set forth below to be converted into Class A Units in accordance with the terms of the Second Amended and Restated Agreement of Limited Partnership of PJT Partners Holdings LP, dated as of October 1, 2015, as amended from time to time (the " Agreement ").

To the extent that LTIP Units held by the holder are not free and clear of all liens, claims and encumbrances, or should any such liens, claims and/or encumbrances exist or arise with respect to such LTIP Units, the Class A Units into which such LTIP Units are converted shall continue to be subject thereto.

Name of Holder:

Number of LTIP Units to be Converted:

Conversion Date:"

Section 3. **Amendment to Schedule II**. Schedule II of the Agreement is hereby amended and restated in its entirety to read as follows:

"**Schedule II – List of Founder Group Partners**

Section 4. **Addition of Schedule III.** The following Schedule III is added immediately following Schedule II of the Agreement:

"**Schedule III – List of Other U.K. Holders of LTIP Units**

Section 3. **Full Force and Effect**. Other than as expressly modified or amended in accordance with the foregoing provisions of this Amendment, the remaining terms of the Agreement remain in full force and effect and nothing contained in this Amendment shall be deemed to alter change or amend the rights, duties or obligations of the parties to the Agreement or to affect the enforceability or validity of any other provision of the Agreement.

Section 4. **Facsimile Signatures.** Any signature required for the execution of this Amendment may be in the form of either an original signature or a facsimile or other electronic transmission bearing the signature of any party to this Amendment. No objection shall be raised as to the authenticity of any signature due solely to the fact that said signature was transmitted via facsimile or other electronic means.

Section 5. **Headings**. The headings of this Amendment are inserted for convenience only and do not constitute a part of this Amendment.

Section 6. **Governing Law**. This Amendment shall be governed by, and construed in accordance with, the laws of the State of Delaware.

* * * * *

IN WITNESS WHEREOF, the General Partner has executed this Amendment as of the date first above written.

GENERAL PARTNER:

PJT PARTNERS INC.

By: /s/ James W. Cuminale
Name: James W. Cuminale
Title: General Counsel, Partner

Exhibit 10.14

AMENDED AND RESTATED

PJT PARTNERS INC. BONUS DEFERRAL PLAN

(Effective February 21, 2017)

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 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	15.0%	7.5%
$200,001 - 500,000	20.0%	15.0%
$500,001 - 750,000	30.0%	20.0%
$750,001 - 1,250,000	40.0%	28.0%
$1,250,001 - 2,000,000	45.0%	34.4%
$2,000,001 - 3,000,000	50.0%	39.6%
$3,000,001 - 4,000,000	55.0%	43.4%
$4,000,001 - 5,000,000	60.0%	46.8%
$5,000,000 +	65.0%	52.8%

* 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 first, second and third Fiscal Years after the Fiscal Year to which the relevant Annual Bonus relates, 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 alternation, 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.

RESTRICTED STOCK UNIT GRANT NOTICE
UNDER THE
PJT PARTNERS INC. 2015 OMNIBUS INCENTIVE PLAN

(Restricted Stock Unit Grant Notice – Special Equity)

PJT Partners Inc. (the "Company"), pursuant to the PJT Partners Inc. 2015 Omnibus Incentive Plan (as amended, modified or supplemented from time to time, the "Plan"), hereby grants to the Participant set forth below the number of Restricted Stock Units ("RSUs") set forth below. The RSUs are subject to all of the terms and conditions as set forth herein, in the RSU Award Agreement (attached hereto) and the Plan, each of which are incorporated herein in their entirety. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Plan.

Participant: [*Name*]

Date of Grant: [*Date*]

Number of RSUs: [*Insert No. of RSUs Granted*]

Normal Vesting Schedule: Provided the Participant has not undergone a Termination,

- [vesting dates];

provided, *however*, that unvested RSUs will become 100% vested upon a Change in Control that occurs prior to the Participant undergoing a Termination.

Treatment upon Termination: In the event of a Termination as a result of the Participant's death or Disability, then all of the Participant's unvested RSUs will vest as of the date of Termination.

In the event of a Termination as a result of the Participant's Retirement, then all of the Participant's unvested RSUs will remain eligible to vest in accordance with the Normal Vesting Schedule.

Forfeiture Events: In the event of the Participant's Termination for any reason other than as set forth above, any then unvested RSUs shall be forfeited automatically without further action.

In the event of the Participant's breach of any provision in the Non-Competition and Non-Solicitation Agreement, any then unvested RSUs, including any unvested RSUs held by a Participant following such Participant's Retirement, shall be forfeited automatically without further action.

Dividend Equivalent Rights:

Whenever any per share dividend or distribution is paid by the Company on Common Stock during the period between the Date of Grant and the date that the RSUs are settled, on the date that such dividend or distribution is paid, the Company 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) as of the date thereof and the per share amount of such dividend or distribution by (ii) the Fair Market Value of one share of Common Stock on the date such dividend or distribution is paid by the Company, 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.

Definitions:

"Cause" shall have the meaning set forth in the Participant's Partner Agreement or Contracting Employee Agreement, as applicable, or any similar agreement, between the Participant and the Company or any of its Affiliates, or, if no such agreement or definition therein exists, "Cause" shall have the meaning set forth in the Plan.

"Non-Competition and Non-Solicitation Agreement" shall mean that certain Partner Non-Competition and Non-Solicitation Agreement or Contracting Employee Non-Competition and Non-Solicitation Agreement, as applicable, or any similar agreement, between the Participant and the Company or any of its Affiliates.

"Restricted Stock Unit" shall have the meaning set forth in the Plan.

"Retirement" shall mean the Participant's Termination after (i) the Participant has reached age 65 and has at least five full years of service with the Partnership and its predecessors, including PJT Capital LP, The Blackstone Group L.P. and their respective affiliates ("Predecessors") or (ii) (A) the Participant's age plus years of service with the Partnership and Predecessors totals at least 65, (B) the Participant has reached age 55 and (C) the Participant has had a minimum of five years of service with the Partnership and Predecessors.

"Termination" shall mean the Participant's termination of service with the Company and its affiliates (including, for the avoidance of doubt, the Partnership and its affiliates).

* * *

THE UNDERSIGNED PARTICIPANT ACKNOWLEDGES RECEIPT OF THIS RESTRICTED STOCK UNIT GRANT NOTICE, THE RSU AWARD AGREEMENT, AND THE PLAN, AND, AS AN EXPRESS CONDITION TO THE GRANT OF RSUS HEREUNDER, AGREES TO BE BOUND BY THE TERMS OF THIS RESTRICTED STOCK UNIT GRANT NOTICE, THE RSU AWARD AGREEMENT AND THE PLAN.

PARTICIPANT

____

PJT PARTNERS INC.

By: Steven D. Murray
Title: Global Head of Human Resources

RSU AWARD AGREEMENT
UNDER THE
PJT PARTNERS INC.
2015 OMNIBUS INCENTIVE PLAN

(Restricted Stock Unit Grant)

Pursuant to the Restricted Stock Unit Grant Notice (the "Grant Notice") delivered to the Participant (as defined in the Grant Notice), and subject to the terms of this RSU Award Agreement (this "RSU Award Agreement") and the PJT Partners Inc. 2015 Omnibus Incentive Plan (as amended, modified or supplemented from time to time, the "Plan"), PJT Partners Inc. (the "Company") and the Participant agree as follows. Capitalized terms not otherwise defined herein shall have the same meaning as set forth in the Plan or the Grant Notice, as applicable.

1. **Grant of RSUs**. Subject to the terms and conditions set forth herein and in the Plan, the Company hereby grants to the Participant the number of RSUs provided in the Grant Notice. The Company reserves all rights with respect to the granting of additional RSUs hereunder and makes no implied promise to grant additional RSUs.

2. **Vesting**. Subject to the conditions contained herein and in the Plan, the RSUs granted under any Grant Notice shall vest and the restrictions on such RSUs shall lapse as provided in the applicable Grant Notice.

3. **Settlement of RSUs**. Settlement of RSUs shall be made within 30 days following the applicable vesting date. The provisions of Section 9(d) of the Plan are incorporated herein by reference and made a part hereof.

4. **Company; Participant**.

(a) The term "Company" as used in this RSU Award Agreement with reference to employment shall include the Company and its affiliates.

(b) Whenever the word "Participant" is used in any provision of this RSU Award Agreement under circumstances where the provision should logically be construed to apply to the Permitted Transferees, the executors, the administrators, or the person or persons to whom the RSUs may be transferred as otherwise contemplated under the Plan, by will or by the laws of descent and distribution, the word "Participant" shall be deemed to include such person or persons.

5. **Non-Transferability**. The RSUs are not transferable by the Participant except to the extent permitted under the terms of the Plan. Except as otherwise provided herein, no assignment or transfer of the RSUs, or of the rights represented thereby, whether voluntary or involuntary, by operation of law or otherwise, shall vest in the assignee or transferee any interest or right herein whatsoever, but immediately upon such assignment or transfer the RSUs shall terminate and become of no further effect.

6. **Rights as Stockholder**. The Participant or a permitted transferee of the RSUs shall have no rights as a stockholder with respect to any share of Common Stock underlying a RSU unless and until the Participant shall have become the holder of record or the beneficial owner of such Common Stock, and no adjustment shall be made for dividends or distributions or other rights in respect of such share of Common Stock for which the record date is prior to the date upon which the Participant shall become the holder of record or the beneficial owner thereof, unless otherwise provided in the Grant Notice.

7. **Tax Withholding**. The provisions of Section 14(c) of the Plan are incorporated herein by reference and made a part hereof.

8. **Clawback/Forfeiture**. Notwithstanding anything to the contrary contained in the Plan, the Grant Notice or this RSU Award Agreement, if the Participant otherwise has engaged in or engages in any Detrimental Activity, (i) the Committee may in its sole discretion cancel the RSUs and (ii) the Participant will forfeit any gain realized on the vesting of such RSUs, and must repay the gain to the Company. The Committee may also provide that if the Participant receives any amount in excess of what the Participant should have received under the terms of the RSUs for any reason (including, without limitation, by reason of a financial restatement, mistake in calculations or other administrative error), then the Participant shall be required to repay any such excess amount to the Company. Without limiting the foregoing, all RSUs shall be and remain subject to any clawback or similar policy, adopted by the Board or the Committee, as may be in effect from time to time.

9. **Notice**. Every notice or other communication relating to this RSU Award Agreement between the Company and the Participant shall be in writing, and shall be mailed or delivered to the party for whom it is intended at such address as may from time to time be designated by such party in a notice mailed or delivered to the other party as herein provided; *provided* that, unless and until some other address be so designated, all notices or communications by the Participant to the Company shall be mailed or delivered to the Company at its principal executive office, to the attention of the Office of the General Counsel, and all notices or communications by the Company to the Participant may be given to the Participant personally or may be mailed to the Participant at the Participant's last known address, as reflected in the Company's records. Notwithstanding the above, all notices and communications between the Participant and any third-party plan administrator shall be mailed, delivered, transmitted or sent in accordance with the procedures established by such third-party plan administrator and communicated to the Participant from time to time.

10. **No Right to Continued Service**. This RSU Award Agreement does not confer upon the Participant any right to continue as an employee, partner or other service provider to the Company.

11. **Binding Effect**. This RSU Award Agreement shall be binding upon the heirs, executors, administrators and successors of the parties hereto.

12. **Waiver and Amendments**. Except as otherwise set forth in Section 13 of the Plan, any waiver, alteration, amendment or modification of any of the terms of this RSU Award Agreement shall be valid only if made in writing and signed by the parties hereto; *provided, however*, that any such waiver, alteration, amendment or modification is consented to on the Company's behalf by the Committee. No waiver by either of the parties hereto of their rights hereunder shall be deemed to constitute a waiver with respect to any subsequent occurrences or transactions hereunder unless such waiver specifically states that it is to be construed as a continuing waiver.

13. **Governing Law**. This RSU Award Agreement shall be construed and interpreted in accordance with the laws of the State of Delaware, without regard to the principles of conflicts of law thereof. Notwithstanding anything contained in this RSU Award Agreement, the Grant Notice or the Plan to the contrary, if any suit or claim is instituted by the Participant or the Company relating to this RSU Award Agreement, the Grant Notice or the Plan, the Participant hereby submits to the exclusive jurisdiction of and venue in the courts of Delaware.

14. **Plan**. The terms and provisions of the Plan are incorporated by reference and made a part of this RSU Award Agreement as though set forth in full herein. In the event of a conflict or inconsistency as between such documents, the Plan shall govern and control.

15. **Recapitalizations, Exchanges, Etc., Affecting RSUs**. The provisions of this RSU Award Agreement shall apply, to the full extent set forth herein with respect to RSUs, to any and all securities of the Company or any successor or assign of the Company (whether by merger, consolidation, sale of assets or otherwise) which may be granted in respect of, in exchange for, or in substitution of the RSUs, by reason of any dividend, distribution, combination, recapitalization, reclassification, merger, consolidation or otherwise.

16. **Section 409A**. It is intended that the provisions of this RSU Award Agreement either be exempt from or comply with the requirements of Section 409A of the Code and, accordingly, this RSU Award Agreement shall be construed and administered in accordance with such intent to the maximum extent permitted. A termination of service shall not be deemed to have occurred for purposes of any provision of this RSU Award Agreement providing for the payment of any amounts or benefits that are considered nonqualified deferred compensation under Section 409A of the Code upon or following a termination of service, unless such termination is also a "separation from service" within the meaning of Section 409A(a)(2)(B)(i) of the Code (a "Separation"), and for purposes of any such provision relating to any such payments or benefits, re ferences to a "Termination," "termination of service," or like terms shall mean a Separation. If this award is payable upon Participant's Separation and the Participant is a "specified employee" of the Company or any affiliate thereof within the meaning of Section 409A(a)(2)(B)(i) of the Code on the date of Separation, then no such payment shall be made prior to the date that is the earlier of (i) six months and one day after Separation, or (ii) Participant's death, but only to the extent such delay is necessary so that this award is not subject to additional tax or interest under Section 409A of the Code.

17. **Entire Agreement**. This RSU Award Agreement, including the Grant Notice, and Plan referenced herein constitute the complete, final and exclusive embodiment of the entire agreement between Participant and the Company with regard to the subject matter hereof, and supersedes any and all agreements related to the subject matter hereof.

Exhibit 10.31

INDEMNIFICATION AGREEMENT

THIS INDEMNIFICATION AGREEMENT (the " Agreement") is made and entered into as of [•], 20[•] between PJT Partners Inc., a Delaware corporation (the "Company"), and [•] ("Indemnitee"). Capitalized terms not defined elsewhere in this Agreement are used as defined in Section 13.

WHEREAS, highly competent persons have become more reluctant to serve corporations as directors or officers or in other capacities unless they are provided with adequate protection through insurance or adequate indemnification against inordinate risks of claims and actions against them arising out of their service to and activities on behalf of the corporation;

WHEREAS, the Board of Directors of the Company (the "Board") has determined that, in order to attract and retain qualified individuals, the Company will attempt to maintain on an ongoing basis, at its sole expense, liability insurance to protect persons serving the Company and its subsidiaries from certain liabilities. Although the furnishing of such insurance has been a customary and widespread practice among United States-based corporations and other business enterprises, the Company believes that, given current market conditions and trends, such insurance may be available to it in the future only at higher premiums and with more exclusions. At the same time, directors, officers, and other persons in service to corporations or business enterprises are being increasingly subjected to expensive and time-consuming litigation relating to, among other things, matters that traditionally would have been brought only against the Company or business enterprise itself. The certificate of incorporation of the Company (as amended, the "Charter") requires indemnification of the officers and directors of the Company. Indemnitee may also be entitled to indemnification pursuant to the General Corporation Law of the State of Delaware ("DGCL"). The Charter and the DGCL expressly provide that the indemnification provisions set forth therein are not exclusive, and thereby contemplate that contracts may be entered into between the Company and members of the board of directors, officers and other persons with respect to indemnification;

WHEREAS, the uncertainties relating to such insurance and to indemnification have increased the difficulty of attracting and retaining such persons;

WHEREAS, the Board has determined that the increased difficulty in attracting and retaining such persons is detrimental to the best interests of the Company's stockholders and that the Company should act to assure such persons that there will be increased certainty of such protection in the future;

WHEREAS, it is reasonable, prudent and necessary for the Company contractually to obligate itself to indemnify, and to advance expenses on behalf of, such persons to the fullest extent permitted by applicable law so that they will serve or continue to serve the Company free from undue concern that they will not be so indemnified;

WHEREAS, this Agreement is a supplement to and in furtherance of the Charter of the Company and any resolutions adopted pursuant thereto, and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder; and

WHEREAS, Indemnitee does not regard the protection available under the Company's Charter and insurance as adequate in the present circumstances, and may not be willing to serve as a director without adequate protection, and the Company desires Indemnitee to serve in such capacity. Indemnitee is willing to serve, continue to serve and to take on additional service for or on behalf of the Company on the condition that he be so indemnified.

NOW, THEREFORE, in consideration of Indemnitee's agreement to serve as a director from and after the date hereof, the parties hereto agree as follows:

1. Indemnity of Indemnitee. The Company hereby agrees to hold harmless and indemnify Indemnitee to the fullest extent permitted by law, as such may be amended from time to time. In furtherance of the foregoing indemnification, and without limiting the generality thereof:

(a) Proceedings Other Than Proceedings by or in the Right of the Company. Indemnitee shall be entitled to the rights of indemnification provided in this Section l(a) if, by reason of his Corporate Status, Indemnitee is, or is threatened to be made, a party to or participant in any Proceeding other than a Proceeding by or in the right of the Company. Pursuant to this Section 1(a), Indemnitee shall be indemnified against all Expenses, judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by him, or on his behalf, in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company, and with respect to any criminal Proceeding, had no reasonable cause to believe Indemnitee's conduct was unlawful.

(b) Proceedings by or in the Right of the Company. Indemnitee shall be entitled to the rights of indemnification provided in this Section 1(b) if, by reason of his Corporate Status, Indemnitee is, or is threatened to be made, a party to or participant in any Proceeding brought by or in the right of the Company. Pursuant to this Section 1(b), Indemnitee shall be indemnified against all Expenses actually and reasonably incurred by Indemnitee, or on Indemnitee's behalf, in connection with such Proceeding if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company; provided, however, if applicable law so provides, no indemnification against such Expenses shall be made in respect of any claim, issue or matter in such Proceeding as to which Indemnitee shall have been adjudged to be liable to the Company unless and to the extent that the Court of Chancery of the State of Delaware shall determine that such indemnification may be made.

(c) Indemnification for Expenses of a Party Who is Wholly or Partly Successful. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is, by reason of his Corporate Status, a party to and is successful, on the merits or otherwise, in any Proceeding, he shall be indemnified to the maximum extent permitted by law, as such may be amended from time to time, against all Expenses actually and reasonably incurred by him or on his behalf in connection therewith. If Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred by him or on his behalf in connection with each successfully resolved claim, issue or matter. For purposes of this Section 1(c) and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

2. Additional Indemnity. In addition to, and without regard to any limitations on, the indemnification provided for in Section 1 of this Agreement, the Company shall and hereby does indemnify and hold harmless Indemnitee against all Expenses, judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by him or on his behalf if, by reason of his Corporate Status, he is, or is threatened to be made, a party to or participant in any Proceeding (including a Proceeding by or in the right of the Company), including, without limitation, all liability arising out of the negligence or active or passive wrongdoing of Indemnitee. The only limitation that shall exist upon the Company's obligations pursuant to this Agreement shall be that the Company shall not be obligated to make any payment to Indemnitee that is finally determined (under the procedures, and subject to the presumptions, set forth in Sections 6 and 7 hereof) to be unlawful.

3. Contribution.

(a) Whether or not the indemnification provided in Sections 1 and 2 hereof is available, in respect of any threatened, pending or completed action, suit or proceeding in which the Company is jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), the Company shall pay, in the first instance, the entire amount of any judgment or settlement of such action, suit or proceeding without requiring Indemnitee to contribute to such payment and the Company hereby waives and relinquishes any right of contribution it may have against Indemnitee. The Company shall not, without the Indemnitee's prior written consent, enter into any such settlement of any action, suit or proceeding (in whole or in part) unless such settlement (i) provides for a full and final release of all claims asserted against Indemnitee and (ii) does not impose any Expense, judgment, fine, penalty or limitation on Indemnitee.

(b) Without diminishing or impairing the obligations of the Company set forth in the preceding subparagraph, if, for any reason, Indemnitee shall elect or be required to pay all or any portion of any judgment or settlement in any threatened, pending or completed action, suit or proceeding in which the Company is jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), the Company shall contribute to the amount of Expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred and paid or payable by Indemnitee in proportion to the relative benefits received by the Company and all officers, directors or employees of the Company, other than Indemnitee, who are jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), on the one hand, and Indemnitee, on the other hand, from the transaction from which such action, suit or proceeding arose; provided, however, that the proportion determined on the basis of relative benefit may, to the extent necessary to conform to law, be further adjusted by reference to the relative fault of the Company and all officers, directors or employees of the Company other than Indemnitee who are jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), on the one hand, and Indemnitee, on the other hand, in connection with the events that resulted in such expenses, judgments, fines or settlement amounts, as well as any other equitable considerations which the Law may require to be considered. The relative fault of the Company and all officers, directors or employees of the Company, other than Indemnitee, who are jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), on the one hand, and Indemnitee, on the other hand, shall be determined by reference to, among other things, the degree to which their actions were motivated by intent to gain personal profit or advantage, the degree to which their liability is primary or secondary and the degree to which their conduct is active or passive.

(c) The Company hereby agrees to fully indemnify and hold Indemnitee harmless from any claims of contribution which may be brought by officers, directors or employees of the Company, other than Indemnitee, who may be jointly liable with Indemnitee.

(d) To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever, the Company, in lieu of indemnifying Indemnitee, shall contribute to the amount incurred by Indemnitee, whether for judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement and/or for Expenses, in connection with any claim relating to an indemnifiable event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by the Company and Indemnitee as a result of the event(s) and/or transaction(s) giving cause to such Proceeding; and/or (ii) the relative fault of the Company (and its directors, officers, employees and agents) and Indemnitee in connection with such event(s) and/or transaction(s).

4. Indemnification for Expenses of a Witness. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is, by reason of his Corporate Status, a witness, or is made (or asked to) respond to discovery requests, in any Proceeding to which Indemnitee is not a party, he shall be indemnified against all Expenses actually and reasonably incurred by him or on his behalf in connection therewith.

5. Advancement of Expenses. Notwithstanding any other provision of this Agreement, the Company shall advance all Expenses incurred by or on behalf of Indemnitee in connection with any Proceeding by reason of Indemnitee's Corporate Status within thirty (30) days after the receipt by the Company of a statement or statements from Indemnitee requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the Expenses incurred by Indemnitee and shall include or be preceded or accompanied by a written undertaking by or on behalf of Indemnitee to repay any Expenses advanced if it shall ultimately be determined that Indemnitee is not entitled to be indemnified against such Expenses. Any advances and undertakings to repay pursuant to this Section 5 shall be unsecured and interest free.

6. Procedures and Presumptions for Determination of Entitlement to Indemnification. It is the intent of this Agreement to secure for Indemnitee rights of indemnity that are as favorable as may be permitted under the DGCL and public policy of the State of Delaware. Accordingly, the parties agree that the following procedures and presumptions shall apply in the event of any question as to whether Indemnitee is entitled to indemnification under this Agreement:

(a) To obtain indemnification under this Agreement, Indemnitee shall submit to the Company a written request, including therein or therewith such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification. The Secretary of the Company shall, promptly upon receipt of such a request for indemnification, advise the Board of Directors in writing that Indemnitee has requested indemnification. Notwithstanding the foregoing, any failure of Indemnitee to provide such a request to the Company, or to provide such a request in a timely fashion, shall not relieve the Company of any liability that it may have to Indemnitee unless, and to the extent that, such failure actually and materially prejudices the interests of the Company.

(b) Upon written request by Indemnitee for indemnification pursuant to the first sentence of Section 6(a) hereof, a determination with respect to Indemnitee's entitlement thereto shall be made in the specific case by one of the following four methods, which shall be at the election of the Board of Directors: (1) by a majority vote of the disinterested directors, even though less than a quorum, (2) by a committee of Disinterested Directors designated by a majority vote of the Disinterested Directors, even though less than a quorum, (3) if there are no Disinterested Directors, or if the Disinterested Directors so direct, by Independent Counsel in a written opinion to the Board of Directors, a copy of which shall be delivered to Indemnitee, or (4) if so directed by the Board of Directors, by the stockholders of the Company; provided, however, that if a Change in Control has occurred, the determination with respect to Indemnitee's entitlement to indemnification shall be made by Independent Counsel.

(c) In the event the determination of entitlement to indemnification is to be made by Independent Counsel, the Independent Counsel shall be selected as provided in this Section 6(c). If a Change in Control has not occurred, the Independent Counsel shall be selected by the Board of Directors (including a vote of a majority of the Disinterested Directors, if obtainable), and the Company shall give written notice to the Indemnitee advising him of the identity of the Independent Counsel so selected. Indemnitee may, within 10 days after such written notice of selection shall have been given, deliver to the Company a written objection to such selection; provided, however, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "Independent Counsel" as defined in Section 13 of this Agreement, and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected shall act as Independent Counsel. If a written objection is made and substantiated, the Independent Counsel selected may not serve as Independent Counsel unless and until such objection is withdrawn or a court has determined that such objection is without merit. If a Change in Control has occurred, the Independent Counsel shall be selected by the Indemnitee (unless the Indemnitee shall request that such selection be made by the Board of Directors, in which event the preceding sentence shall apply), and approved by the Board of Directors (which approval shall not be unreasonably withheld). If (i) an Independent Counsel is to make the determination of entitlement pursuant to this Section 6, and (ii) within 20 days after submission by Indemnitee of a written request for indemnification pursuant to Section 6(a) hereof, no Independent Counsel shall have been selected and not objected to, either the Company or Indemnitee may petition the Court of Chancery of the State of Delaware or other court of competent jurisdiction for resolution of any objection which shall have been made by Indemnitee to the Company's selection of Independent Counsel and/or for the appointment as Independent Counsel of a person selected by the court or by such other person as the court shall designate, and the person with respect to whom all objections are so resolved or the person so appointed shall act as Independent Counsel under Section 6(b) hereof. The Company shall pay any and all reasonable fees and expenses of Independent Counsel incurred by such Independent Counsel in connection with acting pursuant to Section 6(b) hereof, and the Company shall pay all reasonable fees and expenses incident to the procedures of this Section 6(c), regardless of the manner in which such Independent Counsel was selected or appointed.

(d) In making a determination with respect to entitlement to indemnification hereunder, the person or persons or entity making such determination shall presume that Indemnitee is entitled to indemnification under this Agreement. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion by clear and convincing evidence. Neither the failure of the Company (including by its directors or independent legal counsel) to have made a determination prior to the commencement of any action pursuant to this Agreement that indemnification is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual determination by the Company (including by its directors or independent legal counsel) that Indemnitee has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct.

(e) Indemnitee shall be deemed to have acted in good faith if Indemnitee's action is based on the records or books of account of the Enterprise, including financial statements, or on information supplied to Indemnitee by the officers of the Enterprise in the course of their duties, or on the advice of legal counsel for the Enterprise or on information or records given or reports made to the Enterprise by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Enterprise. In addition, the knowledge and/or actions, or failure to act, of any director, officer, agent or employee of the Enterprise shall not be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement. Whether or not the foregoing provisions of this Section 6(e) are satisfied, it shall in any event be presumed that Indemnitee has at all times acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion by clear and convincing evidence.

(f) If the person, persons or entity empowered or selected under this Section 6 to determine whether Indemnitee is entitled to indemnification shall not have made a determination within sixty (60) days after receipt by the Company of the request therefor, the requisite determination of entitlement to indemnification shall be deemed to have been made and Indemnitee shall be entitled to such indemnification absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law; provided, however, that such 60-day period may be extended for a reasonable time, not to exceed an additional thirty (30) days, if the person, persons or entity making such determination with respect to entitlement to indemnification in good faith requires such additional time to obtain or evaluate documentation and/or information relating thereto; and provided, further, that the foregoing provisions of this Section 6(f) shall not apply if the determination of entitlement to indemnification is to be made by the stockholders pursuant to Section 6(b) of this Agreement and if (i) within fifteen (15) days after receipt by the Company of the request for such determination, the Board of Directors or the Disinterested Directors, if appropriate, resolve to submit such determination to the stockholders for their consideration at an annual meeting thereof to be held within seventy-five (75) days after such receipt and such determination is made thereat, or (ii) a special meeting of stockholders is called within fifteen (15) days after such receipt for the purpose of making such determination, such meeting is held for such purpose within sixty (60) days after having been so called and such determination is made thereat.

(g) Indemnitee shall cooperate with the person, persons or entity making such determination with respect to Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination. Any Independent Counsel, member of the Board of Directors or stockholder of the Company shall act reasonably and in good faith in making a determination regarding Indemnitee's entitlement to indemnification under this Agreement. Any costs or expenses (including attorneys' fees and disbursements) incurred by Indemnitee in so cooperating with the person, persons or entity making such determination shall be borne by the Company (irrespective of the determination as to Indemnitee's entitlement to indemnification) and the Company hereby indemnifies and agrees to hold Indemnitee harmless therefrom.

(h) The Company acknowledges that a settlement or other disposition short of final judgment may be successful if it permits a party to avoid expense, delay, distraction, disruption and uncertainty. In the event that any action, claim or proceeding to which Indemnitee is a party is resolved in any manner other than by adverse judgment against Indemnitee (including, without limitation, settlement of such action, claim or proceeding with or without payment of money or other consideration) it shall be presumed that Indemnitee has been successful on the merits or otherwise in such action, suit or proceeding. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion by clear and convincing evidence.

(i) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of Indemnitee to indemnification or create a presumption that Indemnitee did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that his conduct was unlawful.

7. Remedies of Indemnitee.

(a) In the event that (i) a determination is made pursuant to Section 6 of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) advancement of Expenses is not timely made pursuant to Section 5 of this Agreement, (iii) no determination of entitlement to indemnification is made pursuant to Section 6(b) of this Agreement within 90 days after receipt by the Company of the request for indemnification, (iv) payment of indemnification is not made pursuant to this Agreement within ten (10) days after receipt by the Company of a written request therefor or (v) payment of indemnification is not made within ten (10) days after a determination has been made that Indemnitee is entitled to indemnification or such determination is deemed to have been made pursuant to Section 6 of this Agreement, Indemnitee shall be entitled to an adjudication in an appropriate court of the State of Delaware, or in any other court of competent jurisdiction, of Indemnitee's entitlement to such indemnification, contribution or advancement of Expenses. Alternatively, Indemnitee, at his option, may seek an award in arbitration to be conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. Except as set forth herein, the provisions of Delaware law (without regard to its conflict of law rules) shall apply to any such arbitration. The Company shall not oppose Indemnitee's right to seek any such adjudication or award in arbitration.

(b) In the event that a determination shall have been made pursuant to Section 6(b) of this Agreement that Indemnitee is not entitled to indemnification, any judicial proceeding commenced pursuant to this Section 7 shall be conducted in all respects as a de novo trial, or arbitration, on the merits, and Indemnitee shall not be prejudiced by reason of the adverse determination under Section 6(b). In any judicial proceeding or arbitration commenced pursuant to this Section 7, Indemnitee shall be presumed to be entitled to indemnification under this Agreement and the Company shall have the burden of proving Indemnitee is not entitled to indemnification or advancement of Expenses, as the case may be, and the Company may not refer to or introduce into evidence any determination pursuant to Section 6(b) of this Agreement adverse to Indemnitee for any purpose. If Indemnitee commences a judicial proceeding or arbitration pursuant to this Section 7, Indemnitee shall not be required to reimburse the Company for any advances pursuant to Section 5 until a final determination is made with respect to Indemnitee's entitlement to indemnification (as to which all rights of appeal have been exhausted or lapsed).

(c) If a determination shall have been made pursuant to Section 6(b) of this Agreement that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding commenced pursuant to this Section 7, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's misstatement not materially misleading in connection with the application for indemnification, or (ii) a prohibition of such indemnification under applicable law.

(d) In the event that Indemnitee, pursuant to this Section 7, seeks a judicial adjudication of his rights under, or to recover damages for breach of, this Agreement, or to recover under any directors' and officers' liability insurance policies maintained by the Company, the Company shall pay on his behalf, in advance, any and all expenses (of the types described in the definition of Expenses in Section 13 of this Agreement) actually and reasonably incurred by him in such judicial adjudication, regardless of whether Indemnitee ultimately is determined to be entitled to such indemnification, advancement of expenses or insurance recovery.

(e) The Company shall be precluded from asserting in any judicial proceeding commenced pursuant to this Section 7 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court that the Company is bound by all the provisions of this Agreement. The Company shall indemnify Indemnitee against any and all Expenses and, if requested by Indemnitee, shall (within ten (10) days after receipt by the Company of a written request therefore) advance, to the extent not prohibited by law, such expenses to Indemnitee, which are incurred by Indemnitee in connection with any action brought by Indemnitee for indemnification or advance of Expenses from the Company under this Agreement or under any directors' and officers' liability insurance policies maintained by the Company, regardless of whether Indemnitee ultimately is determined to be entitled to such indemnification, advancement of Expenses or insurance recovery, as the case may be.

(f) Notwithstanding anything in this Agreement to the contrary, no determination as to entitlement to indemnification under this Agreement shall be required to be made prior to the final disposition of the Proceeding.

8. Non-Exclusivity; Survival of Rights; Insurance; Subrogation.

(a) The rights of indemnification and to receive advancement of expenses as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Certificate of Incorporation, the Bylaws, any agreement, a vote of stockholders, a resolution of directors or otherwise, of the Company. No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in his Corporate Status prior to such amendment, alteration or repeal. To the extent that a change in the DGCL, whether by statute or judicial decision, permits greater indemnification than would be afforded currently under the Certificate of Incorporation, Bylaws and this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

(b) The Company shall obtain and maintain in effect during the entire period for which the Company is obligated to indemnify Indemnitee under this Agreement, one or more policies of insurance with reputable insurance companies to provide the directors of the Company with coverage for losses from wrongful acts and omissions and to ensure the Company's performance of its indemnification obligations under this Agreement. Indemnitee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any such officer or director under such policy or policies. In all such insurance policies, Indemnitee shall be named as an insured in such a manner as to provide Indemnitee with the same rights and benefits as are accorded to the most favorably insured of the Company's directors and officers. At the time of the receipt of a notice of a claim pursuant to the terms hereof, the Company shall give prompt notice of the commencement of such proceeding to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of Indemnitee, all amounts payable as a result of such proceeding in accordance with the terms of such policies.

(c) In the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee (other than against the Fund Indemnitors), who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

(d) The Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable hereunder if and to the extent that Indemnitee has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise.

(e) The Company's obligation to indemnify or advance Expenses hereunder to Indemnitee who is or was serving at the request of the Company as a director, officer, employee or agent of any other corporation, partnership, joint venture, trust, employee benefit plan or other Enterprise shall be reduced by any amount Indemnitee has actually received as indemnification or advancement of expenses from such other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise.

9. Exception to Right of Indemnification. Notwithstanding any provision in this Agreement, the Company shall not be obligated under this Agreement to make any indemnity in connection with any claim made against Indemnitee:

(a) for which payment has actually been made to or on behalf of Indemnitee under any insurance policy or other indemnity provision, except with respect to any excess beyond the amount paid under any insurance policy or other indemnity provision; or

(b) for an accounting of profits made from the purchase and sale (or sale and purchase) by Indemnitee of securities of the Company within the meaning of Section 16(b) of the Exchange Act or similar provisions of state statutory law or common law; or

(c) for reimbursement to the Company of any bonus or other incentive-based or equity-based compensation or of any profits realized by Indemnitee from the sale of securities of the Company in each case as required under the Exchange Act; or

(d) in connection with any Proceeding (or any part of any Proceeding) initiated by Indemnitee, including any Proceeding (or any part of any Proceeding) initiated by Indemnitee against the Company or its directors, officers, employees or other indemnitees, unless (i) the Company has joined in or the Board of Directors of the Company authorized the Proceeding (or any part of any Proceeding) prior to its initiation, (ii) the Company provides the indemnification, in its sole discretion, pursuant to the powers vested in the Company under applicable law, or (iii) the Proceeding is one to enforce Indemnitee's rights under this Agreement.

10. Non−Disclosure of Payments. Except as expressly required by the securities laws of the United States of America, neither party shall disclose any payments under this Agreement unless prior approval of the other party is obtained. If any payment information must be disclosed, the Company shall afford the Indemnitee an opportunity to review all such disclosures and, if requested, to explain in such statement any mitigating circumstances regarding the events to be reported.

11. Duration of Agreement. All agreements and obligations of the Company contained herein shall continue upon the later of (a) ten (10) years after the date that Indemnitee shall have ceased to serve as a director of the Company or a director, officer, trustee, partner, managing member, fiduciary, employee or agent of any other corporation, partnership, joint venture, trust, employee benefit plan or other Enterprise which Indemnitee served at the request of the Company; or (b) one (1) year after the final termination of any Proceeding (including any rights of appeal thereto) in respect of which Indemnitee is granted rights of indemnification or advancement of Expenses hereunder and of any Proceeding commenced by Indemnitee pursuant to Section 7 of this Agreement relating thereto (including any rights of appeal of any Section 7 Proceeding). This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Company), assigns, spouses, heirs, executors and personal and legal representatives.

12. Security. To the extent requested by Indemnitee and approved by the Board of Directors of the Company, the Company may at any time and from time to time provide security to Indemnitee for the Company's obligations hereunder through an irrevocable bank line of credit, funded trust or other collateral. Any such security, once provided to Indemnitee, may not be revoked or released without the prior written consent of Indemnitee.

13. Definitions. For purposes of this Agreement:

(a) "Change in Control" shall be deemed to occur upon the earliest to occur after the date of this Agreement of any of the following events:

(i) *Acquisition of Stock by Third Party*. Any Person, other than a trustee or other fiduciary holding securities under an employee benefit plan of the Company or a corporation owned directly or indirectly by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company, is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing fifty (50%) or more of the combined voting power of the Company's then outstanding securities;

(ii) *Change in Board of Directors*. During any period of two (2) consecutive years (not including any period prior to the execution of this Agreement), individuals who at the beginning of such period constitute the Board of Directors, and any new director (other than a director designated by a person who has entered into an agreement with the Company to effect a transaction described in Section 13(a)(i), 13(a)(iii) or 13(a)(iv)) whose election by the Board of Directors or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a least a majority of the members of the Board of Directors;

(iii) *Corporate Transactions*. The effective date of a merger or consolidation of the Company with any other entity, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 51% of the combined voting power of the voting securities of the surviving entity outstanding immediately after such merger or consolidation and with the power to elect at least a majority of the board of directors or other governing body of such surviving entity; and

(iv) *Liquidation.* The approval by the stockholders of the Company of a complete liquidation of the Company or an agreement or series of agreements for the sale or disposition by the Company of all or substantially all of the Company's assets, or, if such approval is not required, the decision by the Board of Directors to proceed with such a liquidation, sale, or disposition in one transaction or a series of related transactions.

(b) "Beneficial Owner" shall have the meaning given to such term in Rule 13d-3 under the Exchange Act; provided, however, that Beneficial Owner shall exclude any Person otherwise becoming a Beneficial Owner by reason of the stockholders of the Company approving a merger of the Company with another entity.

(c) "Corporate Status" describes the status of a person who is or was a director, officer, employee, agent or fiduciary of the Company, any direct or indirect subsidiary of the Company, or of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise that such person is or was serving at the request of the Company.

(d) "Disinterested Director" means a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

(e) "Enterprise" shall mean the Company and any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise that Indemnitee is or was serving at the request of the Company as a director, officer, employee, agent or fiduciary.

(f) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

(g) "Expenses" shall include all reasonable attorneys' fees, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, participating, or being or preparing to be a witness in a Proceeding, or responding to, or objecting to, a request to provide discovery in any Proceeding. Expenses also shall include Expenses incurred in connection with any appeal resulting from any Proceeding and any federal, state, local or foreign taxes imposed on Indemnitee as a result of the actual or deemed receipt of any payments under this Agreement, including without limitation the premium, security for, and other costs relating to any cost bond, supersede as bond, or other appeal bond or its equivalent. Expenses, however, shall not include amounts paid in settlement by Indemnitee or the amount of judgments or fines against Indemnitee.

(h) "Independent Counsel" means a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither presently is, nor in the past five years has been, retained to represent: (i) the Company or Indemnitee in any matter material to either such party (other than with respect to matters concerning Indemnitee under this Agreement, or of other indemnitees under similar indemnification agreements), or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement. The Company agrees to pay the reasonable fees of the Independent Counsel referred to above and to fully indemnify such counsel against any and all Expenses, claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto.

(i) "Person" shall have the meaning as set forth in Sections 13(d) and 14(d) of the Exchange Act; provided, however, that Person shall exclude (i) the Company, (ii) any trustee or other fiduciary holding securities under an employee benefit plan of the Company, and (iii) any corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

(j) "Proceeding" includes any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought by or in the right of the Company or otherwise and whether civil, criminal, administrative or investigative, in which Indemnitee was, is or will be involved as a party or otherwise, by reason of the fact that Indemnitee is or was a director of the Company, by reason of any action taken by him or of any inaction on his part while acting as a director of the Company, or by reason of the fact that he is or was serving at the request of the Company as a director, officer, employee, agent or fiduciary of another corporation, partnership, joint venture, trust or other Enterprise; in each case whether or not he is acting or serving in any such capacity at the time any liability or expense is incurred for which indemnification can be provided under this Agreement; including one pending on or before the date of this Agreement, but excluding one initiated by an Indemnitee pursuant to Section 7 of this Agreement to enforce his rights under this Agreement.

14. Severability. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality, and enforceability of the remaining provisions of this Agreement (including, without limitation, each portion of any Section, paragraph or sentence of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and shall remain enforceable to the fullest extent permitted by law; (b) such provision or provisions shall be deemed reformed to the fullest extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (c) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any Section, paragraph or sentence of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested thereby. Without limiting the generality of the foregoing, this Agreement is intended to confer upon Indemnitee indemnification rights to the fullest extent permitted by applicable laws.

15. Enforcement and Binding Effect.

(a) The Company expressly confirms and agrees that it has entered into this Agreement and assumed the obligations imposed on it hereby in order to induce Indemnitee to serve as a director of the Company, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving as a director of the Company.

(b) Without limiting any of the rights of Indemnitee under the Charter or Bylaws of the Company as they may be amended from time to time, this Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof.

(c) The indemnification and advancement of expenses provided by, or granted pursuant to this Agreement shall be binding upon and be enforceable by the parties hereto and their respective successors and assigns (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Company), shall continue as to an Indemnitee who has ceased to be a director, officer, employee or agent of the Company or of any other Enterprise at the Company's request, and shall inure to the benefit of Indemnitee and his or her spouse, assigns, heirs, devisees, executors and administrators and other legal representatives.

(d) The Company shall require and cause any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all, substantially all or a substantial part, of the business and/or assets of the Company to expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

(e) The Company and Indemnitee agree herein that a monetary remedy for breach of this Agreement, at some later date, may be inadequate, impracticable and difficult of proof, and further agree that such breach may cause Indemnitee irreparable harm. Accordingly, the parties hereto agree that Indemnitee may enforce this Agreement by seeking injunctive relief and/or specific performance hereof, without any necessity of showing actual damage or irreparable harm and that by seeking injunctive relief and/or specific performance, Indemnitee shall not he precluded from seeking or obtaining any other relief to which he may be entitled. The Company and Indemnitee further agree that Indemnitee shall be entitled to such specific performance and injunctive relief, including temporary restraining orders, preliminary injunctions and permanent injunctions, without the necessity of posting bonds or other undertaking in connection therewith. The Company acknowledges that in the absence of a waiver, a bond or undertaking may be required of Indemnitee by the Court, and the Company hereby waives any such requirement of such a bond or undertaking.

16. Modification and Waiver. No supplement, modification, termination or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

17. Notice By Indemnitee. Indemnitee agrees promptly to notify the Company in writing upon being served with or otherwise receiving any summons, citation, subpoena, complaint, indictment, information or other document relating to any Proceeding or matter which may be subject to indemnification covered hereunder. The failure to so notify the Company shall not relieve the Company of any obligation which it may have to Indemnitee under this Agreement or otherwise.

18. Notices. All notices and other communications given or made pursuant to this Agreement shall be in writing and shall be deemed effectively given: (a) upon personal delivery to the party to be notified, (b) when sent by confirmed electronic mail or facsimile if sent during normal business hours of the recipient, and if not so confirmed, then on the next business day, (c) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one (1) day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications shall be sent:

(a) To Indemnitee at the address set forth below Indemnitee signature hereto.

(b) To the Company at:

PJT Partners Inc.
280 Park Avenue
New York, New York 10017
Attn: General Counsel

or to such other address as may have been furnished to Indemnitee by the Company or to the Company by Indemnitee, as the case may be.

19. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement. This Agreement may also be executed and delivered by facsimile signature and in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

20. Headings. The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

21. Usage of Pronouns. Use of the masculine pronoun shall be deemed to include usage of the feminine pronoun where appropriate.

22. Governing Law and Consent to Jurisdiction. This Agreement and the legal relations among the parties shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to its conflict of laws rules. The Company and Indemnitee hereby irrevocably and unconditionally (i) agree that any action or proceeding arising out of or in connection with this Agreement shall be brought only in the Chancery Court of the State of Delaware (the "Delaware Court"), and not in any other state or federal court in the United States of America or any court in any other country, (ii) generally and unconditionally consent to submit to the exclusive jurisdiction of the Delaware Court for purposes of any action or proceeding arising out of or in connection with this Agreement, (iii) waive any objection to the laying of venue of any such action or proceeding in the Delaware Court, and (iv) waive, and agree not to plead or to make, any claim that any such action or proceeding brought in the Delaware Court has been brought in an improper or inconvenient forum. The foregoing consent to jurisdiction shall not constitute general consent to service of process in the state for any purpose except as provided above, and shall not be deemed to confer rights on any person other than the parties to this Agreement.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on and as of the day and year first above written.

PJT PARTNERS INC.

By: ______________________________

Name:

Title:

INDEMNITEE

____

[•]

Address:

____

____

____

____

Exhibit 21.1

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
Park Hill Group LLC	Delaware
PJT Partners (Cayman) Limited	Cayman Islands
PJT Partners (UK) Limited	United Kingdom
PJT Partners (HK) Limited	Hong Kong

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-207207 on Form S-8 and Registration Statement No. 333-214368 on Form S-3 of our reports dated February 28, 2017, relating to the 2016 consolidated and combined financial statements of PJT Partners Inc. and subsidiaries (the “Company”) (which report expresses an unqualified opinion and includes an explanatory paragraph regarding the basis of presentation), and the effectiveness of the Company’s internal control over financial reporting appearing in this Annual Report on Form 10-K of the Company for the year ended December 31, 2016.

/s/ Deloitte & Touche LLP

New York, New York
February 28, 2017

Exhibit 31.1

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, 2016 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 28, 2017

/s/ Paul J. Taubman
Paul J. Taubman
Chief Executive Officer

Exhibit 31.2

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, 2016 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 28, 2017

/s/ Helen T. Meates
Helen T. Meates
Chief Financial Officer

Exhibit 32.1

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, 2016, 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 28, 2017

/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.

Exhibit 32.2

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, 2016, 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 28, 2017

/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.