Risk Factors Comparison 2024-02-28 to 2023-02-24 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text Moved Text Section

Risks Relating to Our Business 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, including many factors beyond our control, such as tariffs, sanctions, and global trade uncertainties. For example, **worldwide M & A completed volumes were down in 2023 compared with historical average M & A volumes and** a substantial portion of our revenue is directly related to the number and value of the transactions in which we are involved. During periods of unfavorable market or economic conditions, the number and value of M & A **and capital raising** 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 number 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 number or value of such advisory transactions. Further, in the period following an economic downturn, the number 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~~ **elevated** interest rates or inflation, ~~international~~ **geopolitical and military** ~~conflict~~ **conflicts** , terrorism, natural disasters, a pandemic or political uncertainty ~~. For example~~ , ~~the~~ **which may be heightened during a** U. S. **presidential election year** ~~Federal Reserve has raised the federal funds rate eight times since the beginning of 2022 in response to rising inflation~~ . While the future ~~timing and~~ impact **is** ~~of rising interest rates are~~ unknown, **elevated** ~~a continued increase in market~~ interest rates could have an adverse effect on our transaction volumes, results of operations and financial condition. Credit and financial markets have **recently** experienced volatility and disruptions due to the ~~current~~ **geopolitical and military** ~~conflict~~ **conflicts around** ~~between Russia and Ukraine and the sanctions that the U. S. and other~~ -- **the world such as ongoing** ~~countries have imposed on Russia in response to Russia' s actions in Ukraine. The conflict~~ **conflicts in Eastern Europe** and the **Middle East. These conflicts and the related** sanctions that have been or may be imposed may have further global economic and other consequences, including diminished liquidity and credit availability, reduced consumer confidence, disruptions to energy and food supplies, decreased economic growth, higher unemployment rates, increased inflation, and political and social upheaval. **Cybersecurity incidents** ~~Expansion of the military conflict beyond Ukraine~~ or **threats** ~~other retaliatory action, such as cyberattacks, by Russia and its allies in response to sanctions and other measures that the U. S. and its allies have taken or may take in support of Ukraine~~ could broaden and intensify the negative impact of the ~~conflict~~ **conflicts** on financial markets, economic conditions and geopolitical stability. The impact of ~~the~~ **these geopolitical and military** ~~conflict~~ **conflicts** is ongoing, and is currently unknown, and could intensify other risks described herein, including cybersecurity- related risks, and otherwise have a material adverse effect on our business, financial condition and results of operations. Our private fund advisory and fundraising business is dependent on the availability of private capital for deployment in illiquid asset classes such as private equity, **alternative credit / hedge funds, and** real estate ~~, hedge funds and private credit~~ for clients we serve. PJT Park Hill provides private fund advisory and fundraising services for ~~alternative~~ **a diverse range of** investment strategies, including private equity, **alternative credit / hedge funds,** real estate, **directs** ~~hedge funds~~ and private ~~credit~~ **capital solutions groups** . Our ability to find suitable engagements and earn fees in this business depends on the availability of private and public capital for investments in illiquid assets ~~such as private equity, real estate, hedge funds and private credit~~ . 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 **, available investor capital** , changes in the weight investors give to alternative asset investments as part of their overall investment portfolio among asset classes which may be impacted by the market liquidity and volatility. Additionally, certain investors, such as public pension plans, may have policies prohibiting the use of placement agents by fund sponsors or managers in connection with **their** ~~a limited partner' s investment~~ **investments** . To the extent private and public capital focused on illiquid investment opportunities for our clients is limited, our results may be adversely affected. Our revenue in any given period is dependent in part on the number of fee- paying clients in such period, and a significant reduction in the number of fee- paying clients in any given period could reduce our revenue and adversely affect our operating results in such period. A substantial portion of our revenue in any given period is dependent in part on the number of fee- paying clients in such period. We had **198 clients and** 187 ~~clients and 159~~ clients that generated fees equal to or greater than $ 1 million for the years ended December 31, **2023 and** 2022 ~~and 2021~~ , respectively. We may lose clients as a result of the sale or merger of a client, a change in a client' s senior management, competition from other financial advisors and financial institutions and other causes. A significant reduction in the number of fee- paying clients in any given period could reduce our revenue and adversely affect our operating results in such period. The composition of the group comprising our largest clients may vary significantly from year to year, and a relatively small number of clients may account for a significant portion of our consolidated revenues in any given period. As a result, our operating results, financial condition and liquidity may be significantly affected by the loss of a relatively small number of mandates or the failure of a relatively small number of assignments to be completed. However, no client accounted for more than 10 % of our total revenues for the years ended December 31, **2023 or** 2022 ~~or 2021~~ . 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 reduce our fees previously agreed upon by our client. If the number of debt defaults, bankruptcies or other factors affecting demand for our restructuring and special situations advisory services declines, our restructuring and special situations business would be adversely affected. Third party offerings for which we act as an underwriter have certain inherent risks. We may be exposed to liabilities arising out of our underwriting activities, including as a result of material misstatements or omissions in prospectuses and other offering documents. In such cases, any indemnification provisions in the applicable underwriting agreement may not be enforceable or available to us, for example, if the client is not financially able to satisfy its indemnification obligations in whole or part or the scope of the indemnity is not sufficient to protect us against financial or reputational losses arising from such liability. In addition, the associated litigation process can place operational strain on our business. We may also incur losses and be subject to reputational harm to the extent that, for any reason, an offering where we act as an underwriter does not perform or close as expected. Our revenues 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 revenues and profits are highly volatile. We earn fees, generally from a limited number of engagements that generate significant fees at key transaction milestones, such as closing, the timing of which is outside of our control. We expect that we will continue to rely on advisory fees for a substantial portion of our revenue for the foreseeable future. Accordingly, a decline in our advisory engagements or the market for advisory services would adversely affect our business. In addition, our financial results will likely fluctuate from quarter to quarter based on the timing of when fees are recognized, and high levels of revenue in one quarter will not necessarily be predictive of continued high levels of revenue in future periods. Because advisory revenue is volatile and represents a significant portion of our total revenue, we may experience greater variations in our revenues 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. 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. **In** ~~Because in~~ many cases we do not recognize revenue until the successful consummation of the underlying transaction **, as such** , our revenue and cash flow are highly dependent on market conditions and the decisions and actions of our clients, interested third parties and governmental authorities. Our client transactions are taking longer to close due to added regulatory scrutiny, such as from antitrust regulators. For example, we may be engaged by a client, but the transaction may not occur or be consummated because, among other things, anticipated bidders may not materialize, no bidder is prepared to pay our client' s price, our client' s business experiences unexpected operating or financial problems, because our client may not be the winning bidder, failure to agree upon final terms with the counterparty, failure to obtain necessary regulatory consents or board or stockholder approvals, failure to secure necessary financing, adverse market conditions, or because the target' s business experiences unexpected operating or financial problems. In these circumstances, we often do not recognize advisory revenues that are commensurate with the resources devoted to these client situations. In addition, with respect to our private fund advisory and fundraising business, we face the risk that we may not be able to collect all or a portion of the fees that we recognize. The placement fees earned by us are generally recognized **as revenue** ~~by us for accounting purposes~~ upon the successful subscription by an investor in a client' s fund and / or the closing of that fund. However, those fees are generally paid by a 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, we may not be able to collect all or a portion of the fees we are due for the services it has already provided to such client. For instance, a client' s fund may be liquidated prior to the time that all or a portion of the fees are due to be paid to us. Moreover, to the extent fewer assets are raised for funds or interest by investors in alternative asset funds declines, the placement fees recognized by us would be adversely affected. In addition, we face the risk that certain clients **, such as restructuring companies in financial distress,** may not have the financial resources to pay our agreed- upon fees. Certain clients may also be unwilling to pay our fees in whole or in part, in which case we may have to incur significant costs to bring legal action to enforce our engagement agreements to obtain such fees. Our failure to deal appropriately with actual, potential or perceived conflicts of interest could damage our reputation and materially adversely affect our business. We confront actual, potential or perceived conflicts of interest in our business. We have adopted various policies, controls and procedures to address or limit actual or perceived conflicts of interest. However, these policies, controls and procedures may not timely identify or appropriately manage such conflicts of interest as identifying and managing actual or perceived conflicts of interest is complex and difficult. It is possible that actual, potential or perceived conflicts could give rise to client dissatisfaction, litigation or regulatory enforcement actions. Our reputation could be damaged if we fail, or appear to fail, to deal appropriately with one or more potential or actual conflicts of interest. Regulatory scrutiny of, or litigation in connection with, conflicts of interest could have a material adverse effect on our reputation, which could materially adversely affect our business in a number of ways, including a reluctance of some potential clients and counterparties to do business with us. Policies, controls and procedures that we may be required to implement to address additional regulatory requirements, including as a result of additional foreign jurisdictions in which we operate, or to mitigate actual or potential conflicts of interest, may result in increased costs, including for additional personnel and infrastructure and information technology improvements, as well as limit our activities and reduce the positive synergies that we seek to cultivate across our businesses. We may face damage to our professional reputation or negative publicity if our services are not regarded as satisfactory or for **any** other reasons. As an advisory ~~service~~ **services** company, we depend to a large extent on our relationships with our clients and reputation for integrity and high- caliber advisory 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 **adversely affect** ~~be more damaging in~~ our business ~~than in other businesses~~ . Our business is subject to various cybersecurity and other operational risks. We face various cybersecurity and other operational risks related to our business on a day- to- day basis. We rely heavily on financial, human capital, accounting, communication and other information technology systems, and the people who operate them. These systems, including the systems of third parties on which we rely, may fail to operate properly or become disabled as a result of tampering or a breach of our network security systems or otherwise, including for reasons beyond our control. Our clients typically provide us with sensitive and confidential information. We are dependent on information technology networks and systems to securely process, transmit and store such information and to communicate among our locations around the world and with our clients and other third parties. We are subject to ~~attempted cyberattacks~~ **cyber attacks** and security breaches and ~~, while such cyberattacks have not, to date, had a material impact on our operations,~~ a successful breach of our systems, or the systems used by our clients and other third parties, **including cloud service providers,** could lead to shutdowns or disruptions of our systems or third- party **or cloud** systems on which we rely and potential unauthorized **access or** disclosure of sensitive or confidential information. Breaches of our ~~or third- party network~~ **networks** ~~security~~ **or** systems on which we rely could involve attacks that are intended to obtain unauthorized access to our proprietary and client- sensitive information, destroy data or disable, degrade or sabotage our systems ~~,~~ **. Such attacks are** often **conducted** through the introduction of computer viruses, ~~cyberattacks~~ **cyber attacks** and other means and could originate from a wide variety of sources, including foreign governments ~~. Although we take various measures to ensure the confidentiality, integrity~~ and **unknown** ~~availability of our and~~ third **parties.** ~~- party systems on which we rely, there~~ **There** can be no assurance that ~~these~~ **our cybersecurity** measures will provide adequate protection, especially because the ~~cyberattack~~ **cyber attack** techniques used change frequently or are not recognized until **after they are** launched. As ~~cyber~~ **cybersecurity incidents or** threats continue to multiply, become more sophisticated and threaten additional aspects of our business, we may also be required to expend additional resources on information security and compliance costs in order to continue to modify or enhance our protective measures or to investigate and remediate any information security vulnerabilities or other exposures. **Cybersecurity incidents or threats could persist for an extended period of time before being properly detected or escalated, and, following detection or escalation, it could take considerable time for us to obtain full and reliable information about the extent, amount and type of information compromised or any other information security vulnerabilities. During the course of an investigation, we may not know the full impact of the event and how to remediate it, and actions, decisions and mistakes that are taken or made may further increase the negative effects of the event.** If our **system** or **a** third- party **or cloud** ~~systems~~ - **system** on which we rely **were compromised, did not operate properly or were disabled, we could suffer a disruption of our business, financial losses, liability to clients, regulatory sanctions and damage to our reputation. The increased use of mobile technologies, remote working arrangements and evolving geopolitical uncertainty and military conflicts heighten these and other operational risks. Certain employee errors or violations may not be discovered immediately by our technological processes or by our controls and other procedures, which** are **intended to prevent and detect such errors or violations. Even if promptly discovered and remediated, human errors and violations could result in a disruption of our business, financial losses, liability to clients, regulatory sanctions and damage to our reputation. If an employee' s or consultant' s failure to follow proper data security procedures, as a result of human error or intentionally, results in the improper release of confidential information, or our systems are otherwise** 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 ~~. The increased use of mobile technologies, remote working arrangements and evolving geopolitical uncertainty heighten these and other operational risks~~ . In addition to the implementation of data security measures, we require our employees to maintain the confidentiality of the proprietary and client- sensitive information we hold. ~~If an employee' s failure to follow proper data security procedures results in the improper release of confidential information, or our systems are otherwise compromised, do not operate properly or are disabled, we could suffer a disruption of our business, financial losses, liability to clients, regulatory sanctions and damage to our reputation.~~ Phishing attacks and ~~email~~ spoofing attacks **, which may include deepfakes,** are often used to obtain information, facilitate unauthorized access, or impersonate employees and / or clients in order to, among other things, direct fraudulent financial transactions, obtain valuable information or disrupt business operations. Fraudulent transfers resulting from phishing attacks or email spoofing of our employees could result in a material loss of assets, reputational harm or legal liability and in turn materially adversely affect our business. We are also at risk for malware / ransomware infection and / or other attacks that could result in disruption of our business operations and the theft, dissemination and destruction of corporate and client- sensitive information or other assets. **Any compromise or perceived compromise of the security of our systems or data or of that of one of our third- party service providers, including due to ongoing obligations to communicate cybersecurity incidents to relevant parties, and payment of ransoms could damage our reputation and subject us to significant liability and expense as well as regulatory action and lawsuits, which would harm our business, operating results and financial condition.** 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 **and, in some cases, service providers those third- party providers utilize** for certain aspects of our business. Any interruption or deterioration in the performance of these third parties **and their service providers** or failures of their information systems and technology could impair our operations, expose sensitive information, affect our reputation **,** and adversely affect our business. ~~In addition~~ **We may have to expend significant resources to mitigate the impact of any errors**

, ~~a~~ **interruptions, delays or cessations of service and may have insufficient recourse against service providers who experience such events. We are evaluating the use of artificial intelligence technologies (" AI") within our** business ~~continuity~~ **and we recognize that third parties that provide services to us may independently use AI. The use of AI, which involves reliance on substantial data volumes, introduces risks that may have a material adverse effect on our business, financial condition and results of operations. Further, cybersecurity incidents and other security** ~~threat~~ **threats to us or our third- party providers could originate from a wide variety of external sources** , **including cyber criminals, foreign governments, hacktivists and other outside parties. Our systems and third party systems with which we interact, as well as systems those third- parties utilize, are subject to, and on occasion have experienced damage, interruption or malicious activity due to a number of causes, including geopolitical and military conflicts, as well as any related sanctions or other government or private responses; acts of terrorism; natural disasters and catastrophic events** such as **fires** ~~a pandemic~~ , **floods, earthquakes, tornadoes, hurricanes, or** other **extreme weather events** ~~man- made or natural disaster or disruption involving electronic communications~~ or other **factors beyond** ~~services used by us or~~ **our control. This damage** ~~third parties with whom we conduct business~~ , ~~could~~ **malicious activity or interruption may** lead us to experience operational challenges and, if we are unable to timely and successfully recover, materially disrupt our business and cause material financial loss, regulatory actions, reputational harm or legal liability. Climate change, climate change- related regulation and the increased focus on ESG issues may adversely affect our business and financial results and impact our reputation. There has been growing concern from advocacy groups, government agencies and the general public over the effects of climate change on the environment. Transition risks, such as government restrictions, standards or regulations intended to reduce greenhouse gas emissions and potential climate change impacts, are emerging and may increase in the future. Such restrictions and requirements could increase our costs or require additional technology and capital investment, which could adversely affect our results of operations. New regulations or guidance relating to climate change, as well as the perspectives of shareholders, employees and other stakeholders regarding climate change, may affect whether and on what terms and conditions we engage in certain activities **. For example, in October 2023, California enacted climate disclosure laws that will require us to report on greenhouse gas emissions, climate- related financial risks and other climate- related matters** . These changing rules, regulations and stakeholder expectations have resulted in, and are likely to continue to result in, increased costs and increased management time and attention to comply with or meet those regulations and expectations. Developing and acting on ESG initiatives and collecting, measuring and reporting ESG related information and metrics can be costly, difficult and time consuming. Additionally, ESG and other sustainability matters and our response to these matters could harm our business, including in areas such as diversity, equity and inclusion, human rights, climate change and environmental stewardship, support for local communities, corporate governance and transparency. Increasing governmental, investor and societal attention to ESG matters, including expanding mandatory and voluntary reporting, diligence, and disclosure on topics such as climate change, human capital, labor and risk oversight, could expand the nature, scope, and complexity of matters that we are required to control, assess and report. These factors may alter the environment in which we do business and may increase the ongoing costs of compliance and adversely impact our results of operations and cash flows. As regulators consider mandating additional disclosure of climate- related information by companies, there may continue to be a lack of information for more robust climate-related risk analyses. Third party exposures to climate- related risks and other data generally are limited in availability and variable in quality. If we are unable to adequately address such ESG matters or we fail or are perceived to fail to comply with all laws, regulations, policies and related interpretations, it could negatively impact our reputation, our business results and ability to remain as an employer of choice. Further, significant physical effects of climate change including extreme weather events such as hurricanes or floods, can also have an adverse impact on our operations or the financial condition of our clients. As the effects of climate change increase, we expect the frequency and impact of weather and climate related events and conditions to increase. Additionally, our reputation and client relationships may be damaged as a result of our involvement, or our clients' involvement, in certain industries or projects associated with causing or exacerbating climate change, as well as any decisions we make to continue to conduct or change our activities in response to considerations relating to climate change. We are exposed to risks related to our insurance coverage. Our operations and financial results are subject to risks and uncertainties related to our use of insurance for a variety of risks, including cybersecurity risk. While we endeavor to purchase insurance coverage appropriate for our risk assessment, we are unable to predict with certainty the frequency, nature or magnitude of claims for direct or consequential damages. Our business may be negatively affected if our insurance coverage proves to be inadequate, unavailable or the insurance carriers deny coverage for whatever reason. Insurance claims may divert management resources away from operating our business. We may incur debt or other contractual obligations that we cannot service if we are unable to generate sufficient cash. We may be unable to meet our contractual obligations if our liquidity is adversely affected by a significant deterioration in the credit markets or the failure of one or more commercial banking institutions. Our ability to make scheduled payments on or to refinance any current or future debt obligations or other contractual obligations depends on our financial condition and operating performance. We cannot provide assurance that we will maintain a level of cash flows from operating activities sufficient to permit us to pay the principal of, and interest on, any current or future indebtedness. If our cash flows and capital resources are insufficient to fund any current or future debt obligations or contractual obligations, we may be forced to reduce or delay investments and capital expenditures, or to sell assets, seek additional capital or restructure or refinance such indebtedness or other contractual obligations. Inflation and ~~rising~~ **elevated** interest rates have the potential to adversely affect our liquidity, business, financial condition and results of operations by increasing our overall cost structure, particularly if we are unable to achieve commensurate increases in the fees we charge our clients or if increased prices may lead to our clients requesting fewer services. The existence of inflation in the economy has resulted in, and may continue to result in, ~~higher~~ **elevated** interest rates and capital costs, increased costs of labor, weakening exchange rates and other similar effects. Although we may take measures to mitigate the impact of this inflation, if these measures are not effective **,** our business, financial condition, results of operations and liquidity could be materially adversely affected. As of December 31, ~~2022~~ **2023**, we had cash, cash equivalents and short- term investments of $ ~~223~~ **436**. ~~5~~ **9** million, of which $ ~~50~~ **183**. ~~2~~ **5** million was invested in Treasury securities. We monitor developments relating to the liquidity of these instruments on a regular basis. ~~In~~ **Cash, cash equivalents, and short- term investments are maintained in global and regional U. S. and non- U. S. financial institutions. Within the past year, U. S. saw a series of bank failures due to solvency concerns and in** the event of a significant deterioration of the credit markets or the failure of one or more commercial banking institutions **where we maintain a banking relationship**, there can be no assurance that we will be able to ~~liquidate these assets or~~ access our cash **, cash equivalents and short- term investments or enter into new financing arrangements on favorable terms and could result in a loss of funds**. Our inability to access our cash or other assets could have a material adverse effect on our liquidity and result in our inability to meet our obligations timely, which ~~could~~ **may** have a material adverse effect on ~~the value of~~ our ~~common stock~~ **business, financial condition and results of operations**. Our international operations are subject to certain risks, which may affect our revenue. For the year ended December 31, ~~2022~~ **2023**, we earned **16** ~~10. 0~~ % of our total revenues from our international operations. We intend to continue to grow our non- U. S. business, and this growth is important to our overall success. In addition, many of our clients are non- U. S. entities seeking to enter into transactions involving U. S. businesses. Our international operations carry special financial, business, regulatory and reputational risks, which could include the following: greater difficulties in managing and staffing foreign operations; language and cultural differences; fluctuations in foreign currency exchange rates that could adversely affect our results; unexpected and costly changes in trading policies, regulatory requirements, tariffs and other barriers; sanctions; restrictions on travel; longer transaction cycles; higher operating costs; local labor conditions and regulations; adverse consequences or restrictions on the repatriation of earnings; potentially adverse tax consequences, such as trapped foreign losses; economic and geopolitical uncertainty; ~~civil disturbances~~ **and military conflicts** or other catastrophic events that reduce business activity; and disasters or other business continuity threats, such as pandemics, other man- made or natural disasters, or disruptions involving ~~electronic~~ communications **and information systems** or other services. If our international business increases relative to our total business, these factors could have a more pronounced effect on our operating results. As part of our day- to- day operations outside of the U. S., we are required to create compensation programs, employment policies, compliance policies and procedures and other administrative programs that comply with the laws of multiple countries **and jurisdictions**. We also must communicate and monitor standards and directives across our global operations. Our failure to successfully manage and grow our geographically diverse operations could impair our ability to react quickly to changing business and market conditions and to enforce compliance with non- U. S. ~~standards~~ **laws and regulations. Fluctuations in foreign currency exchange rates could adversely affect our results. Our financial statements are denominated in U. S. dollars and a portion of our operations is in other currencies, as a result, we are exposed to fluctuations in foreign 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** ~~and~~ **an** ~~procedures~~ **adverse or beneficial impact, respectively, to our financial results**. We may enter into new lines of business, joint ventures, strategic investments or jurisdictions, which may result in additional risks and uncertainties in our business. We currently generate substantially all of our revenue from our strategic advisory, capital markets advisory, restructuring and special situations, shareholder advisory, and private fund advisory and fundraising services businesses. However, we may grow our business by entering into new lines of business, joint ventures, strategic investments or jurisdictions. To the extent we enter into new lines of business, joint ventures, strategic investments or jurisdictions, we will face numerous risks and uncertainties, including risks associated with actual or perceived conflicts of interest because we would no longer be limited to the advisory business, the possibility that we have insufficient expertise to engage in such activities profitably or without incurring inappropriate amounts of risk, the required investment of capital and other resources and the loss of clients due to the perception that we are no longer focusing on our core business. Entry into certain lines of business, joint ventures, strategic investments or jurisdictions may subject us to new laws and regulations with which we are not familiar, or from which we are currently exempt, and may lead to increased litigation and regulatory risk. In addition, certain aspects of our cost structure, such as costs for compensation, occupancy and equipment, communication and information technology services, and depreciation and amortization will be largely fixed, and we may not be able to timely adjust these costs to match fluctuations in revenue related to ~~our~~ entering into new lines of business. If a new business generates insufficient revenues or if we are unable to efficiently manage our expanded operations, our results of operations could be materially adversely affected. ~~Fluctuations in foreign currency exchange rates could adversely affect our results. Because our financial statements are denominated in U. S. dollars and a portion of our operations is in other currencies, we are exposed to fluctuations in foreign currencies. In addition, we pay certain of our expenses in such currencies. We have not entered into any transactions to hedge our exposure to these foreign exchange fluctuations through the use of derivative instruments or otherwise. An appreciation or depreciation of any of these currencies relative to the U. S. dollar would result in an adverse or beneficial impact, respectively, to our financial results.~~ Restrictions in the credit agreement governing our revolving credit facility may impair our ability to finance our future operations or capital needs or engage in other business activities that may be in our interests. We have access to 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, the credit agreement requires 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 the credit agreement or our inability to comply with the required financial ratios or covenants included therein could result in a default thereunder. In the event of any such default, the lenders under the credit agreement could elect to: declare all outstanding debt, accrued interest and fees to be due and immediately payable; and require us to apply all of our available cash to repay our outstanding debt. Risks Relating to Talent and Competition We depend on the efforts and reputations of Mr. Taubman and other key personnel. We depend on the efforts and reputations of Mr. Taubman and our other senior bankers. Our senior banking team' s reputations and relationships with clients and potential clients are critical elements in the success of our business. Mr. Taubman and our other senior executives and bankers are important to our success because they are instrumental in setting our strategic direction, operating our business, identifying, recruiting and training key personnel, maintaining relationships with our clients, executing transactions, and identifying business opportunities. The loss of one or more of these executives or other key individuals could impair our business and development until qualified replacements are found. We may not be able to replace these individuals quickly or with persons of equal experience and capabilities. Although we have employment agreements with ~~certain of~~ these individuals, we cannot prevent them from terminating their employment with us. In addition, our non- competition agreements with such individuals may not be enforced by the courts or **could** be banned by future rule making **given** ~~, such as~~ the ~~Non~~ **recent legislative activity relating to non** - ~~Compete~~ **competition** ~~Clause~~ **clauses and / or agreements** ~~rule proposed by the Federal Trade Commission on January 5, 2023~~ . The loss of the services of any of them, in particular Mr. Taubman, could have a material adverse effect on our business, including our ability to attract clients. Our future growth will depend on, among other things, our ability to successfully identify, recruit, motivate and develop talent and will require us to commit additional resources. It typically takes time for our newly- recruited professionals to become effective and profitable. During that time, we may incur significant expenses and expend significant time and resources toward **their** training, integration and business development ~~aimed at developing this new talent~~ . We may face difficulties in or increases in the cost of recruiting and retaining employees of a caliber consistent with our business strategy. If we are unable to recruit and develop profitable professionals, we will not be able to implement **and execute** our growth strategy and our financial results could be materially adversely affected. The near- term vesting of equity awarded to key personnel may diminish our ability to retain and motivate our professionals. There is no guarantee that our current non- competition and compensation arrangements with our professionals, in which we mandatorily defer a substantial portion of their annual incentive bonus in the form of cash and **/ or** equity awards with multi- year vesting periods, will provide sufficient protections or incentives to prevent our partners and other key personnel from resigning to join our competitors. The departure of a number of partners or groups of professionals could have a material adverse effect on our business and profitability **. In addition, proposed and already enacted state and federal laws, rules and regulations that seek to limit or curtail the enforceability of non- competition, non- solicitation, confidentiality and similar restrictive covenant clauses could make it more difficult to retain qualified personnel** . Employee or contractor misconduct, which is difficult to detect and deter, could harm us by impairing our ability to attract and retain clients and talent and by subjecting us to legal liability and reputational harm. There is a risk that our employees or contractors engage in misconduct that adversely affects our business. Our business often requires that we deal with confidential matters of great significance to our clients. If our employees or contractors were to improperly use or disclose confidential information provided by our clients, we could be subject to regulatory investigations or sanctions and we could suffer serious harm to our reputation, financial position, **the** trading price of our Class A common stock, current client relationships ~~and~~ **or** ability to attract future clients. In addition, our financial professionals and other employees are responsible for following proper measures to maintain the confidentiality of information we hold. If an employee' s failure to do so results in the improper release of confidential information, we could be subject to reputational harm and legal liability, which could impair our ability to attract and retain clients and in turn materially adversely affect our business. U. S. regulators and enforcement agencies, including the U. S. Department of Justice and the SEC, continue to devote significant resources to the enforcement of the FCPA, **use of off- channel electronic messaging,** anti- money laundering laws and anti- corruption laws, and the United Kingdom and other jurisdictions have significantly expanded the reach of their anti- bribery laws. While we have developed and implemented policies and procedures designed to ensure strict compliance by our employees and contractors with anti- bribery, anti- money laundering, anti- corruption **, use of off- channel electronic messaging,** and other laws, such policies and procedures may not be effective in all instances to prevent violations. Any determination that we have violated the FCPA or other applicable anti- corruption laws could subject us to, among other things, civil and criminal penalties, material fines, profit disgorgement, injunctions on future conduct, securities litigation and a general loss of investor confidence, any one of which could adversely affect our business prospects, financial position or the market value of our Class A common stock. Despite our implementation of policies, our emphasis on ~~a~~ **an inclusive** culture ~~that supports diversity and inclusion,~~ and training to prevent and detect misconduct, we cannot completely safeguard ourselves against the risk of workplace misconduct, such as sexual harassment or discrimination. In addition to impairing our ability to attract and retain clients, such misconduct may also impair our ability to attract and retain talent resulting in a materially adverse effect on our business. It is not always possible to deter such misconduct, and there can be no assurance that the precautions we take to prevent and detect misconduct will be effective in all cases. If our employees or contractors engage in misconduct, our business could be materially adversely affected. We face strong competition from other financial advisory firms, many of which have greater resources and broader product and services offerings than we do. The financial services industry is intensely competitive, highly fragmented and subject to rapid change, and we expect it to remain so. Our competitors are other investment banking and financial advisory firms. We compete on both a global and a regional basis, and on the basis of a number of factors, including the strength and depth of client relationships, industry knowledge, transaction execution skills, our range of products and services, innovation, reputation and price. In addition, a majority of our business is not subject to long- term contracted sources of revenue. Each revenue- generating engagement typically is separately solicited, awarded and negotiated. We have experienced significant competition when obtaining advisory mandates, and we may experience pricing pressures in our business in the future as some of our competitors may seek to obtain increased market share by reducing fees. Our primary competitors are large financial institutions, many of which have far greater financial and other resources and have the ability to offer a wider range of products and services. In addition, we may be at a competitive disadvantage with regard to certain of our competitors who are able to, and often do, provide financing or market making services that are often a crucial component of the types of transactions on which we advise. In addition to our larger competitors, over the last several years the number of independent investment banks that offer independent advisory services has increased. As these independent firms or new entrants into the market seek to gain market share, we could experience pricing and competitive pressures, which would adversely affect our revenues and earnings. In addition, PJT Park Hill operates in a highly competitive environment and the barriers to entry into the private fund advisory and fundraising services business are low. Legal and Regulatory Risks As a member of the financial services industry, we face substantial litigation and regulatory risks. Our role as advisor to our clients on important transactions involves complex analysis and the exercise of professional judgment, including rendering " fairness opinions " in connection with mergers and other transactions. Our activities may subject us to the risk of significant legal liabilities to our clients and affected third parties, including shareholders of our clients who could bring ~~securities~~ class actions against us. In recent years, the volume of claims and amount of damages claimed in litigation and regulatory proceedings against financial services companies have increased. These risks are difficult to assess or quantify and their existence and magnitude often remain unknown for substantial periods of time. Our engagements typically, but not always, include broad indemnities from our clients and provisions to limit our exposure to legal claims relating to our services, but these provisions may not protect us in all cases, including when a client does not have the financial capacity to pay pursuant to the indemnity. As a result, we may incur significant legal expenses in defending ourselves against or settling litigation or regulatory ~~action~~ **actions** . In addition, **the associated litigation process can place operational strain on our business and** 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 face the risk of significant intervention by regulatory authorities, including extended investigation and surveillance activity, adoption of costly or restrictive new regulations and judicial or administrative proceedings that may result in substantial penalties. Among other things, we could be fined or be prohibited from engaging in some of our business activities. In addition, the regulatory environment in which we operate is subject to modification and further regulation. Such changes may increase the expenses we incur without necessarily leading to commensurate increases in revenues. Certain laws and regulations within the U. S. and internationally include extraterritorial application that may lead to overlapping or conflicting legal and regulatory burdens with additional risks and implementation expenses. New laws or regulations applicable to us and our clients also may adversely affect our business, and our ability to function in this environment will depend on our ability to continually monitor and react to these changes. Our ability to conduct business and our operating results, ~~including compliance costs,~~ may be adversely affected as a result of complying with any new or existing requirements **, such as the requirement to maintain sufficient net capital in order to provide certain services, as** imposed by the SEC, FINRA or other U. S. or foreign governmental regulatory authorities or self- regulatory organizations that regulate financial services firms or supervise financial markets ~~, such as the requirement to maintain sufficient net capital in order to provide certain services~~ . We may be adversely affected by changes in the interpretation or enforcement of existing laws and rules by these governmental authorities and self- regulatory organizations. In addition, some of our ~~clients~~ **current** or prospective clients may adopt policies that exceed regulatory requirements and impose additional restrictions affecting their dealings with us. Accordingly, we may incur significant costs to comply with U. S. and international regulation. In addition, new laws or regulations or changes in enforcement of existing laws or regulations applicable to our clients may adversely affect our business. For example, changes in antitrust laws or the enforcement of antitrust laws could affect the level of M & A activity and changes in applicable regulations could restrict the activities of our clients and their need for the types of advisory services that we provide to them. Further, changes to existing tax laws and regulations in the U. S. and in other jurisdictions in which we and our clients operate may reduce the level of M & A activity, including cross- border M & A activity **, such as the Organization for Economic Cooperation and Development' s proposals to create an agreed set of international rules for fighting base erosion and profit sharing, including Pillar One and Pillar Two, such that tax laws in countries in which we do business could change on a prospective or retrospective basis** . In addition, several states and municipalities in the U. S., including, but not limited to, California, Illinois, New York State and New York City have adopted " pay- to- play " and placement agent rules, which, in addition to imposing registration and reporting requirements, limit our ability to charge fees in connection with certain engagements or restrict or prohibit the use of placement agents in connection with investments by public pension funds. These types of measures could materially and adversely impact our PJT Park Hill business. Our failure to comply with applicable laws or regulations could result in adverse publicity and reputational harm as well as fines, suspensions of personnel or other sanctions, including revocation of our registration or any of our subsidiaries as a financial advisor and could impair retention or recruitment of personnel. In addition, any changes in the regulatory framework could impose additional expenses or capital requirements on us, result in limitations on the manner in which our business is conducted, have an adverse impact upon our financial condition and business and require substantial attention by senior management. Moreover, our business is subject to periodic examination by various regulatory authorities, and we cannot predict the outcome of any such examinations. A change in relevant income tax laws, regulations or treaties or an adverse interpretation of these items by tax authorities could result in an audit adjustment or revaluation of our deferred tax assets that may cause our effective tax rate and tax liability to be higher than what is currently presented in the consolidated financial statements. As part of the process of preparing our consolidated financial statements, we are required to estimate income taxes in each of the jurisdictions in which we operate. Significant management judgment is required in determining our provision for income taxes, our deferred tax assets and liabilities and any valuation allowance recorded against our deferred tax assets. This process requires us to estimate our actual current tax liability and to assess temporary differences resulting from differing book versus tax treatment. Our effective tax rate and tax liability is based on the application of current income tax laws, regulations and treaties. These laws, regulations and treaties are complex, and the manner in which they apply to our facts and circumstances is sometimes open to interpretation. Management believes its application of current laws, regulations and treaties to be correct and sustainable upon examination by the tax authorities. However, the tax authorities could challenge our interpretation resulting in additional tax liability or adjustment to our income tax provision that could increase our effective tax rate. In addition, tax laws, regulations or treaties, newly enacted or enacted in the future, may cause us to remeasure our deferred tax assets and have a material change to our effective tax rate. The cost of compliance with international broker- dealer, employment, labor, benefits, privacy and tax laws and regulations may adversely affect our business and hamper our ability to expand internationally. Since we operate our business both in the U. S. and internationally, we are subject to many distinct broker- dealer, employment, labor, benefits, privacy and tax laws in each jurisdiction in which we operate, including regulations affecting our employment practices and our relations with our employees and service providers. If we are required to comply with other new regulations or new interpretations of existing regulations, or if we are unable to comply with these regulations or interpretations, our business could be adversely affected or the cost of compliance may make it difficult to expand into new international markets. Additionally, our competitiveness in international markets may be adversely affected by regulations requiring, among other things, the awarding of contracts to local contractors, the employment of local citizens and / or the purchase of services from local businesses or favoring or requiring local ownership. **European Union** ~~In May 2018, the EU~~ ’ s **(" EU")** General Data Protection Regulations (“ GDPR ”) **regulate** ~~came into effect, and changed~~ how businesses can collect, use and process the personal data of EU residents. As we engage in significant business in the EU, we are subject to the GDPR’ s requirements. The GDPR has extraterritorial effect and imposes a mandatory duty on businesses to self- report personal data breaches to authorities, and, under certain circumstances, to affected individuals. The GDPR also grants individuals the right to erasure (commonly referred to as the right to be forgotten), which may put a burden on us to erase records upon request. Compliance with the GDPR’ s requirements may increase our legal, compliance and operational costs. Non- compliance with the GDPR’ s requirements can result in significant penalties, which may have a material adverse effect on our business, expose us to legal and regulatory costs and impair our reputation. Following the U. K.’ s exit from the EU, the U. K. has implemented the GDPR as part of its national law (referred to as the “ U. K. GDPR ”). The EU GDPR’ s data protection obligations continue to apply in the U. K. in substantially unvaried form under the U. K. GDPR. The U. K. GDPR exists alongside the U. K. Data Protection Act 2018 and its requirements are largely aligned with those under the EU GDPR and as such, may lead to similar compliance operational costs. Other jurisdictions, including at both the U. S. federal and state levels as well as in non- U. S. jurisdictions where we conduct business, have also enacted or are considering data privacy legislation. Increasingly numerous, fast- changing and complex legislation related to data privacy may result in greater compliance costs, heightened regulatory scrutiny and significant penalties, which may have a material adverse effect on our operations, financial condition and prospects. New and changing regulations may increase compliance costs such that they hamper our ability to expand into new territories. 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~~ **its only** material ~~assets~~ - **asset is** ~~other than~~ its ~~ownership of~~ **controlling equity interest in PJT Partners Holdings LP, a holding** ~~Partnership~~ **partnership** ~~Units~~ **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. ” 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 the Board after taking into account various factors, as described in “ Part II. Item 5. Market for Registrant’ s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities — Dividend Policy. ” Although we currently intend to pay a quarterly cash dividend to our stockholders, we have no obligation to do so, and our dividend policy may change at any time. Whether we continue to pay cash dividends and the amount and timing of any such dividends are subject to capital availability and periodic determinations by the Board that cash dividends are in the best interest of our stockholders and are in compliance with all respective laws and agreements of the Company applicable to the declaration and payment of cash dividends. The reduction in or elimination of our dividend payments could have a negative effect on our stock price. A significant portion of the voting power in PJT Partners Inc. is controlled by holders of our Class B common stock, whose interests may differ from those of our public stockholders that hold Class A common stock. The shares of Class B common stock have no economic rights but entitle the holder, without regard to the number of shares of Class B common stock held, to a number of votes that is equal to the aggregate number of vested and unvested Partnership Units and LTIP Units in PJT Partners Holdings LP held by such holder on all matters presented to stockholders of PJT Partners Inc. other than director elections and removals. With respect to the election and removal of directors of PJT Partners Inc., shares of Class B common stock initially entitle holders to only one vote per share. 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, ~~2022~~ **2023** , our executive officers and directors held and / or controlled (including by way of the proxy granted to Mr. Taubman by certain executive officers of Blackstone in connection with the spin- off) 25. ~~3~~ **5** % of the voting power of PJT Partners Inc. with regard to the election and removal of directors, and 34. ~~0~~ **2** % of the voting power of PJT Partners Inc. with regard to all other matters presented to stockholders of PJT Partners Inc. At December 31, ~~2022~~ **2023** , our Class B common stockholders held 29. ~~7~~ **6** % of the voting power of PJT Partners Inc. with regard to the election and removal of directors, and 39. ~~4~~ **6** % of the 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, 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, have the ability to exercise increased influence over the outcome of director elections and removals as well. Additionally, as of December 31, ~~2022~~ **2023** , our Class B common stockholders own ~~37~~ **39** . ~~7~~ **3** % of the Partnership Units. Because they hold all or a portion of their economic ownership interest in our business directly in PJT Partners Holdings LP, rather than through PJT Partners Inc., our Class B common stockholders may have conflicting interests with holders of shares of our Class A common stock. For example, if PJT Partners Holdings LP makes distributions to PJT Partners Inc., the limited partners of PJT Partners Holdings LP will also be entitled to receive such distributions pro rata in accordance with the percentages of their respective partnership interests in PJT Partners Holdings LP and their preferences as to the timing and amount of any such distributions may differ from those of our public stockholders. Our Class B common stockholders may also have different tax positions from us that could influence their decisions regarding whether and when to dispose of assets, especially in light of the existence of the tax receivable agreement that we entered into in connection with the spin- off, whether and when to incur new indebtedness, and whether and when PJT Partners Inc. should terminate the tax receivable agreement and accelerate its obligations thereunder. In addition, the structuring of future transactions may take into consideration these Partnership Unit holders' tax or other considerations even where no similar benefit would accrue to us. PJT Partners Inc. may be required to make payments under a tax receivable agreement for most of the benefits relating to certain tax depreciation or amortization deductions that we may claim as a result of certain increases in tax basis. Holders of Partnership Units (other than PJT Partners Inc.) have the right, subject to the terms and conditions set forth in the partnership agreement of PJT Partners Holdings LP, on a quarterly basis (subject to the terms of the exchange agreement **, as amended**), 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. 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 $ ~~73~~ **101** . ~~69~~ **87** and the ~~London Interbank Offered~~ **Early Termination Rate (Secured Overnight Financing** Rate (" ~~LIBOR~~ **SOFR** ") **plus 100 basis points)** of ~~5~~ **6** . ~~48~~ **49** % at December 31, ~~2022~~ **2023** , we estimate that if PJT Partners Inc. exercised its termination on December 31, ~~2022~~ **2023** , the aggregate amount of these termination payments would be $ ~~139~~ **205** . ~~9~~ **2** million. The foregoing number is merely an estimate and the actual payments could differ materially. We may need to incur additional indebtedness to finance payments under the tax receivable agreement to the extent our cash resources are insufficient to meet our obligations under the tax receivable agreement as a result of timing discrepancies or otherwise. Anti- takeover provisions in our organizational documents and Delaware law might discourage or delay acquisition attempts for us that you might consider favorable. Our ~~amended and~~ restated certificate of incorporation and by- laws may discourage, delay or prevent a merger or acquisition that a stockholder may consider favorable by permitting the Board to issue one or more series of preferred stock, requiring advance notice for stockholder proposals and nominations and placing limitations on convening stockholder meetings. In addition, we are subject to provisions of the Delaware General Corporation Law that restrict certain business combinations with interested stockholders. These provisions may also discourage acquisition proposals or delay or prevent a change in control, which could harm our stock price. Certain provisions of the limited partnership agreement of PJT Partners Holdings LP may also prevent, delay or make more difficult, a transaction or a change in control that might involve a premium price for holders of our Class A common stock or otherwise be in their best interests. These provisions include, among others: • rights of limited partners of PJT Partners Holdings LP, subject to certain exceptions and qualifications, to approve certain change of control transactions involving us; and • following the occurrence of a " Board Change of Control, " rights of limited partners of PJT Partners Holdings LP to consent to certain corporate actions and transactions. See " Certain Relationships and Related Person Transactions — PJT Partners Holdings LP Amended and Restated Limited Partnership Agreement " in our definitive proxy statement filed in connection with our ~~2022~~ **2023** Annual Meeting of Stockholders (our " ~~2022~~ **2023** Proxy Statement "). Risks Relating to Our Class A Common Stock You may be diluted by the future issuance of additional Class A common stock by PJT Partners Inc. and the future issuance of additional Partnership Units by PJT Partners Holdings LP, in each case in connection with our incentive plans, acquisitions or otherwise. As of December 31, ~~2022~~ **2023** , we have 2, ~~968~~ **967** , ~~937~~ **643** , ~~425~~ **511** shares of Class A common stock authorized but unissued, including ~~14~~ **15** , ~~826~~ **645** , ~~162~~ **987** shares of Class A common stock that may be issued upon exchange of Partnership Units. Our ~~amended and~~ restated certificate of incorporation authorizes us to issue these shares of Class A common stock and options, rights, warrants and appreciation rights relating to Class A common stock for the consideration and on the terms and conditions established by the Board in its sole discretion, whether in connection with acquisitions or otherwise. Similarly, the limited partnership agreement of PJT Partners Holdings LP permits PJT Partners Holdings LP to issue an unlimited number of additional partnership interests of PJT Partners Holdings LP with designations, preferences, rights, powers and duties that are different from, and may be senior to, those applicable to the Partnership Units, and which may be exchangeable for shares of our Class A common stock. ~~The~~ **Since October 1, 2015, the** Company has authorized ~~17~~ **33** million shares of Class A common stock for issuance of new awards under our **Second** Amended and Restated **PJT Partners Inc.** 2015 Omnibus Incentive Plan ~~(in addition to the shares that were issuable under the plan in connection with the spin- off)~~ , of which ~~2~~ **15** . ~~4~~ **3** million were available for issuance as of December 31, ~~2022~~ **2023** . Any Class A common stock that we issue, including under our **Second** Amended and Restated **PJT Partners Inc.** 2015 Omnibus Incentive Plan or other equity incentive plans that we may adopt in the future, would dilute your percentage ownership of PJT Partners Inc. The market price of our Class A common stock may decline due to the large number of shares of Class A common stock eligible for future sale and large number of Partnership Units eligible for exchange. The market price of shares of our Class A common stock could decline as a result of sales of a large number of shares of Class A common stock in the market or the perception that such sales could occur. These sales, or the possibility that these sales may occur, also might make it more difficult for us to sell shares of Class A common stock in the future at a time and at a price that we deem appropriate. In addition, we and the holders of Partnership Units (other than PJT Partners Inc.) have entered into an exchange agreement **, as amended** . See " Certain Relationships and Related Person Transactions — Exchange Agreement " in our ~~2022~~ **2023** Proxy Statement. Depending on our liquidity and capital resources, market conditions, the timing and concentration of exchange requests and other considerations, we may choose to fund exchanges of Partnership Units with available cash, borrowings or new issuances of Class A common stock or to settle exchanges by issuing Class A common stock to the exchanging Partnership Unit holder. The market price of shares of our Class A common stock could decline as a result of issuances or sales of our Class A common stock to fund exchanges of Partnership Units, or sales by exchanging holders of Partnership Units of Class A common stock received in stock- settled exchanges or, in each case, the perception that such issuances or sales could occur. These issuances or sales, or the possibility that they may occur, also might make it more difficult for holders of our Class A common stock to sell such stock in the future at a time and at a price that they deem appropriate. Our decision to repurchase shares of our Class A common stock will reduce our public float, which could cause our share price to decline. On ~~April 25~~ **February 6** , ~~2022~~ **2024** , **the Company announced that** the Board authorized a $ ~~200~~ **500** million ~~repurchase program of the Company' s~~ Class A common stock **repurchase program** , which **replaced** ~~is in addition to the previous Board authorizations. As of December 31, 2022,~~ the Company ~~'~~ **'** s ~~remaining~~ **existing** repurchase **program** ~~authorization was $ 173. 7 million~~ . Under the repurchase program, shares of the Company' s Class A common stock may be repurchased from time to time in open market transactions, in privately negotiated transactions or otherwise, after taking into account our results of operations, financial position and capital requirements, general business conditions, legal, tax and regulatory constraints or restrictions, any contractual restrictions (including any restrictions contained in the credit agreement) and other factors we deem relevant. The share repurchase plan will reduce our “ public float, ” (the number of shares of our Class A common stock that are owned by non- affiliated stockholders and available for trading in the securities markets), which may reduce the volume of trading in our shares and result in reduced liquidity and cause fluctuations in the trading price of our common stock unrelated to our performance. Furthermore, certain institutional holders of shares of our Class A common stock (including index funds) may require a minimum market capitalization of each of their holdings in excess of our market capitalization and therefore be required to dispose of shares of our Class A common stock, which may cause the value of our Class A common stock to decline. There can be no assurance that this reduction in our public float will not result in a lower share price or reduced liquidity in the trading market for shares of our Class A common stock during and upon completion of our share repurchase plan. The market price of our Class A common stock may be volatile, which could cause the value of our Class A common stock to decline. Securities markets worldwide experience significant price and volume fluctuations. This market volatility, as well as general economic, market or political conditions, could reduce the market price of our Class A common stock in spite of our operating performance. In addition, our operating results could be below the expectations of public market analysts and investors, and in response, the market price of our Class A common stock could decrease significantly.