

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

**Amendment No. 3
to
Form 10**

**GENERAL FORM FOR REGISTRATION OF SECURITIES
PURSUANT TO SECTION 12(b) OR 12(g) OF
THE SECURITIES EXCHANGE ACT OF 1934**

PJT Partners Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

36-4797143
(IRS Employer
Identification No.)

**345 Park Avenue
New York, NY 10154
(212) 583-5000**

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

With copies to:

**Joshua Ford Bonnie
Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017
(212) 455-2000**

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

<u>Title of Each Class to be so Registered</u>	<u>Name of Each Exchange on Which Each Class is to be Registered</u>
Class A Common stock, par value \$0.01 per share Preferred Stock Purchase Rights	New York Stock Exchange

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

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 definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Securities Exchange Act of 1934, as amended. (Check one):

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company	<input type="checkbox"/>

INFORMATION REQUIRED IN REGISTRATION STATEMENT

CROSS-REFERENCE SHEET BETWEEN INFORMATION STATEMENT AND ITEMS OF FORM 10

Item 1. Business

The information required by this item is contained under the sections “Summary,” “Risk Factors,” “Special Note About Forward-Looking Statements,” “Unaudited Pro Forma Combined Financial Statements,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Business,” “Management,” and “Certain Relationships and Related Party Transactions” of the information statement filed as Exhibit 99.1 to this Form 10 (the “information statement”). Those sections are incorporated herein by reference.

Item 1A. Risk Factors

The information required by this item is contained under the section “Risk Factors” of the information statement. That section is incorporated herein by reference.

Item 2. Financial Information

The information required by this item is contained under the sections “Summary—Summary Historical and Unaudited Pro Forma Financial Data,” “Capitalization,” “Selected Historical Financial Data,” “Unaudited Pro Forma Combined Financial Statements” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” of the information statement. Those sections are incorporated herein by reference.

Item 3. Properties

The information required by this item is contained under the section “Business—Properties” of the information statement. That section is incorporated herein by reference.

Item 4. Security Ownership of Certain Beneficial Owners and Management

The information required by this item is contained under the section “Security Ownership of Certain Beneficial Owners and Management” of the information statement. That section is incorporated herein by reference.

Item 5. Directors and Executive Officers

The information required by this item is contained under the section “Management” of the information statement. That section is incorporated herein by reference.

Item 6. Executive Compensation

The information required by this item is contained under the section “Management” of the information statement. That section is incorporated herein by reference.

Item 7. Certain Relationships and Related Transactions, and Director Independence

The information required by this item is contained under the sections “Management” and “Certain Relationships and Related Party Transactions” of the information statement. Those sections are incorporated herein by reference.

Item 8. Legal Proceedings

The information required by this item is contained under the section “Business—Legal Proceedings” of the information statement. That section is incorporated herein by reference.

Item 9. Market Price of and Dividends on the Registrant’s Common Equity and Related Stockholder Matters

The information required by this item is contained under the sections “Risk Factors,” “The Spin-Off,” “Dividend Policy,” and “Description of Capital Stock” of the information statement. Those sections are incorporated herein by reference.

Item 10. Recent Sales of Unregistered Securities

Not applicable.

Item 11. Description of Registrant’s Securities to be Registered

The information required by this item is contained under the sections “Risk Factors—Risks Relating to Our Class A Common Stock,” “Dividend Policy” and “Description of Capital Stock” of the information statement. Those sections are incorporated herein by reference.

Item 12. Indemnification of Directors and Officers

The information required by this item is contained under the sections “Certain Relationships and Related Party Transactions—Agreements with Blackstone Related to the Spin-Off—Separation Agreement—Mutual Release and Indemnity,” “Certain Relationships and Related Party Transactions—Indemnification of Directors and Officers” and “Description of Capital Stock—Limitations on Liability and Indemnification of Officers and Directors” of the information statement. Those sections are incorporated herein by reference.

Item 13. Financial Statements and Supplementary Data

The information required by this item is contained under the sections “Selected Historical Financial Data,” “Unaudited Pro Forma Combined Financial Statements,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Description of Capital Stock,” and “Index to Financial Statements” and the statements referenced therein of the information statement. Those sections are incorporated herein by reference.

Item 14. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 15. Financial Statements and Exhibits

(a) Financial Statements

The information required by this item is contained under the section “Index to Financial Statements” beginning on page F-1 of the information statement. That section is incorporated herein by reference.

(b) Exhibits

The following documents are filed as exhibits hereto:

<u>Exhibit Number</u>	<u>Description</u>
2.1	Transaction Agreement by and among The Blackstone Group L.P., Blackstone Holdings I L.P., New Advisory GP L.L.C., PJT Partners Holdings LP (formerly known as New Advisory L.P.), PJT Capital LP, PJT Management, LLC and Paul J. Taubman, dated as of October 9, 2014*
2.2	Form of Separation and Distribution Agreement
3.1	Form of Amended and Restated Certificate of Incorporation of PJT Partners Inc.
3.1.1	Form of Certificate of Designations
3.2	Form of Amended and Restated Bylaws of PJT Partners Inc.
4.1	Form of Stockholder Rights Agreement
10.1	Form of Amended and Restated Limited Partnership Agreement of PJT Partners Holdings LP
10.2	Form of Exchange Agreement
10.3	Form of Tax Receivable Agreement
10.4	Form of Registration Rights Agreement
10.5	Form of PJT Partners Inc. 2015 Omnibus Incentive Plan
10.6	Form of Transition Services Agreement
10.7	Form of Tax Matters Agreement
10.8	Form of Employee Matters Agreement
10.9	Partner Agreement between PJT Partners Holdings LP (formerly known as New Advisory L.P.) and Paul J. Taubman, dated as of October 9, 2014*
10.10	Form of Credit Agreement*
10.11	Form of PJT Partners Inc. Bonus Deferral Plan
21.1	List of Subsidiaries of PJT Partners Inc.
99.1	Information Statement of PJT Partners Inc., dated August 11, 2015
99.2	Form of Notice of Internet Availability of Information Statement Materials

* To be filed by amendment.

SIGNATURES

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized.

PJT Partners Inc.

By: /s/ Michael S. Chae
Michael S. Chae
Authorized Person

Date: August 11, 2015

FORM OF 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 [•], 2015

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List of Exhibits

Exhibit A	PJT HoldCo Certificate of Incorporation
Exhibit B	PJT HoldCo Bylaws
Exhibit C	Second A&R PJT LP Agreement
Exhibit D	Employee Matters Agreement
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Exhibit G	Plan of Carbon Reorganization
Exhibit H	Tax Matters Agreement
Exhibit I	Tax Receivables Agreement
Exhibit J	Transition Services Agreement

SEPARATION AND DISTRIBUTION AGREEMENT

SEPARATION AND DISTRIBUTION AGREEMENT (this “**Agreement**”), dated as of [●], 2015, by and among (i) The Blackstone Group L.P., a Delaware limited partnership (“**BX**”), (ii) Blackstone Holdings I L.P., a Delaware limited partnership (“**Blackstone Holdings**”) and together with BX, collectively, the “**Blackstone Parties**”), (iii) New Advisory GP L.L.C., a Delaware limited liability company and wholly-owned subsidiary of Blackstone Holdings (“**Original PJT GP**”), (iv) PJT Partners Inc., a Delaware corporation (“**PJT HoldCo**”), and (v) PJT Partners Holdings LP (“**PJT LP**”), a Delaware limited partnership wholly-owned by Blackstone Holdings and certain of its Affiliates (as limited partners) and Original PJT GP (as general partner). Each of BX, Blackstone Holdings, Original PJT GP, PJT HoldCo and PJT LP are sometimes referred to herein as a “**Party**” and collectively, as the “**Parties**”.

WITNESSETH:

WHEREAS, BX, acting through its direct and indirect Subsidiaries, currently conducts a number of businesses, including the Carbon Business (as defined herein);

WHEREAS, the Parties are party to that certain Transaction Agreement, dated as of October 9, 2014 (as the same may be amended, restated or otherwise modified from time to time in accordance with its terms, the “**Transaction Agreement**”), among BX, Blackstone Holdings, Original PJT GP, PJT LP, PJTC, PJTM, the Founder and the other Seller Parties (as defined therein);

WHEREAS, the Board of Directors of Blackstone Group Management L.L.C. (the “**Board**”), as general partner of BX, has determined that it is appropriate, desirable and in the best interests of BX and the BX Common Unitholders (as defined herein) to separate the Carbon Business from Blackstone (the “**Separation**”) and to divest the Carbon Business in the manner contemplated by this Agreement and the Transaction Agreement;

WHEREAS, in order to effect the Separation, the Board has determined that it is appropriate, desirable and in the best interests of BX and the BX Common Unitholders (i) to enter into a series of transactions whereby PJT LP, either directly or through one or more direct or indirect Subsidiaries, will, collectively, own all of the Carbon Assets and assume (or retain) all of the Carbon Liabilities and (ii) for BX to distribute to the BX Common Unitholders on a pro rata basis (without consideration being paid by such unitholders) all of the issued and outstanding PJT Class A Shares held by BX upon the consummation of the Carbon Reorganization (as defined herein);

WHEREAS, each of the Parties has determined that it is necessary and desirable, at or prior to the Distribution and with effect from the Effective Time (as defined herein), (i) to allocate and transfer to the applicable Party or its Subsidiaries those Assets, and to allocate and assign to the applicable Party or its Subsidiaries responsibility for those Liabilities, in respect of the activities of the applicable Businesses of such entities, (ii) to consummate the Carbon Reorganization (as defined herein) and (iii) to allocate, transfer and/or assign, as applicable, to the applicable Party or its Subsidiaries those Assets and Liabilities in respect of other current and former businesses and activities of BX and its current and former Subsidiaries, in each case in accordance with this Agreement;

WHEREAS, it is the intention of the Parties that (i) the contributions of certain assets and liabilities relating to the Carbon Business to Big SpinCo and Little SpinCo by the applicable Distributing Corporation qualify as reorganizations within the meaning of Section 368(a)(1)(D) of the Internal Revenue Code of 1986, as amended (the “ Code ”) and that no gain or loss be recognized under Section 361 of the Code with respect to such contributions, (ii) the Big Spin and the Little Spin qualify as tax-free distributions under Sections 355 and 361 of the Code and that no gain or loss be recognized under Section 355 of the Code with respect to such distributions and (iii) the Merger qualifies as a reorganization pursuant to Section 368(a) of the Code; and

WHEREAS, the Parties desire to set forth the principal arrangements among them regarding the foregoing transactions and to make certain covenants and agreements specified herein in connection therewith and to prescribe certain conditions relating thereto.

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements, provisions and covenants contained in this Agreement, the Parties hereby agree as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATION

Section 1.1. General. As used in this Agreement, the following terms shall have the following meanings:

“ **Acquirer Regulatory Approvals** ” shall have the meaning set forth in the Transaction Agreement.

“ **Action** ” shall mean any action, cause of action, arbitration, assessment, hearing, claim, demand, suit, proceeding, citation, summons, subpoena, examination, audit, review, inquiry or investigation of any nature, civil, criminal, regulatory or otherwise, in law or in equity, by or before any Governmental Authority.

“ **Affiliate** ” shall mean, with respect to any Person at any point in time or during any period (including any future time or period), any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with such first Person as of such time or during such period; provided, however, that no Blackstone Fund or any portfolio company or investment of any such Blackstone Funds or any special purpose entity formed to acquire or hold any such portfolio company or investment, regardless of whether any such Blackstone Fund, portfolio company, investment or special purpose entity is consolidated with BX for purposes of financial reporting shall be an Affiliate of any member of the Blackstone Group for any purpose under this Agreement. The term “control” (including its correlative meanings “controlled by” and “under common control with”) means possession, directly or indirectly, of power to direct or cause the direction of management or policies (whether through ownership of securities or other ownership interests, by contract, or otherwise).

It is expressly agreed that no Party or member of any Group shall be deemed to be an Affiliate of another Party or member of such other Party's Group by reason of having one or more directors in common.

“ **Agreement** ” shall have the meaning set forth in the preamble.

“ **Agreement Disputes** ” shall have the meaning set forth in Section 10.1(a).

“ **Ancillary Agreements** ” shall mean all of the written Contracts, instruments, assignments, licenses, guarantees, indemnities or other arrangements (other than this Agreement) entered into in connection with the transactions contemplated hereby and by the Transaction Agreement, including the Conveyancing and Assumption Instruments, the Exchange Agreement, the Registration Rights Agreement, the Tax Receivable Agreement, the Employee Matters Agreement, the Tax Matters Agreement, the Transition Services Agreement and the Omnibus Reorganization Agreement.

“ **Applicable Law** ” shall mean, with respect to any Person, any Law (including those of FINRA or any other self-regulatory organization) or any agreement with any Governmental Authority applicable to and legally binding on such Person or to which any of such Person's properties or other assets is subject, as amended unless expressly specified otherwise.

“ **Assets** ” shall mean assets, properties, claims and rights (including goodwill), and the right to retain all monies, proceeds and recoveries therefrom, wherever located (including in the possession of vendors or other third parties or elsewhere), of every kind, character and description, whether real, personal or mixed, tangible, intangible or contingent, in each case whether or not recorded or reflected or required to be recorded or reflected on the Records or financial statements of any Person, including the following:

- (i) all accounting and other legal and business books, records, ledgers and files whether printed, electronic or written;
- (ii) all apparatuses, fixtures, machinery, equipment, furniture, office equipment, IT Assets and other tangible personal property;
- (iii) all interests in and rights with respect to real property of whatever nature, including easements, whether as owner, mortgagee or holder of a Security Interest in real property, lessor, sublessor, lessee, sublessee or otherwise;
- (iv) all interests in any capital stock or other equity interests of any Subsidiary or any other Person, all bonds, notes, debentures or other securities issued by any Subsidiary or any other Person, all loans, advances or other extensions of credit or capital contributions to any Subsidiary or any other Person and all other investments in securities of any Person;
- (v) all licenses, Contracts, leases of personal property and other Contracts or commitments;

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- (vi) all deposits, letters of credit and performance and surety bonds;
 - (vii) all Information;
 - (viii) all Intellectual Property and all physical or tangible items embodying or incorporating same (including source code, documentation, and website and social media content);
 - (ix) all prepaid expenses, trade accounts and other accounts and notes receivables;
 - (x) all rights under Contracts, all claims or rights against any Person, causes in action or similar rights, whether accrued or contingent;
 - (xi) all rights under insurance policies and all rights in the nature of insurance, indemnification or contribution;
 - (xii) all licenses, permits, approvals and authorizations which have been issued by any Governmental Authority;
 - (xiii) all cash or cash equivalents, bank accounts, lock boxes and other third-party deposit arrangements; and
 - (xiv) all interest rate, currency, commodity or other swap, collar, cap or other hedging or similar Contracts or arrangements.

“ **Assume** ” shall have the meaning set forth in Section 2.3(a); and the terms “ **Assumed** ” and “ **Assumption** ” shall have their correlative meanings.

“ **BAP** ” shall mean Blackstone Advisory Partners L.P., a Delaware limited partnership.

“ **BAP Engagement Letters** ” shall mean any engagement letter, indemnification letter or similar letter entered into with a client or prospective client by BAP, The Blackstone Group International Partners LLP, The Blackstone Group Germany GmbH, The Blackstone Group (HK) Limited or The Blackstone Group Japan K.K. which relates exclusively or primarily to the Carbon Business, including those set forth on Schedule 1.1(A) (as such schedule may be updated from time to time until the Closing).

“ **Big Spin** ” shall have the meaning set forth in the Tax Matters Agreement.

“ **Big SpinCo** ” shall have the meaning set forth in the Tax Matters Agreement.

“ **Blackstone** ” shall have the meaning set forth in the preamble.

“ **Blackstone Funds** ” shall mean, collectively, any investment vehicle (whether open-ended or closed-ended), including an investment fund or company, a general or limited partnership, a trust, a company or other business entity organized in any jurisdiction, that is (i)

sponsored or promoted by any of the Blackstone Parties or their Affiliates, (ii) for which any of the Blackstone Parties or their Affiliates acts as a general partner or managing member (or in a similar capacity) or (iii) for which any of the Blackstone Parties or their Affiliates acts as an investment adviser or investment manager.

“ **Blackstone Group** ” shall mean BX and each Person (other than any member of the PJT Group) that is a direct or indirect Subsidiary of BX as of the date hereof, and each Business Entity that is formed as or otherwise becomes a Subsidiary of Blackstone after the date hereof and prior to the Effective Time, which shall include BAP.

“ **Blackstone Holdings** ” shall have the meaning set forth in the preamble.

“ **Blackstone Indemnitees** ” shall mean BX, each member of the Blackstone Group, each of their respective current and former directors, officers, employees and agents and each of the heirs, executors, successors and assigns of any of the foregoing, and each Person who controls any member of the Blackstone Group within the meaning of either the Securities Act or the Exchange Act, except, in each case, the PJT Indemnitees.

“ **Blackstone Marks** ” all Trademarks containing “BLACKSTONE”, “BX”, “BAP”, “BLACKSTONE ADVISORY PARTNERS”, “GSO” or “IRBD”, including, in each case, any abbreviation or derivative thereof.

“ **Blackstone Parties** ” shall have the meaning set forth in the preamble.

“**Blackstone Retained Assets**” shall have the meaning set forth in Section 2.2(b).

“ **Blackstone Retained Business** ” shall mean all businesses (other than the Carbon Business) operated by any member of the Blackstone Group, including: (i) Blackstone’s capital markets and related capital markets services business, Blackstone’s private wealth unit and businesses and activities related to the funds of Blackstone and its Affiliates, including “IRBD” and “GSO”, (ii) (w) the Private Equity segment of BX, (x) the Real Estate segment of BX, (y) the Hedge Fund Solutions segment of BX and (z) the Credit segment of BX, in each of clauses (w) through (z), as described in the most recent annual report on Form 10-K of BX filed with the Commission, (iii) any other business conducted exclusively or primarily through the use of the Blackstone Retained Assets prior to the Distribution, (iv) Blackstone’s ownership of equity in Pátria Investments limited and Pátria Investimentos Ltda., and (v) the businesses and operations of Business Entities acquired or established by or for Blackstone or any of its Subsidiaries in connection with the operation of the Blackstone Retained Business after the date of this Agreement.

“ **Blackstone Retained Contracts** ” shall mean the following Contracts (or parts thereof) to which BX or any of its Subsidiaries is a party or by which it or any of its Subsidiaries or any of their respective Assets is bound, whether or not in writing, except for any such Contract (or part thereof) that is expressly contemplated to be Transferred, or to remain with, a member of the PJT Group pursuant to any provision of this Agreement or any Ancillary Agreement:

(i) any Contract that exclusively or primarily relates to the Blackstone Retained Business;

(ii) any Contract (or part thereof), that is otherwise expressly contemplated pursuant to this Agreement (including pursuant to Section 2.4) or any of the Ancillary Agreements to be assigned to or retained by any member of the Blackstone Group; and

(iii) any Contract set forth on Schedule 1.1(B).

“ **Blackstone Retained Information** ” shall have the meaning set forth in Section 8.5(b).

“ **Blackstone Retained Liabilities** ” shall have the meaning set forth in Section 2.3(b).

“ **Build-Out Costs** ” shall mean the reasonable and documented out-of-pocket costs and expenses in connection with (a) fixed assets necessary for occupancy of the Carbon Offices including leasehold improvements (e.g., partitions, doors, ceiling and carpet), furniture (fixed and loose) and signage, (b) the outfitting of the Carbon Offices with office equipment (e.g., printers, copiers and supplemental cooling equipment), computer hardware (including personal computers and racks for the technology room) and communications equipment, (c) one-time upfront implementation of software systems and (d) the items set forth on Schedule 7.10, in the case of each of clauses (a), (b) and (c), solely to the extent incurred or otherwise in respect of work completed prior to the Closing Date.

“ **Board** ” shall have the meaning set forth in the preamble.

“ **Business** ” shall mean the Blackstone Retained Business or the Carbon Business, as applicable.

“ **Business Day** ” shall mean any day other than a day on which banks in New York City are required or authorized by Law to close.

“ **Business Entity** ” shall mean any corporation, partnership, limited liability company, joint venture or other entity which may legally hold title to Assets.

“ **BX** ” shall have the meaning set forth in the preamble.

“ **BX Common Units** ” shall mean the issued and outstanding common units representing limited partner interests of BX.

“ **BX Common Unitholders** ” shall mean holders of BX Common Units.

“**Carbon Assets**” shall have the meaning set forth in Section 2.2(a).

“ **Carbon Business** ” shall mean the BX businesses (conducted through certain of its Subsidiaries) of (i) providing financial and strategic advisory services (which does not

include, for the avoidance of doubt, BX's capital markets and related capital markets services business, BX's private wealth unit and wealth management services business, and businesses and activities related to the funds of BX and its Affiliates, including those that are designated by BX as "IRBD" or "GSO"), (ii) restructuring and reorganization advisory services and (iii) fund placement services (conducted through the Park Hill Group).

"**Carbon Contracts**" shall mean the following Contracts (or parts thereof, subject to Section 2.4) to which BX or any of its Subsidiaries is a party or by which it or any of its Subsidiaries or any of their respective Assets is bound, whether or not in writing, except for any such Contract (or part thereof) that is expressly contemplated to be Transferred to, or to remain with, a member of the Blackstone Group, pursuant to any provision of this Agreement or any Ancillary Agreement:

- (i) any Contract that relates exclusively or, subject to Section 2.4, primarily to the Carbon Business (or the Combined Business to the extent owned by the PJT Group);
- (ii) any BAP Engagement Letter;
- (iii) any Contract (or part thereof), that is otherwise expressly contemplated pursuant to this Agreement (including pursuant to Section 2.4) or any of the Ancillary Agreements to be assigned to any member of the PJT Group; and
- (iv) any Contract set forth on Schedule 1.1(C).

"**Carbon Liabilities**" shall have the meaning set forth in Section 2.3(a).

"**Carbon Offices**" shall mean the offices of the PJT Group located at the locations set forth on Schedule 1.1(D).

"**Carbon Reorganization**" shall have the meaning set forth in Section 3.2.

"**Carbon Target Cash Balance**" shall mean an amount equal to \$25,000,000; provided, however, that in the event the Effective Time AR is less than \$[●], the Carbon Target Cash Balance shall mean an amount equal to \$25,000,000 plus the amount by which the Effective Time AR is less than \$[●].

"**Closing**" shall have the meaning given to such term in the Transaction Agreement.

"**Closing Date**" shall have the meaning given to such term in the Transaction Agreement.

"**Code**" shall have the meaning set forth in the preamble.

"**Combined Business**" shall mean the Carbon Business and the PJT Business as operated during the Interim Period.

"**Commission**" shall mean the United States Securities and Exchange Commission.

“ **Confidential Information** ” shall mean all non-public, confidential or proprietary Information (x) concerning a Party and/or its Subsidiaries or their past, current or future affairs, activities, strategies, Businesses or operations, (y) of a Party’s and/or its Subsidiaries’ former, existing or prospective clients or (z) that was provided to a Party by a third party in confidence, except for any Information that (i) is publicly available through no fault of the receiving Party or its Subsidiaries, (ii) is lawfully acquired by such Party or its Subsidiaries from other sources, (iii) is independently developed by the receiving Party, (iv) must be disclosed for a Party to enforce its rights under this Agreement or an Ancillary Agreement, provided that the receiving Party promptly notifies the disclosing Party of any such requirement and discloses no more Information than is so required or (v) is required to be disclosed pursuant to Applicable Law (including in connection with financial statements or Tax Returns), stock exchange rule, subpoena or legal process, provided that the receiving Party promptly notifies the disclosing Party of any such requirement, discloses no more Information than is so required and cooperates at the disclosing Party’s expense in any attempt to obtain a protective order or similar treatment.

“ **Consents** ” shall mean any consents, waivers or approvals from, or notification requirements to, any Person other than a Governmental Authority.

“ **Contract** ” shall mean any agreement, contract, subcontract, obligation, binding understanding, note, indenture, instrument, option, lease, promise, arrangement, release, warranty, license, sublicense, insurance policy, benefit plan, purchase order or legally binding commitment or undertaking of any nature (whether written or oral and whether express or implied).

“ **Conveyancing and Assumption Instruments** ” shall mean, collectively, the various Contracts and other documents entered into to effect the Transfer of Assets and the Assumption of Liabilities in the manner contemplated by this Agreement and the Ancillary Agreements as each may be amended or modified from time to time, or otherwise relating to, arising out of or resulting from the transactions contemplated by this Agreement, including any IP Assignments, in such form or forms as are consistent with the requirements of Section 2.7 and are agreed by the Founder and Blackstone, acting reasonably.

“ **CPR Rules** ” shall have the meaning set forth in Section 10.1(a).

“ **Default Interest Rate** ” shall mean a rate of LIBOR plus 500 basis points calculated on the basis of a year of three-hundred sixty (360) days.

“ **Distributing Corporation** ” shall have the meaning set forth in the Tax Matters Agreement.

“ **Distribution** ” shall mean the distribution (immediately following the Closing and the consummation of the Carbon Reorganization) on the Closing Date to holders of record of BX Common Units as of the Distribution Record Date of the PJT Class A Shares owned by BX.

“ **Distribution Agent** ” shall mean the distribution agent selected by Blackstone in connection with the Distribution.

“ **Distribution Record Date** ” shall mean such date and time as may be determined by the Board as the record date for the Distribution, in accordance with Applicable Law.

“ **Effective Time** ” shall mean 12:01 a.m., Eastern Time on the Closing Date.

“ **Effective Time AR** ” shall mean the total amount of accounts receivable included in the Carbon Assets at the Effective Time.

“ **Employee Matters Agreement** ” shall mean the Employee Matters Agreement by and among certain members of the Blackstone Group and certain members of the PJT Group, in the form attached hereto as Exhibit D.

“ **Exchange Act** ” shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission thereunder, all as the same shall be in effect at the time that reference is made thereto.

“ **Exchange Agreement** ” shall mean the Exchange Agreement by and among PJT LP and its limited partners, in the form attached hereto as Exhibit E.

“ **FINRA** ” shall mean the Financial Industry Regulatory Authority.

“ **Force Majeure** ” shall mean, with respect to a Party, an event beyond the control of such Party (or any Person acting on its behalf), which by its nature could not have been foreseen by such Party (or such Person), or, if it could have been foreseen, was unavoidable, and includes acts of God, storms, floods, riots, labor unrest, pandemics, nuclear incidents, fires, sabotage, civil commotion or civil unrest, interference by civil or military authorities, acts of war (declared or undeclared) or armed hostilities or other national or international calamity or one or more acts of terrorism or failure of energy sources or distribution facilities. Notwithstanding the foregoing, the receipt by a Party of a hostile takeover offer, even if unforeseen or unavoidable, and such Party’s response thereto shall not be deemed an event of Force Majeure.

“ **Founder** ” shall mean Mr. Paul J. Taubman.

“ **Framework Agreement** ” shall mean the agreement dated as of October 9, 2014 by and among BX, Blackstone Holdings, Original PJT GP, PJT LP, PJTC, PJTM and the Founder.

“ **GAAP** ” shall mean the generally accepted accounting principles in the United States.

“ **Governmental Authority** ” means any U.S., foreign, federal, national, state or local government or political subdivision thereof, any entity, agency, authority or body exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, any court, tribunal or arbitrator, and any self-regulatory organization.

“ **Group** ” shall mean the Blackstone Group or the PJT Group, as applicable.

“ **Guarantee Release** ” shall have the meaning set forth in Section 7.7(b).

“ **ICC Rules** ” shall have the meaning set forth in Section 10.1(a).

“ **Income Taxes** ” shall have the meaning set forth in the Tax Matters Agreement.

“ **Indemnifiable Loss** ” and “ **Indemnifiable Losses** ” shall mean any and all damages, losses, deficiencies, Liabilities, obligations, penalties, judgments, settlements, claims, payments, fines, interest, costs and expenses (including the costs and expenses of any and all Actions and demands, assessments, judgments, settlements and compromises relating thereto and the reasonable costs and expenses of attorneys’, accountants’, consultants’ and other professionals’ fees and expenses incurred in the investigation or defense thereof or the enforcement of rights hereunder), excluding special, consequential, indirect and punitive damages (other than special, consequential, indirect and/or punitive damages awarded to any third party against an Indemnitee) and Taxes and any other amounts payable pursuant to the Tax Matters Agreement.

“ **Indemnifying Party** ” shall have the meaning set forth in Section 8.4(b).

“ **Indemnitee** ” shall have the meaning set forth in Section 8.4(b).

“ **Information** ” shall mean information, content and data in written, oral, electronic, computerized, digital, social, mobile or other tangible or intangible media, including studies, reports, records, books, contracts, instruments, surveys, lists, designs, specifications, drawings, blueprints, diagrams, models, prototypes, samples, flow charts, data, computer data, disks, diskettes, tapes, marketing plans, customer names, information and content collected by websites and social media pages and venues, communications by or to attorneys (including attorney-client privileged communications), memos and other materials prepared by attorneys or under their direction (including attorney work product), communications and other materials otherwise related to or made or prepared in connection with or in preparation for any legal proceeding, and other technical, research, financial, employee or business information or data, documents, analyses, correspondence, materials, product literature, files, policies, procedures and manuals including any prepared by consultants and other third parties.

“ **Insurance Proceeds** ” shall mean those monies actually received by an insured from an insurance carrier, net of (i) any costs or expenses incurred by, or on behalf of, an insured in pursuing or obtaining such monies and (ii) any resulting increase to premiums (including future premiums) or deductibles in respect of the insurance coverage pursuant to which such monies were received.

“ **Intellectual Property** ” shall mean U.S. and foreign intellectual property, including (i) patents and patent applications, together with all reissues, continuations, continuations-in-part, divisionals, extensions and reexaminations thereof; (ii) copyrights and copyrightable works (including software, code, applications, databases, website content, documentation and related items in any and all forms and media), and registrations and applications to register or renew the registration of any of the foregoing; (iii) trade secrets and confidential or proprietary information including know-how, inventions, discoveries and improvements; and (iv) Trademarks.

“ **Interim Period** ” shall mean the period beginning on (and including) January 1, 2015 up to (and including) the last day prior to the Closing Date.

“ **IP Assignments** ” shall mean the trademark assignments, copyright assignments and domain name assignments to be entered into to effect the Transfer of Assets and the Assumption of Liabilities in the manner contemplated by this Agreement.

“ **IT Assets** ” shall mean computer hardware and other electronic data processing, information technology and communications equipment, systems and infrastructure (including Software but excluding personal computers and mobile devices).

“ **Knowledge of the Blackstone Parties** ” shall have the meaning ascribed to the term “Knowledge of Acquirer” in the Transaction Agreement.

“ **Law** ” shall mean any domestic or foreign, federal, state or local statute, law, ordinance, rule, administrative code, administrative interpretation, regulation, order, writ, injunction, directive, judgment, decree, policy, ordinance, decision, guideline or other requirement of any Governmental Authority.

“ **Liabilities** ” shall mean any and all debts, liabilities, costs, expenses, interest and obligations, whether accrued or fixed, absolute or contingent, matured or unmatured, reserved or unreserved, determined or determinable, and including those arising under any Law, claim, demand, Action, whether asserted or unasserted, or order, writ, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Authority and those arising under any Contract or any fines, damages or equitable relief which may be imposed and including all costs and expenses related thereto regardless of (i) when or where they arose or arise, (ii) whether the facts upon which they are based occurred prior to, on or subsequent to the Effective Time or (iii) where or against whom they are asserted or determined.

“ **Liable Party** ” shall have the meaning set forth in Section 2.9(b).

“ **LIBOR** ” shall mean during any period, an interest rate per annum equal to the one-year LIBOR reported, on the date two days prior to the first day of such period, on the Telerate Page 3750 (or if such screen shall cease to be publicly available, as reported on Reuters Screen page “LIBOR01” or by any other publicly available source of such market rate) for London interbank offered rates for U.S. dollar deposits for such period.

“ **Little Spin** ” shall have the meaning set forth in the Tax Matters Agreement.

“ **Little SpinCo** ” shall have the meaning set forth in the Tax Matters Agreement.

“ **Merger** ” shall mean the merger of Little SpinCo with and into PJT HoldCo, with PJT HoldCo surviving.

“ **NYSE** ” shall mean the New York Stock Exchange.

“ **Omnibus Reorganization Agreement** ” shall mean an Omnibus Reorganization Agreement to be entered into by certain members of the Blackstone Group and the PJT Group to effect the Carbon Reorganization, in such form as is agreed by the Founder and Blackstone, acting reasonably.

“ **Original PJT GP** ” shall have the meaning set forth in the preamble.

“ **Other Party** ” shall have the meaning set forth in Section 2.9(a).

“ **Park Hill Group** ” shall mean PHG, PHG CP and each Person that is a direct or indirect Subsidiary of PHG at the Effective Time.

“ **Park Hill Marks** ” all Trademarks containing “PARK HILL” or any abbreviation or derivative thereof.

“ **Party** ” shall have the meaning set forth in the preamble.

“ **Person** ” shall mean any individual, corporation, company, partnership (limited or general), limited liability company, joint venture, association, trust, unincorporated organization or other entity.

“ **PHG** ” shall mean PHG Holdings LLC, a Delaware limited liability company.

“ **PHG CP** ” shall mean PHG CP Inc., a Delaware corporation.

“ **PJT Class A Shares** ” shall mean the shares of Class A common stock of PJT HoldCo, par value \$0.01 per share.

“ **PJT Entities** ” shall mean PJTM, PJTC and any of their respective Subsidiaries.

“ **PJT HoldCo** ” shall have the meaning set forth in the preamble.

“ **PJT HoldCo Bylaws** ” shall have the meaning set forth in Section 3.1.

“ **PJT HoldCo Certificate of Incorporation** ” shall have the meaning set forth in Section 3.1.

“ **PJT HoldCo Registration Statement** ” shall mean that certain registration statement on Form 10 or other appropriate form to be filed by PJT HoldCo with the Commission in connection with the transactions contemplated hereby.

“ **PJT Indemnitees** ” shall mean PJT HoldCo and each of its Subsidiaries as of the Effective Time and their respective current and former directors, officers, employees and agents and each of the heirs, executors, successors and assigns of any of the foregoing.

“ **PJTC** ” shall mean PJT Capital LP, a Delaware limited partnership.

“ **PJT Business** ” shall mean the business and operations of the PJT Entities.

“ **PJT Group** ” shall mean PJT HoldCo, PJT LP, the PJT Entities, the Park Hill Group and each other Person that is a direct or indirect Subsidiary of PJT LP immediately after the Effective Time, and each Person that becomes a direct or indirect Subsidiary of PJT LP after the Effective Time.

“**PJT LP**” shall have the meaning set forth in the preamble.

“**PJT Revolver**” shall have the meaning set forth in Section 3.4(b).

“**PJTM**” shall mean PJT Management, LLC, a Delaware limited liability company and the general partner of PJTC.

“**Records**” shall mean copies of any Contracts, data, documents, books, records or files (including e-mails).

“**Registration Rights Agreement**” shall mean the Registration Rights Agreement by and among PJT LP and its limited partners, in the form attached hereto as Exhibit F.

“**Representatives**” shall mean for any Person, the officers, directors, employees, counsel, financial advisors, auditors, consultants, agents (including any placement agents), any associated person and other representatives of such person.

“**Restricted Business Lines**” shall have the meaning set forth in Section 7.4(b)(ii).

“**Second A&R PJT LP Agreement**” shall have the meaning set forth in Section 3.1.

“**Securities Act**” shall mean the Securities Act of 1933, as amended, and the rules and regulations of the Commission thereunder, all as the same shall be in effect at the time that reference is made thereto.

“**Security Interest**” shall mean any mortgage, security interest, pledge, lien, charge, claim, option, right to acquire, right of first refusal, deed of trust, voting or other restriction, right-of-way, covenant, condition, easement, servitude, encroachment, permit restriction, restriction on transfer, restrictions or limitations on use of real personal property or any other encumbrance of any nature whatsoever, excluding, however, restrictions on transfer under securities Laws.

“**Seller Parties**” shall have the meaning set forth in the Transaction Agreement.

“**Separation**” shall have the meaning set forth in the preamble.

“**Shared Contract**” shall have the meaning set forth in Section 2.4(a).

“**Shared Information**” shall mean all Information used in both the Carbon Business and the Blackstone Retained Business.

“**Software**” shall mean all computer programs (whether in source code, object code, or other form), algorithms, databases, compilations and data, and technology supporting the foregoing, and all documentation, including flowcharts and other logic and design diagrams, technical, functional and other specifications, and user and training materials and other tangible embodiments related to any of the foregoing. For clarity, the above shall not include any Intellectual Property incorporated in such items.

“ **Solvency Opinion** ” shall have the meaning set forth in Section 7.1(b).

“ **Specified Action** ” shall have the meaning set forth in Section 2.3(a)(ii).

“ **Subsidiary** ” shall mean with respect to any Person (i) a corporation, fifty percent (50%) or more of the voting or capital stock of which is, as of the time in question, directly or indirectly owned by such Person and (ii) any other partnership, joint venture, association, joint stock company, trust, unincorporated organization or other entity in which such Person, directly or indirectly, owns fifty percent (50%) or more of the equity economic interest thereof or has the power to elect or direct the election of fifty percent (50%) or more of the members of the governing body of such entity or otherwise has control over such entity (e.g., as the general partner of a partnership, managing or sole member of a limited liability company or in a similar capacity), but shall not mean any Blackstone Funds or any portfolio company or investment of such Blackstone Funds or any special purpose entity formed to acquire or hold any such portfolio company or investment, regardless of whether any such Blackstone Fund, portfolio company, investment or special purpose entity is consolidated with BX for purposes of financial reporting.

“ **Target** ” shall have the meaning set forth in Section 7.4(b)(ii).

“ **Tax** ” shall have the meaning set forth in the Tax Matters Agreement.

“ **Tax Benefits** ” shall mean, with respect to an Indemnifiable Loss, Tax benefits actually realized in cash (or as a reduction in cash Taxes otherwise payable) by an Indemnitee that is a member of a Group (or any other member of its Group) in connection with such Indemnifiable Loss. The determination of whether there has been a Tax Benefit and the amount thereof shall be made in the reasonable discretion of the Indemnitee (exercised in good faith).

“ **Tax Contest** ” shall have the meaning of the definition of “Proceeding” as set forth in the Tax Matters Agreement.

“ **Tax Matters Agreement** ” shall mean the Tax Matters Agreement by and among BX, Blackstone Holdings I/II GP Inc., a Delaware corporation, PJT HoldCo, PJT LP, StoneCo IV Corporation, a Delaware corporation, PJTC, PJTM, and the Seller Parties, substantially in the form attached hereto as Exhibit H.

“ **Tax Receivable Agreement** ” shall mean the Tax Receivable Agreement by and among PJT HoldCo, PJT LP and each of the other parties thereto, substantially in the form attached hereto as Exhibit I.

“ **Tax Return** ” shall have the meaning set forth in the Tax Matters Agreement.

“ **Third Party Claim** ” shall have the meaning set forth in Section 8.4(b).

“ **Third Party Proceeds** ” shall mean, with respect to an Indemnifiable Loss, proceeds actually received by an Indemnitee from any third party for indemnification for such Indemnifiable Loss that actually reduce the amount of the Indemnifiable Loss, net of any costs or expenses incurred by, or on behalf of, the Indemnitee in pursuing or obtaining such proceeds.

“ **Trademarks** ” shall mean all U.S. and foreign trademarks, service marks, corporate names, trade names, domain names, social media identifiers, logos, slogans, designs, trade dress and other similar designations of source or origin, together with the goodwill symbolized by any of the foregoing.

“ **Transaction Agreement** ” shall have the meaning set forth in the preamble.

“ **Transfer** ” shall have the meaning set forth in Section 2.2(a); and the term “Transferred” shall have its correlative meaning.

“ **Transition Services Agreement** ” shall mean the Transition Services Agreement by and between Blackstone Holdings and PJT LP, substantially in the form attached hereto as Exhibit J.

Section 1.2. References; Interpretation. References in this Agreement to any gender include references to all genders, and references to the singular include references to the plural and vice versa. Unless the context otherwise requires, the words “include”, “includes” and “including” when used in this Agreement shall be deemed to be followed by the phrase “without limitation”. Unless the context otherwise requires, references in this Agreement to Articles, Sections, Annexes, Exhibits and Schedules shall be deemed references to Articles and Sections of, and Annexes, Exhibits and Schedules to, this Agreement. The word “extent” in the phrase “to the extent” means the degree to which a subject or other thing extends, and such phrase does not simply mean “if”. Reference to any agreement, document or instrument means such agreement, document or instrument as amended or otherwise modified from time to time in accordance with the terms thereof, and if applicable hereof. Unless the context otherwise requires, the words “hereof”, “hereby” and “herein” and words of similar meaning when used in this Agreement refer to this Agreement in its entirety and not to any particular Article, Section or provision of this Agreement. All accounting terms shall have their respective meanings under GAAP. All references to any period of days shall be to the relevant number of calendar days unless otherwise specified. All references to dollars or \$ shall be references to United States dollars.

ARTICLE II

THE SEPARATION

Section 2.1. General. Subject to the terms and conditions set forth in this Agreement and the Transaction Agreement, each of the Parties shall use its reasonable best efforts to cause the Separation and the Distribution to occur as promptly as practicable on the terms contemplated hereby, including using its reasonable best efforts to obtain all consents, permits, authorizations and approvals of, and to make all filings, notifications or registrations with, all Governmental Authorities and other Persons and to execute and deliver, and to cause their respective Group members to execute and deliver such instruments of transfer, in each case, which are necessary for the consummation of the transactions contemplated by this Agreement

and the Ancillary Agreements; provided that, subject to the requirements of Section 6.4 of the Transaction Agreement in respect of the obligations of the Parties to obtain the Acquirer Regulatory Approvals under the Transaction Agreement, no Party shall be required to make any payment (except to the extent advanced, Assumed or agreed in advance to be reimbursed by any member of the other Group) other than for fees and disbursements of outside counsel and any other advisors, commit to any third party on behalf of itself or any member of its Group to assume any material obligations or offer or grant any material concession to obtain any such consent, permit, authorization or approval; and provided further, that neither Party shall be obligated to consummate the transactions contemplated hereby prior to September 30, 2015. This Agreement supersedes and replaces the Framework Agreement.

Section 2.2. Transfer of Assets; Blackstone Retained Assets. At or prior to the Distribution and with effect from the Effective Time and to the extent not already completed (but subject to Section 2.6, pursuant to which some of such Transfers may occur following the Effective Time in accordance with such Section 2.6), pursuant to the Conveyancing and Assumption Instruments and/or the Omnibus Reorganization Agreement:

(a) BX shall, and shall cause its Subsidiaries, as applicable, to, transfer, contribute, assign and convey or cause to be transferred, contributed, assigned and conveyed (“**Transfer**”) to PJT LP or one or more of its Subsidiaries, effective no later than the Effective Time, all of its and its Subsidiaries’ right, title and interest in and to the following Assets (the “**Carbon Assets**”):

(i) 100% of the equity interests in the Park Hill Group and all rights of any member of the Blackstone Group in the Park Hill Marks;

(ii) the assets of BAP that are exclusively or primarily used, or held for exclusive or primary use, in (x) the financial and strategic advisory services conducted by BAP and/or (y) the restructuring and reorganization advisory services conducted by BAP;

(iii) cash and cash equivalents in an amount equal to the Carbon Target Cash Balance;

(iv) all Carbon Contracts, any rights or claims arising thereunder, and any other rights or claims or contingent rights or claims primarily relating to or arising from any Carbon Asset or the Carbon Business (or the Combined Business to the extent owned by the PJT Group);

(v) the Assets set forth on Schedule 2.2(a)(v) and any and all Assets that are expressly contemplated by this Agreement or any Ancillary Agreement as Assets which have been or are to be Transferred to PJT LP or any other member of the PJT Group, including any Assets Transferred or to be Transferred to a member of the PJT Group pursuant to any Conveyancing and Assumption Instrument;

(vi) the licenses and permits issued or granted by any Governmental Authority to BX or any of its Subsidiaries listed on Schedule 2.2(a)(vi).

(vii) (A) sole ownership of all Information, including all originals and copies thereof (subject to Section 8.5(b)), used exclusively in the Carbon Business (or the Combined Business to the extent owned by the PJT Group) and (B) co-ownership and the right to retain copies of all Shared Information;

(viii) any and all furnishings and office equipment located at a physical site to the extent the ownership or leasehold interest with respect to such physical site is being Transferred to PJT LP or any other member of the PJT Group; provided, that personal computers (including mobile devices) shall be Transferred to PJT LP or any other member of the PJT Group only if, following the Effective Time, a member of the PJT Group employs the applicable employee who, prior to the Effective Time, used such personal computer or mobile device; and

(ix) except as expressly set forth herein, any and all Assets otherwise owned or held immediately prior to the Effective Time by any member of the Blackstone Group that are exclusively or primarily used, or held for exclusive or primary use, in the Carbon Business (or the Combined Business to the extent owned by the PJT Group).

Notwithstanding the foregoing, the Carbon Assets shall not include any Assets expressly contemplated by this Agreement to be Blackstone Retained Assets.

In the event of any inconsistency or conflict that may arise in the application or interpretation of this definition or the definition of “Blackstone Retained Assets”, for purposes of determining what is and is not a Carbon Asset the explicit inclusion of an item on a Schedule referred to in this definition shall take priority over any textual provision of this definition or the definition of “Blackstone Retained Assets” that would otherwise operate to exclude such Asset from the definition of “Carbon Assets”.

(b) PJT HoldCo shall, and shall cause the other members of the PJT Group, as applicable, to, Transfer, effective no later than the Effective Time, to BX or another member of the Blackstone Group, as directed by BX, all of its and its Subsidiaries’ right, title and interest in and to all assets owned, held or used by BX and any of its Affiliates not included as a Carbon Asset (the “ **Blackstone Retained Assets** ”), including:

(i) any and all Assets owned or held immediately prior to the Effective Time by any member of the Blackstone Group or the PJT Group that exclusively or primarily relate to, or are held for exclusive or primary use in, the Blackstone Retained Business;

(ii) the ownership interests in those Business Entities that are included in the definition of Blackstone Group, including BAP;

(iii) any Blackstone Retained Contract, any rights or claims arising thereunder, and any other rights or claims or contingent rights or claims exclusively or primarily relating to or arising from any Blackstone Retained Asset or the Blackstone Retained Business;

(iv) any license or permit issued or granted by any Governmental Authority to BX or any of its Subsidiaries other than those listed on Schedule 2.2(a)(vi).

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- (v) all cash and cash equivalents of BX and its Subsidiaries in excess of the Carbon Target Cash Balance;
 - (vi) the Blackstone Marks;
 - (vii) (A) sole ownership of all Information, including all originals and copies thereof (subject to Section 8.5(b)), used exclusively in the Blackstone Retained Business and (B) co-ownership and the right to retain copies of all Shared Information;
 - (viii) the Assets set forth on Schedule 2.2(b)(viii) and any and all Assets that are expressly contemplated by this Agreement or any Ancillary Agreement as Assets that have been or that are to be Transferred to or retained by BX or any other member of the Blackstone Group; and
 - (ix) any and all furnishings and office equipment located at a physical site to the extent the ownership or leasehold interest with respect to such physical site is being Transferred to or retained by BX or any other member of the Blackstone Group; provided, that personal computers shall be Transferred to or retained by such member of the Blackstone Group if, following the Effective Time, a member of the Blackstone Group employs the applicable employee who, prior to the Effective Time, used such personal computer.

Notwithstanding the foregoing, the Blackstone Retained Assets shall not include any Assets expressly contemplated by this Agreement to be Carbon Assets.

In the event of any inconsistency or conflict that may arise in the application or interpretation of this definition or the definition of “Carbon Assets”, for purposes of determining what is and is not a Blackstone Retained Asset the explicit inclusion of an item on a Schedule referred to in this definition shall take priority over any textual provision of this definition or the definition of “Carbon Assets” that would otherwise operate to exclude such Asset from the definition of “Blackstone Retained Assets”.

Section 2.3. Assumption and Satisfaction of Liabilities .

(a) Except as otherwise specifically set forth in any Ancillary Agreement, from and after the Effective Time, PJT LP shall, or shall cause one of its Subsidiaries to, accept, assume (or, as applicable, retain) and perform, discharge and fulfill, in accordance with their respective terms (“**Assume**”) the following specifically identified Liabilities (collectively, the “**Carbon Liabilities**”), regardless of (A) when or where such Liabilities arose or arise, (B) whether the facts upon which they are based occurred prior to, on or subsequent to the Effective Time or (C) where or against whom such Liabilities are asserted or determined:

(i) any and all Liabilities to the extent exclusively or primarily relating to, arising out of or resulting from the Carbon Business, the Combined Business or the ownership of Carbon Assets;

(ii) all Liabilities in respect of those Actions set forth on Schedule 2.3(a)(ii) and, to the extent not, to the Knowledge of the Blackstone Parties, pending or threatened

as of the date hereof, any other Action exclusively or primarily relating to, arising out of or resulting from the Carbon Business, the Combined Business or the ownership of the Carbon Assets (each, a “ **Specified Action** ” and collectively, the “ **Specified Actions** ”);

(iii) any and all Liabilities that are contemplated by this Agreement or any Ancillary Agreement (or the Schedules hereto or thereto) as Liabilities to be retained or Assumed by any member of the PJT Group, including any Liability arising out of any Carbon Contract;

(iv) the Liabilities set forth on Schedule 2.3(a)(iv);

Notwithstanding anything to the contrary herein, the Carbon Liabilities shall not include (x) any Liabilities expressly contemplated by this Agreement to be Blackstone Retained Liabilities or (y) any Liabilities expressly discharged pursuant to Section 2.5.

In the event of any inconsistency or conflict that may arise in the application or interpretation of this definition or the definition of “Blackstone Retained Liabilities”, for purposes of determining what is and is not a Carbon Liability the explicit inclusion of an item on a Schedule referred to in this definition shall take priority over any textual provision of this definition or the definition of “Blackstone Retained Liabilities” that would otherwise operate to exclude such Liability from the definition of “Carbon Liabilities”.

(b) Except as otherwise specifically set forth in any Ancillary Agreement, from and after the Effective Time, BX shall, or shall cause a member of the Blackstone Group to, Assume any and all Liabilities of BX or any of its Affiliates not included as a Carbon Liability (the “ **Blackstone Retained Liabilities** ”), regardless of (A) when or where such Liabilities arose or arise, (B) whether the facts upon which they are based occurred prior to, on or subsequent to the Effective Time or (C) where or against whom such Liabilities are asserted or determined, including:

(i) any and all Liabilities that are contemplated by this Agreement or any Ancillary Agreement to be retained or Assumed by any member of the Blackstone Group, including any Liability arising out of any Blackstone Retained Contract;

(ii) any and all Liabilities set forth on Schedule 2.3(b)(ii);

(iii) Liabilities of the types set forth on Schedule 2.3(b)(iii) incurred in connection with the implementation of the Carbon Reorganization; and

(iv) any Liabilities relating to, arising out of or resulting from any indebtedness for borrowed money of BX or any of its Affiliates (other than the PJT Revolver or any indebtedness of any Partnership Entity existing as of the Closing).

Notwithstanding anything to the contrary herein, the Blackstone Retained Liabilities shall not include (x) any Liabilities expressly contemplated by this Agreement to be Carbon Liabilities or (y) any Liabilities expressly discharged pursuant to Section 2.5.

In the event of any inconsistency or conflict that may arise in the application or interpretation of this definition or the definition of “Carbon Liabilities”, for purposes of determining what is and is not a Blackstone Retained Liability the explicit inclusion of an item on a Schedule referred to in this definition shall take priority over any textual provision of this definition or the definition of “Carbon Liabilities” that would otherwise operate to exclude such Liability from the definition of “Blackstone Retained Liabilities”.

For the sake of clarity, no Liability shall be a Blackstone Retained Liability solely as a result of BX or any of its Affiliates being named as party to or in any Action due to such Person’s status as the remaining and legacy Business Entity, or as a result of its status as the direct or indirect equity owner of any Business Entity (unless such Business Entity is (A) a member of the Blackstone Group and (B) such Liability exclusively or primarily relates to the Blackstone Retained Business or is otherwise a Blackstone Retained Liability pursuant to clauses (i) through (iv) above).

Section 2.4. Treatment of Shared Contracts. Without limiting the generality of the obligations set forth in Section 2.2:

(a) Any Contract that is listed on Schedule 2.4(a) (each, a “**Shared Contract**”) shall be assigned in part to the applicable member(s) of the applicable Group, if so assignable, or appropriately amended with effect from the Effective Time so that each of BX or PJT LP or the members of their respective Groups as of the Effective Time shall be entitled to the rights and benefits, and shall Assume the related portion of any Liabilities, inuring to their respective Businesses; provided, however, that (x) in no event shall any member of any Group be required to assign (or amend) any Shared Contract) which is not assignable (or cannot be amended) by its terms (including any terms imposing consents or conditions on an assignment where such consents or conditions have not been obtained or fulfilled, subject to Section 2.6(a)) and (y) if any Shared Contract cannot be so partially assigned by its terms or otherwise, or cannot be amended or if such assignment or amendment would impair the benefit the parties thereto derive from such Shared Contract, the Parties shall, and shall cause each of their respective Subsidiaries to, take such other reasonable and permissible actions to cause a member of the PJT Group or the Blackstone Group, as the case may be, to receive the benefit of that portion of each Shared Contract that relates to the Carbon Business or the Blackstone Retained Business, as the case may be, as if such Shared Contract had been assigned to a member of the applicable Group pursuant to this Section 2.4 (or appropriately amended) and to bear the burden of the corresponding Liabilities (including any Liabilities that may arise by reason of such arrangement) as if such Liabilities had been Assumed by a member of the applicable Group pursuant to this Section 2.4.

(b) Each of BX and PJT HoldCo shall, and shall cause the members of its Group to, (i) treat for all Income Tax purposes the portion of each Shared Contract inuring to its respective Businesses as Assets owned by, and/or Liabilities of, as applicable, such Group as of the Effective Time and (ii) neither report nor take any Income Tax position (on a Tax Return or otherwise) inconsistent with such treatment (unless required by applicable Tax Law or good faith resolution of a Tax Contest relating to Income Taxes).

(c) No member of either Group will amend, renew, extend or otherwise modify any Shared Contract without the consent of the applicable member of the other Group to the extent such amendment, renewal, extension or modification would adversely affect or impose any obligations on any member of such other Group.

Section 2.5. Intercompany Accounts.

(a) Prior to or at the Distribution and with effect from the Effective Time, except as set forth in Section 7.1(b) or as otherwise specifically provided for under this Agreement, all intercompany receivables, payables and loans between any member of the Blackstone Group, on the one hand, and any member of the PJT Group, on the other hand, which exist as of the Effective Time shall be satisfied and/or settled or otherwise cancelled and terminated or extinguished (in each case with no further liability or obligation).

(b) As between any two Parties (and the members of their respective Group) all payments and reimbursements received after the Effective Time by any Party (or member of its Group) that relate to a Business, Asset or Liability of another Party (or member of its Group), shall be held by such Party in trust for the use and benefit of the Party entitled thereto (provided that the Party entitled thereto shall reimburse the Party holding such payment or reimbursement in trust for all out-of-pocket expenses related thereto other than for fees and disbursements of outside counsel and any other advisors) and, promptly upon receipt by such Party of any such payment or reimbursement, such Party shall pay or shall cause the applicable member of its Group to pay over to the Party entitled thereto the amount of such payment or reimbursement without right of set-off.

Section 2.6. Transfers Not Effected At or Prior to the Effective Time; Transfers Deemed Effective as of the Effective Time.

(a) The Parties shall use their reasonable best efforts prior to the Distribution to obtain, as promptly as reasonably practicable following the date hereof, the Consents required to Transfer, with effect from the Effective Time, any Assets, Contracts, licenses, permits and authorizations issued by any Governmental Authority or parts thereof as contemplated by this Agreement, provided that (x) no Party shall be required to, or shall be required to cause any member of its Group to, make any payments other than for fees and disbursements of outside counsel and any other advisors, commit to any third party on behalf of itself or any member of its Group to assume any material obligations or offer or grant any material concession to obtain any such Consents. For the avoidance of doubt, the required efforts and responsibilities of the Parties to seek the Acquirer Regulatory Approvals shall be governed by Section 6.4 of the Transaction Agreement.

(b) To the extent that any Transfers or Assumptions contemplated by this Article II shall not have been consummated at or prior to the Distribution with effect from the Effective Time, the Parties shall use reasonable best efforts to effect such Transfers or Assumptions as promptly following the Distribution as shall be practicable. Nothing herein shall be deemed to require the Transfer of any Assets or the Assumption of any Liabilities which by their terms or operation of Law cannot be Transferred or Assumed; provided, however, that the Parties and their respective Subsidiaries shall cooperate and use reasonable best efforts to seek to

obtain, in accordance with Applicable Law, any necessary Consents or Governmental Approvals for the Transfer of all Assets and Assumption of all Liabilities to the fullest extent permitted by Applicable Law contemplated to be Transferred and Assumed pursuant to this Article II. In the event that any such Transfer of Assets or Assumption of Liabilities has not been consummated, from and after the Effective Time (i) the Party retaining such Asset shall, or shall cause the applicable member of its Group to, thereafter hold such Asset for the use and benefit of the Party entitled thereto (provided that the Party entitled thereto shall reimburse the Party retaining such Asset for all out-of-pocket expenses related to such retention other than for fees and disbursements of outside counsel and any other advisors) and (ii) the Party intended to Assume such Liability shall, or shall cause the applicable member of its Group to, pay or reimburse the Party or its applicable Group member retaining such Liability for all amounts paid or incurred in connection with the retention of such Liability. In addition, the Party or its applicable Group member retaining such Asset or Liability shall, insofar as reasonably possible and to the extent permitted by Applicable Law, treat such Asset or Liability in the ordinary course of business in accordance with past practice and take such other actions as may be reasonably requested by the Party to which such Asset is to be Transferred or by the Party intended to Assume such Liability in order to place such Party, insofar as reasonably possible, in the same position as if such Asset or Liability had been Transferred or Assumed as contemplated hereby and so that all the benefits and burdens relating to such Asset or Liability, including possession, use, risk of loss, potential for gain, and dominion, control and command over such Asset or Liability, are to inure from and after the Effective Time to the member or members of the Blackstone Group or the PJT Group entitled to the receipt of such Asset or required to Assume such Liability. In furtherance of the foregoing, the Parties agree that, as of the Effective Time, each Party shall be deemed to have acquired complete and sole beneficial ownership over all of the Assets, together with all rights, powers and privileges incident thereto, and shall be deemed to have Assumed in accordance with the terms of this Agreement all of the Liabilities, and all duties, obligations and responsibilities incident thereto, which such Party is entitled to acquire or required to Assume pursuant to the terms of this Agreement.

(c) If and when the Consents, Governmental Approvals and/or conditions, the absence or non-satisfaction of which caused the deferral of Transfer of any Asset or deferral of the Assumption of any Liability pursuant to Section 2.6(b), are obtained or satisfied, the Transfer, assignment, Assumption or novation of the applicable Asset or Liability shall be effected in accordance with and subject to the terms of this Agreement and/or the applicable Ancillary Agreement.

(d) The Party or applicable Group member retaining any Asset or Liability due to the deferral of the Transfer of such Asset or the deferral of the Assumption of such Liability pursuant to Section 2.6(b) shall not be obligated, in connection with the foregoing, to incur any out-of-pocket expenses unless the necessary funds are advanced, assumed, or agreed in advance to be reimbursed by the Party entitled to such Asset or the Party intended to be subject to such Liability, other than reasonable attorneys' fees and recording or similar fees, all of which shall be promptly reimbursed by the Party entitled to such Asset or the Party intended to be subject to such Liability.

(e) On and prior to the eighteen (18) month anniversary following the Effective Time, if any Party (or any member of such Party's Group) owns any Asset, that,

although not Transferred pursuant to this Agreement, is agreed by such Party and the other applicable Party in their good faith judgment to be an Asset that more properly belongs to the other Party or a Subsidiary of the other Party, or an Asset that such other Party or Subsidiary was intended to have the right to continue to use (other than, for the avoidance of doubt, as between any two Parties, for any Asset acquired from an unaffiliated third party by a Party or member of such Party's Group following the Effective Time), then the Party or applicable Group member owning such Asset shall, as applicable (i) Transfer any such Asset to the Party identified as the appropriate transferee and following such Transfer, such Asset shall be a Carbon Asset or a Blackstone Retained Asset, as the case may be, or (ii) grant such mutually agreeable rights with respect to such Asset to permit such continued use, subject to, and consistent with this Agreement, including with respect to Assumption of associated Liabilities, in all events, subject to the relevant Parties' agreement (I) as to the most cost efficient means of effecting such Transfer or grant of rights and (II) to share any incremental costs arising as a result of such Transfer or grant of rights; provided, that if the relevant Parties cannot agree on a means of effecting the Transfer or grant of rights within thirty (30) days from the date that all relevant Parties have notice of the discovery of such Asset, then the Asset shall be immediately Transferred or such rights shall be immediately granted in accordance with Sections 2.6(a) and 2.6(b).

(f) After the Effective Time, a Party (or any member of its Group) may receive mail, packages and other communications properly belonging to another Party (or any member of its Group). Accordingly, at all times after the Effective Time, each Party authorizes the other applicable Parties to receive and, if necessary to identify the proper recipient in accordance with this Section 2.6(f), open all mail, packages and other communications received by such Party that belongs to such other Party, and to the extent that they do not relate to the business of the receiving Party, the receiving Party shall promptly deliver such mail, packages or other communications (or, in case the same also relates to the business of the receiving Party or another Party, copies thereof) to such other Party as provided for in Section 10.6. The provisions of this Section 2.6(f) are not intended to, and shall not, be deemed to constitute an authorization by any Party to permit the other to accept service of process on its behalf and no Party is or shall be deemed to be the agent of any other Party for service of process purposes.

(g) In the event that, at any time from and after the Effective Time, any Party (or any member of its Group) discovers that it or one of the members of its Group is the owner of, receives or otherwise comes to possess or benefit from any Asset (including the receipt of payments made pursuant to Contracts and proceeds from accounts receivable with respect to such Asset) or is liable for any Liability that is otherwise allocated to any Person that is a member of the other Group pursuant to this Agreement or any Ancillary Agreement (except in the case of any acquisition of Assets or assumption of Liabilities from the other Party for value subsequent to the Effective Time), such Party shall promptly Transfer, or cause to be Transferred, such Asset or Liability to the Person so entitled thereto (and the applicable Party shall cause such entitled Person to accept such Asset or Assume such Liability) for no further consideration. Prior to any such transfer, such Asset shall be held in accordance with the other provisions of this Section 2.6.

(h) With respect to Assets and Liabilities described in Section 2.6(b), each of BX and PJT HoldCo shall, and shall cause the members of its respective Group to, (i) treat for all

Income Tax purposes (A) the deferred Assets as assets having been Transferred to and owned by the Party entitled to such Assets as of the Effective Time and (B) the deferred Liabilities as liabilities having been Assumed and owned by the Person intended to be subject to such Liabilities not later than the Effective Time and (ii) neither report nor take any Income Tax position (on a Tax Return or otherwise) inconsistent with such treatment (unless required by applicable Tax Law or good faith resolution of a Tax Contest relating to Income Taxes).

Section 2.7. Conveyancing and Assumption Instruments. In connection with, and in furtherance of, the Transfers of Assets and the acceptance and Assumptions of Liabilities contemplated by this Agreement, the Parties shall execute and deliver to each other or cause to be executed and delivered, on or after the date hereof by the appropriate entities to the extent not executed prior to the date hereof, any Conveyancing and Assumption Instruments necessary to evidence the valid and effective Assumption by the applicable Party of its Assumed Liabilities and the valid Transfer to the applicable Party or member of such Party's Group of all right, title and interest in and to its Assets for Transfers and Assumptions to be effected pursuant to Delaware Law or the Laws of one of the other states of the United States or, if appropriate for a given Transfer or Assumption, pursuant to applicable non-U.S. Laws, in such form as the Parties shall reasonably agree, including, if applicable, the Transfer of real property with deeds as may be appropriate and in form and substance as may be required by the jurisdiction in which the real property is located. The Transfer of capital stock or other equity interests shall be effected by means of executed stock powers and/or notation on the stock record books of the corporation or other legal entities involved, as applicable, or by such other means as may be required in any non-U.S. jurisdiction to Transfer title to stock and, only to the extent required by Applicable Law, by notation on public registries. All Conveyancing and Assumption Instruments shall be prepared, executed and delivered in a manner agreed by the Founder, PJT LP and BX, in each case, acting reasonably. Except as agreed by the Founder, PJT LP and BX, in each case, acting reasonably, the Conveyancing and Assumption Instruments shall not contain any representations or warranties or indemnities, shall not conflict with this Agreement and, to the extent that any provision of a Conveyancing and Assumption Instrument conflicts with any provision of this Agreement, this Agreement shall govern and control.

Section 2.8. Further Assurances.

(a) In addition to and without limiting the actions specifically provided for elsewhere in this Agreement, including Section 2.6, each of the Parties shall cooperate with each other and use (and shall cause the members of its respective Group to use) reasonable best efforts, at and after the Distribution, to take, or to cause to be taken, all actions, and to do, or to cause to be done, all things reasonably necessary on its part under Applicable Law or contractual obligations to consummate and make effective the transactions contemplated by this Agreement and the Ancillary Agreements.

(b) Without limiting the foregoing, at and after the Distribution, each Party shall cooperate with the other Parties, and without any further consideration, but at the expense of the requesting Party from and after the Effective Time, to execute and deliver, or use reasonable best efforts to cause to be executed and delivered, all instruments, including instruments of Transfer or title, and to make all filings with, and to obtain all Consents and/or Governmental Approvals, any permit, license, Contract, indenture or other instrument (including

any Consents or Governmental Approvals), and to take all such other actions as such Party may reasonably be requested to take by any other Party from time to time, consistent with the terms of this Agreement and the Ancillary Agreements in order to effectuate the provisions and purposes of this Agreement and the Ancillary Agreements, and the Transfers and recordings of the applicable Assets and the assignment and Assumption of the applicable Liabilities and the other transactions contemplated hereby and thereby. Without limiting the foregoing, each Party shall, at the reasonable request, cost and expense of the other Party, take such other actions as may be reasonably necessary to vest in such other Party such title as possessed by the transferring Party to the Assets allocated to such other Party under this Agreement or any of the Ancillary Agreements, free and clear of any Security Interest, if and to the extent it is practicable to do so.

Section 2.9. Novation of Liabilities .

(a) Each Party, at the request of another Party, shall use reasonable best efforts to obtain, or to cause to be obtained, at or prior to the Distribution and with effect from the Effective Time or as soon as practicable thereafter, any Consent, Governmental Approval, substitution or amendment required to novate or assign to the fullest extent permitted by Applicable Law all obligations under Contracts and Liabilities for which a member of such Party's Group and a member of another Party's Group are jointly or severally liable and that do not constitute Liabilities of such other Party as provided in this Agreement (such other Party, the "**Other Party**"), or to obtain in writing the unconditional release of all parties to such arrangements (other than any member of the Group which Assumed or retained such Liability as set forth in this Agreement), so that, in any such case, the members of the applicable Group shall be solely responsible for such Liabilities.

(b) If the Parties are unable to obtain, or to cause to be obtained, any such Consent, Governmental Approval, release, substitution or amendment required to novate, fully assign or fully release any such obligations under Contracts or any Liabilities as set forth in clause (a) of this Section 2.9, (i) the Other Party shall nonetheless use reasonable best efforts to assign or release, including by executing any such assignment which does not release the Other Party from its obligations under such Contract or from such Liability, to the fullest extent permitted and (ii) the Other Party or a member of such Other Party's Group shall continue to be bound by such Contract that does not constitute a Liability of such Other Party and, unless not permitted by Law or the terms thereof, as agent or subcontractor for such Party, the Party or member of such Party's Group who Assumed or retained such Liability as set forth in this Agreement (the "**Liable Party**") shall, or shall cause a member of its Group to, pay, perform and discharge fully all the obligations or other Liabilities of such Other Party or member of such Other Party's Group thereunder from and after the Effective Time and otherwise take such action as may be reasonably requested by such Other Party so as to put such Other Party in the same position as if such Other Party were fully released from such Contract or Liability. The Other Party shall, without further consideration, promptly pay and remit, or cause to be promptly paid or remitted, to the Liable Party or, at the direction of the Liable Party, to another member of the Liable Party's Group, all money, rights and other consideration received by it or any member of its Group in respect of such performance by the Liable Party (unless any such consideration is an Asset of such Other Party pursuant to this Agreement). If and when any such Consent, Governmental Approval, release, substitution or amendment shall be obtained or such agreement, lease, license or other rights or obligations shall otherwise become assignable or able

to be novated, the Other Party shall promptly Transfer or cause the Transfer of, as applicable, all rights, obligations and other Liabilities thereunder of such Other Party or of any member of such Other Party's Group to the Liable Party or to another member of the Liable Party's Group without payment of any further consideration and the Liable Party, or another member of such Liable Party's Group, without the payment of any further consideration, shall Assume such rights and Liabilities to the fullest extent permitted by Applicable Law.

Section 2.10. Non-Applicability to Taxes and Employee Matters. Except as otherwise specifically provided herein, Tax matters shall be exclusively governed by the Tax Matters Agreement and the Tax Receivable Agreement, employees or employee matters shall be governed by the Employee Matters Agreement and, in the event of any inconsistency between the Employee Matters Agreement and this Agreement, the Tax Receivable Agreement and this Agreement or the Tax Matters Agreement and this Agreement, the Employee Matters Agreement, Tax Receivable Agreement or Tax Matters Agreement, as applicable, shall control.

ARTICLE III

CERTAIN ACTIONS AT OR PRIOR TO THE DISTRIBUTION

Section 3.1. Organizational Documents. In accordance with Section 2.5(a) of the Transaction Agreement, at or prior to the Distribution and with effect from the Effective Time, BX shall take, or cause to be taken, all necessary actions to adopt (i) an amended and restated certificate of incorporation of PJT HoldCo substantially in the form attached hereto as Exhibit A (the "**PJT HoldCo Certificate of Incorporation**"), (ii) amended and restated bylaws of PJT HoldCo substantially in the form attached hereto as Exhibit B (the "**PJT HoldCo Bylaws**"), and (iii) a second amended and restated limited partnership agreement of PJT LP substantially in the form attached hereto as Exhibit C (the "**Second A&R PJT LP Agreement**").

Section 3.2. Carbon Reorganization. At or prior to the Distribution and with effect from the Effective Time (to the extent not already completed as of the date hereof), Blackstone shall (and shall cause its applicable Subsidiaries, including PJT HoldCo and PJT LP, to) take the requisite actions to consummate the restructuring steps set forth on Exhibit G with such modifications as the Parties may mutually agree, acting reasonably (the "**Carbon Reorganization**").

Section 3.3. Resignations. At or prior to the Distribution, BX shall cause all its employees and any employees of its Affiliates (excluding any employees of any member of the PJT Group) to resign, effective as of the Effective Time, from all positions as officers or directors of any member of the PJT Group in which they serve.

Section 3.4. Cash; PJT Revolver.

(a) At or prior to the Effective Time, either (A) PJT LP will transfer (or cause to be transferred) funds to BX (or to such other member of the Blackstone Group as BX designates) or (B) BX will transfer (or cause to be transferred) funds to PJT LP (or to such other member of the PJT Group as PJT LP designates) such that PJT LP's cash balance in its accounts immediately prior to the Effective Time shall equal the Carbon Target Cash Balance.

(b) At or prior to the Distribution, BX will use reasonable best efforts to procure from one or more third party financing sources a revolving credit facility for PJT LP in an aggregate principal amount of up to \$100 million (the "**PJT Revolver**"), and PJT LP and/or one or more members of the PJT Group shall enter into the PJT Revolver subject to the approval of the Founder. Unless otherwise agreed by BX and the Founder, the PJT Revolver shall have a maturity of one year and shall be on terms (including pricing) consistent with then current market conditions. In the event that BX, despite using its reasonable best efforts, cannot arrange for third party financing sources to provide the PJT Revolver, the Founder shall have the right, in his reasonable discretion, to require BX (such other member of the Blackstone Group as BX designates) to provide the PJT Revolver at or prior to the Distribution. No amounts shall be drawn under the PJT Revolver through the Closing Date.

Section 3.5. Ancillary Agreements. On or prior to the Distribution, with effect from the Effective Time, each of BX and PJT HoldCo shall enter into, and/or (where applicable) shall cause a member or members of their respective Group to enter into the Ancillary Agreements.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF THE BLACKSTONE PARTIES

Each of the Blackstone Parties hereby represents and warrants to PJT HoldCo, PJT LP, PJTC, PJTM and the Founder as of immediately prior to the Effective Time and after giving effect to the transactions contemplated by this Agreement and the Ancillary Agreements, including the Carbon Reorganization, as follows:

Section 4.1. Sufficiency of Assets. The assets, properties and rights of the PJT Group, together with the licenses, services and other rights made available pursuant to the Transition Services Agreement and the other agreements contemplated by this Agreement, will constitute all of the assets, properties and rights required to permit the PJT Group to operate the Carbon Business independent from the Blackstone Group following the Distribution in all material respects (i) in compliance with Applicable Law and (ii) in a manner consistent with the operation of the Carbon Business as of immediately prior to the Effective Time.

Section 4.2. No Undisclosed Liabilities. PJT HoldCo has no Liabilities that would be required to be disclosed on a balance sheet prepared in accordance with GAAP other than Liabilities (i) disclosed or reserved for in the most recent combined statement of financial condition included in the PJT HoldCo Registration Statement, (ii) incurred by PJT HoldCo after the date of such combined statement of financial condition in the ordinary course of operating the Carbon Business that would not reasonably be expected, individually or in the aggregate, to have an Acquirer Material Adverse Effect (as defined in the Transaction Agreement) or (iii) incurred in connection with the transactions contemplated by this Agreement.

Section 4.3. Disclaimer of Representations and Warranties. EACH OF BX (ON BEHALF OF ITSELF AND EACH MEMBER OF THE BLACKSTONE GROUP), AND PJT LP (ON BEHALF OF ITSELF AND EACH MEMBER OF THE PJT GROUP) UNDERSTANDS AND AGREES THAT, EXCEPT AS EXPRESSLY SET FORTH HEREIN,

IN ANY ANCILLARY AGREEMENT OR THE TRANSACTION AGREEMENT, NO PARTY TO THIS AGREEMENT, ANY ANCILLARY AGREEMENT OR THE TRANSACTION AGREEMENT IS MAKING ANY REPRESENTATION OR WARRANTY IN ANY WAY. EXCEPT AS MAY EXPRESSLY BE SET FORTH HEREIN OR IN ANY ANCILLARY AGREEMENT, ALL SUCH ASSETS ARE BEING TRANSFERRED ON AN "AS IS, WHERE IS" BASIS (AND, IN THE CASE OF ANY REAL PROPERTY, BY MEANS OF A QUITCLAIM OR SIMILAR FORM DEED OR CONVEYANCE) AND THE RESPECTIVE TRANSFEREES SHALL BEAR THE ECONOMIC AND LEGAL RISKS THAT (I) ANY CONVEYANCE SHALL PROVE TO BE INSUFFICIENT TO VEST IN THE TRANSFEREE GOOD TITLE, FREE AND CLEAR OF ANY SECURITY INTEREST AND (II) ANY NECESSARY CONSENTS OR GOVERNMENTAL APPROVALS ARE NOT OBTAINED OR THAT ANY REQUIREMENTS OF LAWS OR JUDGMENTS ARE NOT COMPLIED WITH.

ARTICLE V

THE DISTRIBUTION

Section 5.1. Stock Dividend to BX Common Unitholders. On the Closing Date, subject to Section 5.2, BX will cause the Distribution Agent to distribute all of the outstanding shares of PJT Class A Shares then owned by BX (following the consummation of the Carbon Reorganization) to BX Common Unitholders as of the Distribution Record Date, by crediting the appropriate number of such shares of PJT Class A Shares to book entry accounts for each such BX Common Unitholder or designated transferee or transferees of such holder of PJT Class A Shares or by delivery of a physical certificate, where applicable. For BX Common Unitholders who own BX Common Units through a broker or other nominee, their shares of PJT Class A Shares will be credited to their respective accounts by such broker or nominee. Subject to Section 5.2, each BX Common Unitholder as of the Distribution Record Date (or such BX Common Unitholder's designated transferee or transferees) will be entitled to receive in the Distribution a number of shares of PJT Class A Shares for every one share of BX Common Units held by such BX Common Unitholder equal to a fraction, the numerator of which is the number of PJT Class A Shares then owned by BX following the consummation of the Carbon Reorganization and the denominator of which is the number of BX Common Units issued and outstanding as of the Distribution Record Date. No action by any such BX Common Unitholder shall be necessary for such BX Common Unitholder (or such BX Common Unitholder's designated transferee or transferees) to receive the applicable number of shares of (and, if applicable, cash in lieu of any fractional shares pursuant to Section 5.2) PJT Class A Shares such BX Common Unitholder is entitled to in the Distribution. Neither the Distribution Agent, nor any of the Parties or their Affiliates, will be liable to any Person in respect of any shares of (and, if applicable, cash in lieu of any fractional shares pursuant to Section 5.2) PJT Class A Shares (or dividends or distributions with respect thereto) that are properly delivered to a public official pursuant to any applicable abandoned property, escheat or similar Law.

Section 5.2. Fractional Shares. BX Common Unitholders holding a number of BX Common Units as of the Distribution Record Date, which would entitle such BX Common Unitholders to receive less than one whole share of PJT Class A Shares in the Distribution, will receive cash in lieu of fractional shares. Fractional shares of PJT Class A Shares will not be

distributed in the Distribution nor credited to book-entry accounts. The Distribution Agent shall, as soon as practicable after the Closing Date, (a) determine the number of whole shares and fractional shares of PJT Class A Shares allocable to each holder of record or beneficial owner of BX Common Units as of the Distribution Record Date, (b) aggregate all such fractional shares into whole shares and sell the whole shares obtained thereby in open market transactions, in each case, at then prevailing trading prices on behalf of holders who would otherwise be entitled to fractional share interests, and (c) distribute to each such holder, or for the benefit of each such beneficial owner, such holder or owner's ratable share of the aggregate net proceeds of such sales after making appropriate deductions for any amount required to be withheld for Tax purposes and any brokerage fees and commissions and other expenses or Taxes incurred in connection with such sales and distribution. None of the Parties or the Distribution Agent will guarantee any minimum sale price for the fractional shares of PJT Class A Shares. No Party will pay any interest on the proceeds from the sale of fractional shares. The Distribution Agent acting on behalf of the applicable Party will have the sole discretion to select the broker-dealers through which to sell the aggregated fractional shares and to determine when, how and at what price to sell such shares. Neither the Distribution Agent nor the broker-dealers through which the aggregated fractional shares are sold will be Affiliates of BX or PJT LP.

Section 5.3. Delivery of Ancillary Agreements. Prior to the Distribution, each Party shall deliver or cause to be delivered to the other Parties (to the extent not already in their possession) executed counterparts to all Ancillary Agreements to which such Party or a member of its Group is a party, including all Conveyancing and Assumption Instruments.

ARTICLE VI

CONDITIONS TO THE DISTRIBUTION

Section 6.1. Condition to Distribution. The consummation of the Distribution is subject to the satisfaction (or waiver in writing by BX) as of immediately prior to the Distribution of the following conditions, which are for the benefit of each Party:

(a) There shall be no (i) injunction, restraining order or decree of any nature of any Governmental Authority in effect that restrains, prohibits or makes illegal the Distribution or the consummation of the other transactions contemplated hereby or by any of the Ancillary Agreements or (ii) pending Action which seeks to restrain or prohibit the Distribution or the consummation of the other transactions contemplated hereby or by any of the Ancillary Agreements.

(b) The Closing shall have occurred pursuant to the Transaction Agreement.

ARTICLE VII

CERTAIN COVENANTS

Section 7.1. Opinions.

(a) Tax Opinion. The Blackstone Parties shall use commercially reasonable efforts to obtain a written opinion, dated as of the Closing Date, from Simpson Thacher &

Bartlett LLP, counsel to the Blackstone Parties (or other legal counsel reasonably satisfactory to Blackstone and the Founder) in form and substance reasonably satisfactory to the Blackstone Parties, to the effect (i) that the contributions of certain assets and liabilities relating to the Carbon Business to Big SpinCo and Little SpinCo by the applicable Distributing Corporation should qualify as reorganizations within the meaning of Section 368(a)(1)(D) of the Code and that no gain or loss should be recognized under Section 361 of the Code with respect to such contributions, (ii) that the Big Spin and the Little Spin should qualify as tax-free distributions under Sections 355 and 361 of the Code and that no gain or loss should be recognized under Section 355 of the Code with respect to such distributions and (iii) that the Merger should qualify as a reorganization pursuant to Section 368(a) of the Code, provided that in rendering the foregoing opinions, counsel shall be permitted to rely upon customary assumptions and assume the accuracy of customary representations provided by the Blackstone Parties, PJT HoldCo, PJT LP (and any subsidiary thereof), the Seller Parties and the PJT Entities.

(b) Solvency Opinion. The Blackstone Parties shall use commercially reasonable efforts to obtain an opinion (the “**Solvency Opinion**”), dated as of the Closing Date, in form and substance reasonably satisfactory to Blackstone and the Founder, from a nationally recognized solvency valuation firm, that, after giving effect to the transactions contemplated hereby (including the Carbon Reorganization, the Separation and the Distribution) and by the Transaction Agreement, such transactions shall not leave PJT LP or PJT HoldCo “insolvent” or otherwise unable to pay their respective obligations as they come due. BX shall provide the Founder with a copy of the report prepared by the nationally recognized solvency valuation firm engaged to provide such Solvency Opinion.

Section 7.2. Efforts. Subject to the conditions and upon the terms of this Agreement and, where applicable, the Transaction Agreement, each of the Blackstone Parties and the PJT Entities shall use reasonable best efforts (subject to, and in accordance with, Applicable Law) to take promptly, or cause to be taken, all actions, and to do promptly, or cause to be done, and to assist and cooperate with the other Parties hereto in doing, all things necessary, proper or advisable to carry out the intent and purposes of this Agreement, the Transaction Agreement, the Ancillary Agreements, and to consummate the transactions contemplated hereby and thereby, including the Distribution, in accordance with the terms and subject to the conditions hereof and thereof.

Section 7.3. No Solicit; No Hire. Until the second (2nd) anniversary of the date of the Transaction Agreement, each of BX and PJT HoldCo shall not, and shall cause their respective Affiliates not to, without the prior written consent of the other Party, directly or indirectly, solicit or hire (or cause or seek to cause to leave the employ of the other Party or any of its Affiliates), whether as an officer, employee or consultant or other independent contractor, any individual who is currently or hereafter becomes a senior officer (or senior managing director) or other management-level employee of the other Party or any of its Affiliates; provided, however, that the restrictions of this Section 7.3 shall not apply to (x) any general advertisement, or any search firm engagement which, in any such case, is not directed or focused on personnel employed by the other Party or any of its Affiliates, (y) the solicitation or hiring of any individual whose employment or term in office was terminated by Party or any of its Affiliates or (z) any portfolio company of a Blackstone Fund or any special purpose entity formed to acquire or hold any such portfolio company, regardless of whether any such portfolio company or special purpose entity is consolidated with BX for purposes of financial reporting.

Section 7.4. Non-Competition.

(a) From and after the Distribution, and until the third (3rd) anniversary of the Closing Date, each of the Blackstone Parties and its Affiliates shall not engage (whether as an owner, operator, manager, employee, officer, director, consultant, advisor, representative or otherwise), directly or indirectly, anywhere in the world in a business that competes with the business lines operated by the Carbon Business or the PJT Business as of the Effective Time.

(b) Notwithstanding Section 7.4(a), nothing herein shall be deemed to prohibit or otherwise restrict:

(i) the conduct of any business of the Blackstone Parties or any of their Affiliates (including Pátria Investimentos Ltda. and its Affiliates and BX's capital markets business, and advisory services provided by BX and its Affiliates to its funds and their portfolio companies) (other than the Carbon Business) in a manner consistent in all material respects with the way such business is conducted as of the date hereof;

(ii) the acquisition of or any investment by any of the Blackstone Parties or any of their Affiliates in any Person (a “**Target**”) whose aggregate annual revenue (including the revenue of such Person's Subsidiaries) from providing investment banking services, financial and strategic advisory services (of the same type as the services provided by the Carbon Business as of the date hereof), restructuring and reorganization advisory services and fund placement services (the “**Restricted Business Lines**”) does not exceed twenty-five percent (25%) of such Target's aggregate annual revenue (including the revenue of such Person's Subsidiaries); provided, however, that, any Blackstone Party or Affiliate thereof may undertake any such acquisition or investment if, promptly following the consummation thereof, the Target divests itself of the Restricted Business Lines.

(iii) the business or operation of any direct or indirect portfolio companies of, investment funds of, or vehicles or accounts managed or sponsored by, any of the Blackstone Parties or any of their Affiliates or any of the fund management or advisory business of any of the Blackstone Parties or any of their Affiliates; and

(iv) ownership by any of the Blackstone Parties or any of their Affiliates of less than five percent (5%) of the outstanding stock of any publicly-traded corporation.

(c) The Blackstone Parties acknowledge that the provisions of this Section 7.4 are in consideration of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged. The Blackstone Parties agree and acknowledge that the potential harm of non-enforcement to the Carbon Business or the PJT Business after the Distribution outweighs any harm to the Blackstone Parties and their Affiliates of enforcement by injunction or otherwise. The Blackstone Parties expressly acknowledge and agree that each and every restraint imposed by this Agreement is reasonable with respect to the subject matter, time period and geographical area. In the event of a breach or threatened breach of this Section 7.4, PJT

HoldCo or any member of the PJT Group may, in addition to any other rights and remedies existing in their favor, apply to any court of competent jurisdiction for specific performance and/or injunctive or equitable relief in order to enforce or prevent any violations of the provisions hereof (without posting a bond or other security). The PJT Group need not engage in settlement negotiations or mediation prior to applying to a court of competent jurisdiction for enforcement of this Section 7.4. If, at the time of enforcement of this Section 7.4, a court or an arbitrator shall hold that the duration, scope or area restrictions stated herein are unreasonable under the circumstances then existing, the Parties agree that the maximum duration, scope or area reasonable under such circumstances shall be substituted for the stated duration, scope or area and that the court or arbitrator shall be allowed to revise the restrictions contained herein to cover the maximum period, scope and area permitted by Law.

Section 7.5. Intellectual Property.

(a) PJT HoldCo agrees that, from and after the Distribution, it will not use or allow others (including the other members of the PJT Group) to use the Blackstone Marks, except as set forth below. From and after the Distribution, PJT HoldCo shall and shall cause the members of the PJT Group to delete the Blackstone Marks from all of their outward-facing websites, social, mobile and similar media venues. For clarity, the PJT Group may use the Blackstone Marks (and BX and its Affiliates may use any Trademarks included in the Carbon Assets) from and after the Distribution (i) in a neutral, non-trademark manner to describe the history of the Parties, (ii) on any legal documents, business correspondence and similar items that are not customer-facing and/or (iii) as required or permitted by applicable law.

(b) At or prior to the Distribution and with effect from the Effective Time, certain members of the Blackstone Group may (in the sole discretion of BX) enter into certain nonexclusive, non-transferrable, revocable license agreements providing for the limited use of certain Intellectual Property by certain members of the PJT Group.

(c) BX, on behalf of itself and each member of the Blackstone Group, hereby grants to each member of the PJT Group an irrevocable, perpetual, worldwide, royalty-free, fully paid-up, non-exclusive license to exercise and exploit all rights in any patents, copyrights, trade secrets, methods, processes, inventions and know-how that (i) are owned by the Blackstone Group and its Affiliates immediately prior to the Effective Time and (ii) were used in connection with the Carbon Business as of the Effective Time, in connection with the current and future operation of the Carbon Business and all current and future products and services therein.

(d) PJT HoldCo on behalf of itself and each member of the PJT Group, hereby grants to BX and each of its Affiliates an irrevocable, perpetual, worldwide, royalty-free, fully paid-up, non-exclusive license to exercise and exploit all rights in any patents, copyrights, trade secrets, methods, processes, inventions and know-how that (i) are included in the Carbon Assets and (ii) were in existence and/or used in connection with the Blackstone Retained Business as of immediately prior to the Effective Time, in connection with the current and future operation of the Blackstone Retained Business and all current and future products and services therein.

(e) Each licensed party in Section 7.5(c) or (d), as applicable, may sublicense the license granted therein solely to (x) any successors or acquirers of any of their businesses

(solely for use in connection with the divested business but not for use in connection with any other businesses or Affiliates of the successor or acquirer) or (y) their vendors, suppliers, manufacturers, service providers, distributors, customers and end-users, in each case, in connection with the operation of the licensed party's business, but not for the unrelated use of such parties. The Parties agree that no Party or its Affiliates has any delivery, training, maintenance, support, notification, assertion, or enforcement obligations with respect to the intellectual property licensed in this Section 7.5.

Section 7.6. Cooperation.

(a) The Blackstone Parties shall keep the Founder apprised in reasonable detail with respect to its plans related to, and the status of their implementation of, the Carbon Reorganization and the Distribution.

(b) The Blackstone Parties shall give the Founder a reasonable opportunity to review and comment on the drafts of (i) any Conveyancing and Assumption Instruments to be entered into in connection with this Agreement and relating to the PJT Group, (ii) the Omnibus Reorganization Agreement and (iii) any written consents, resolutions, organizational documents or other ancillary documents prepared in connection with the implementation of the documents described in the foregoing clauses (i) and (ii), and shall consult with the Founder in good faith regarding any comments made by the Founder or his Representatives.

(c) The Blackstone Parties shall provide the Founder with copies of any material written communication sent to or received from a Governmental Authority or other third party in connection with the transactions contemplated by this Agreement and the Ancillary Agreements as each may be amended or modified from time to time.

Section 7.7. Guarantees.

(a) Except as otherwise specified in any Ancillary Agreement, with effect from the Effective Time or as soon as practicable thereafter, (i) each of the Blackstone Parties shall (with the reasonable cooperation of the applicable member of the PJT Group) use its commercially reasonable efforts to have all members of the PJT Group removed as guarantor of or obligor for any Blackstone Retained Liability, including in respect of any letter of credit, security deposit or performance bond, to the extent that they relate to Blackstone Retained Liabilities, including those set forth on Schedule 7.7(a)(i) and (ii) PJT HoldCo and PJT LP shall (with the reasonable cooperation of the applicable member of the Blackstone Group) use their commercially reasonable efforts to have all members of the Blackstone Group removed as guarantor of or obligor for any Carbon Liability, including in respect of any letter of credit, security deposit or performance bond, to the extent that they relate to Carbon Liabilities, including those set forth on Schedule 7.7(a)(ii); provided, however, that in no event shall PJT HoldCo nor PJT LP be required to make a cash payment to obtain a consent to a release of any such guarantee, letter of credit, security deposit or performance bond.

(b) In furtherance of clause (a) of this Section 7.7 and unless otherwise specified on Schedule 7.7(a)(ii), to the extent required to obtain a release from a guaranty, or to replace or refund a letter of credit or performance bond (a “**Guarantee Release**”):

(i) of any member of the Blackstone Group, PJT LP (or such other member of its Group, as applicable) agrees to (x) execute a guaranty agreement in the form of the existing guaranty or such other form as is agreed to by the relevant parties to such guaranty agreement, except to the extent that such existing guaranty contains representations, covenants or other terms or provisions either (A) with which PJT LP (or such other member of its Group, as applicable) would be reasonably unable to comply or (B) which would be reasonably expected to be breached, (y) provide or cause to be provided an equivalent letter of credit or performance bond or (z) reimburse, promptly after the Effective Time, the applicable member of the Blackstone Group for any cash deposited or posted if such security deposit or similar posting or deposit of cash cannot otherwise be released, replaced or refunded to the applicable member of the Blackstone Group (such reimbursement to be made in United States dollars), provided that in the case of such reimbursement, PJT LP (or such other member of its Group, as applicable) shall be entitled to any subsequent refund by the relevant depositee of the deposit or posted amount; and

(ii) of any member of the PJT Group, BX (or such other member of its Group, as applicable) agrees to (x) execute a guaranty agreement in the form of the existing guaranty or such other form as is agreed to by the relevant parties to such guaranty agreement, except to the extent that such existing guaranty contains representations, covenants or other terms or provisions either (A) with which BX (or such other member of its Group, as applicable) would be reasonably unable to comply or (B) which would be reasonably expected to be breached or (y) provide or cause to be provided an equivalent letter of credit, security deposit or performance bond.

(c) If BX, on the one hand, or PJT HoldCo and/or PJT LP, on the other hand, is unable to obtain, or to cause to be obtained, any such required Guarantee Release as set forth in clauses (a) and (b) of this Section 7.7, (i) the relevant member of the Blackstone Group or PJT Group, as applicable, that has assumed the Liability with respect to such guaranty, letter of credit, security deposit or performance bond shall or shall cause one of its Subsidiaries, as agent or subcontractor for such guarantor or obligor to pay, perform and discharge fully all the obligations or other Liabilities of such guarantor or obligor thereunder and otherwise take such action as may be reasonably requested by the relevant member of the Blackstone Group or PJT Group, as applicable, that would not be subject to such Liability but for the failure to obtain such Guarantee Release so as to put such Group member in the same position as if such Guarantee Release were obtained and (ii) each of BX on the one hand, and PJT HoldCo and PJT LP, on the other hand, on behalf of themselves and the members of their respective Groups, agree not to renew or extend the term of, increase its obligations under, or Transfer to a third party, any loan, guarantee, lease, contract or other obligation for which another Party or member of such Party’s Group is or may be liable without the prior written consent of such other Party, unless all obligations of such other Party and the other members of such Party’s Group with respect thereto are thereupon terminated by documentation reasonably satisfactory in form and substance to such Party; provided, however, with respect to leases, in the event a Guarantee Release is not obtained and the relevant beneficiary wishes to extend the term of such guaranteed or secured lease, then such beneficiary shall have the option of extending the term if it provides such security as is reasonably satisfactory to the guarantor under such guaranteed or secured lease.

Section 7.8. Insurance Matters.

(a) The Parties agree that: (i) coverage for PJT LP and each member of the PJT Group, the Carbon Assets and the Carbon Business for the period after the Effective Time under all of the insurance policies maintained by BX or any member of the Blackstone Group prior to the Effective Time will be terminated effective as of the Effective Time and (ii) upon such termination, PJT LP and each member of the PJT Group, the Carbon Assets and the Carbon Business will cease to be covered under such policies with respect to the period after the Effective Time.

(b) Each of the Parties shall use commercially reasonable efforts to cooperate to obtain for PJT LP and the PJT Group at or prior to the Effective Time any insurance policies agreed by BX and the Founder, acting reasonably, to be reasonably necessary to replace the coverage currently provided by the insurance policies maintained by BX and the members of the Blackstone Group with respect to the Carbon Assets and the Carbon Business for incidents arising prior to the Effective Time. All reasonable out-of-pocket costs and expenses incurred by BX or any member of the Blackstone Group pursuant to this Section 7.8(b) shall be reimbursed by PJT LP promptly after the Effective Time.

(c) In the event that the PJT Group, any of the Carbon Assets or the Carbon Business suffers or has suffered any loss that is insured under the insurance policies maintained by BX or the members of the Blackstone Group and arises or has arisen prior to the Effective Time, BX shall, or shall cause the appropriate member of its Group to, surrender to PJT LP after the Effective Time any Insurance Proceeds received by BX or any Blackstone Group member under any such insurance policy with respect to such loss. BX or any of its Affiliates may, at any time, without liability or obligation to any member of the PJT Group or any of the Parties, amend, commute, terminate, buy out, extinguish liability under or otherwise modify any insurance policy maintained by BX or any of its Affiliates. Neither BX nor any of its Affiliates shall bear any Liability for the failure of an insurer to pay any claim under any insurance policy maintained by BX or any member of the Blackstone Group.

Section 7.9. Extension of Termination Date. Notwithstanding anything to the contrary in the Transaction Agreement, the Framework Agreement, or any Ancillary Agreement the Parties agree, pursuant to Sections 10.3(b) and 10.4 of the Transaction Agreement, to extend the Termination Date, as such term is used and defined in the Transaction Agreement, to December 31, 2015.

Section 7.10. Build-Out Costs. Until the Closing Date, BX shall (or shall cause a member of the Blackstone Group to) either pay, or reimburse PJT LP or the applicable member of the PJT Group to the extent PJT LP or another member of the PJT Group has paid, for any Build-Out Costs incurred prior to the Closing Date; provided that in no event shall the aggregate amount of all Build-Out Costs paid or reimbursed, whether pursuant to this Section 7.10 or otherwise, exceed \$33,000,000.

ARTICLE VIII
INDEMNIFICATION

Section 8.1. Release of Pre-Distribution Claims.

(a) Except (i) as provided in Section 8.1(b), (ii) as may be otherwise expressly provided in this Agreement, any Ancillary Agreement or the Transaction Agreement and (iii) for any matter for which any Party is entitled to indemnification or contribution pursuant to this Article VIII, effective as of the Effective Time, each Party, for itself and each member of its respective Group, their respective Affiliates and all Persons who at any time prior to the Effective Time were directors, officers, agents or employees of any member of their Group (in their respective capacities as such), in each case, together with their respective heirs, executors, administrators, successors and assigns, do hereby remise, release and forever discharge the other Parties and the other members of such other Parties' Group, their respective Affiliates and all Persons who at any time prior to the Effective Time were unitholders, members, stockholders, directors, officers, agents or employees of such other Party or any member of such other Parties' Group (in their respective capacities as such), in each case, together with their respective heirs, executors, administrators, successors and assigns, from any and all Liabilities whatsoever, whether at Law or in equity (including any right of contribution), whether arising under any Contract, by operation of Law or otherwise, existing or arising from any acts or events occurring or failing to occur or alleged to have occurred or to have failed to occur or any conditions existing or alleged to have existed on or before the Effective Time, including in connection with the transactions contemplated by this Agreement and the Ancillary Agreements, as each may be amended or modified from time to time, and all other activities to implement the Distribution and any of the other transactions contemplated hereunder and under the Ancillary Agreements.

(b) Nothing contained in Section 8.1(a) shall impair or otherwise affect any right of any Party, and as applicable, a member of the Party's Group to enforce this Agreement, the Transaction Agreement or any Ancillary Agreement in each case in accordance with its terms. In addition, nothing contained in Section 8.1(a) shall release any Person from:

(i) (A) with respect to BX or any member of its Group, any Blackstone Retained Liability, (B) with respect to PJT LP or any member of its Group, any Carbon Liability;

(ii) any Liability for unpaid amounts for products or services or refunds owing on products or services due on a value-received basis for work done by a member of one Group or its Affiliates at the request or on behalf of a member of another Group;

(iii) any Liability provided in or resulting from any other Contract or understanding that is entered into after the Effective Time between any Party (and/or a member of such Party's or Parties' Group or any of their respective Affiliates), on the one hand, and any other Party or Parties (and/or a member of such Party's or Parties' Group or any of their respective Affiliates), on the other hand;

(iv) any Liability that the Parties may have with respect to indemnification or contribution pursuant to this Agreement or otherwise for claims brought against the Parties by third Persons, which Liability shall be governed by the provisions of this Article VII and, if applicable, the appropriate provisions of the Ancillary Agreements; and

(v) any Liability for fraud or willful misconduct.

In addition, nothing contained in Section 8.1(a) shall release BX from indemnifying any director, officer or employee of PJT HoldCo or of any member of the PJT Group who was a director, officer or employee of any member of the Blackstone Group at or prior to the Effective Time to the extent such director, officer or employee is or becomes a named defendant in any Action with respect to which he or she was entitled to such indemnification pursuant to then-existing obligations.

(c) Effective as of the Effective Time, each Party shall not, and shall not permit any member of its Group to make, any claim, demand or offset, or commence any Action asserting any claim or demand, including any claim of contribution or any indemnification, against any other Party or any member of any other Party's Group, or any other Person released pursuant to Section 8.1(a), with respect to any Liabilities released pursuant to Section 8.1(a).

(d) It is the intent of each Party, by virtue of the provisions of this Section 8.1, to provide, to the fullest extent permitted by Applicable Law, for a full and complete release and discharge, effective as of the Effective Time, of all Liabilities existing or arising from all acts and events occurring or failing to occur or alleged to have occurred or to have failed to occur and all conditions existing or alleged to have existed on or before the Effective Time, whether known or unknown, between or among any Party (and/or a member of such Party's Group), on the one hand, and any other Party or Parties (and/or a member of such Party's or parties' Group), on the other hand (including any contractual agreements or arrangements existing or alleged to exist between or among any such members on or before the Effective Time), except as specifically set forth in Sections 8.1(a) and 8.1(b). The release in this Section 8.1 includes a release of any rights and benefits with respect to such Liabilities that PJT LP and each member of the PJT Group, and their respective successor and assigns, now has or in the future may have conferred upon them by virtue of any statute or common law principle which provides that a general release does not extend to claims which a party does not know or suspect to exist in its favor at the time of executing the release, if knowledge of such claims would have materially affected such party's settlement with the obligor. In this connection, PJT LP hereby acknowledges that it is aware that factual matters now unknown to it may have given or may hereafter give rise to Liabilities that are presently unknown, unanticipated and unsuspected, and it further agrees that this release has been negotiated and agreed upon in light of that awareness and it nevertheless hereby intends to release the Persons described in Section 8.1(a) from the Liabilities described in the first sentence of Section 8.1(a). At any time, at the reasonable request of any other Party, each Party shall cause each member of its respective Group and, to the extent practicable, each other Person on whose behalf it released Liabilities pursuant to this Section 8.1 to execute and deliver releases reflecting the provisions hereof.

Section 8.2. Indemnification by BX. Except as otherwise specifically set forth in any provision of this Agreement, any Ancillary Agreement or the Transaction Agreement, following the Effective Time, BX shall and shall cause the other members of the Blackstone Group to indemnify, defend and hold harmless the PJT Indemnitees from and against any and all Indemnifiable Losses of the PJT Indemnitees, arising, whether prior to or following the Effective Time out of, by reason of or otherwise in connection with (a) the Blackstone Retained Liabilities or alleged Blackstone Retained Liabilities, including the failure of BX or any member of the Blackstone Group to pay, perform, fulfill, discharge and, to the extent applicable, comply with, in due course and in full, any such Liabilities or (b) any breach by BX, subsequent to the Effective Time, of any provision of this Agreement or any Ancillary Agreement unless such Ancillary Agreement expressly provides for separate indemnification therein, in which case any such indemnification claims shall be made thereunder.

Section 8.3. Indemnification by PJT. Except as otherwise specifically set forth in any provision of this Agreement, any Ancillary Agreement, or the Transaction Agreement, following the Effective Time, PJT HoldCo shall and shall cause the other members of the PJT Group to indemnify, defend and hold harmless the Blackstone Indemnitees from and against any and all Indemnifiable Losses of the Blackstone Indemnitees arising, whether prior to or following the Effective Time, out of, by reason of or otherwise in connection with (a) the Carbon Liabilities or alleged Carbon Liabilities, including the failure of PJT HoldCo or any member of the PJT Group to pay, perform, fulfill, discharge and, to the extent applicable, comply with, in due course and in full, any such Carbon Liabilities or (b) any breach by PJT LP, subsequent to the Effective Time, of any provision of this Agreement, any Ancillary Agreement unless such Ancillary Agreement expressly provides for separate indemnification therein, in which case any such indemnification claims shall be made thereunder.

Section 8.4. Procedures for Indemnification.

(a) Direct Claims. An Indemnitee shall give the Indemnifying Party notice of any matter that an Indemnitee has determined has given or could give rise to a right of indemnification under this Agreement (other than a Third Party Claim which shall be governed by Section 8.4(b)), within thirty (30) days of such determination, stating the amount of the Indemnifiable Loss claimed, if known, and method of computation thereof, and containing a reference to the provisions of this Agreement in respect of which such right of indemnification is claimed by such Indemnitee or arises; provided, however, that the failure to provide such written notice shall not release the Indemnifying Party from any of its obligations except and solely to the extent the Indemnifying Party shall have been materially prejudiced as a result of such failure.

(b) Third Party Claims. If a claim or demand is made against a Blackstone Indemnitee or a PJT Indemnitee (each, an “**Indemnitee**”) by any Person who is not a party to this Agreement or a Subsidiary of a Party (a “**Third Party Claim**”) as to which such Indemnitee is or reasonably expects to be entitled to indemnification pursuant to this Agreement, such Indemnitee shall notify the Party that is or may be required pursuant to this Article VIII, or pursuant to any Ancillary Agreement to make such indemnification (the “**Indemnifying Party**”) in writing, and in reasonable detail, of the Third Party Claim promptly (and in any event within thirty (30) days) after receipt by such Indemnitee of written notice of the Third Party Claim;

provided, however, that the failure to provide such notice of any such Third Party Claim shall not release the Indemnifying Party from any of its obligations except and solely to the extent the Indemnifying Party shall have been materially prejudiced as a result of such failure. Thereafter, the Indemnitor shall deliver to the Indemnifying Party, promptly (and in any event within ten (10) Business Days) after the Indemnitor's receipt thereof, copies of all notices and documents (including court papers) received by the Indemnitor relating to the Third Party Claim; provided, however, that the failure to forward such notices and documents shall not release the Indemnifying Party from any of its obligations except and solely to the extent the Indemnifying Party shall have been materially prejudiced as a result of such failure.

(c) An Indemnifying Party may, at its election, assume and control the defense of any Third Party Claim, at such Indemnifying Party's own cost and expense and by such Indemnifying Party's own counsel, that is reasonably acceptable to the applicable Indemnitees, within thirty (30) days of the receipt of such notice from such Indemnitees; provided, however, that the Indemnifying Party may only assume the defense of a Third Party Claim if it acknowledges in writing that the Indemnitor is entitled to indemnification for such Indemnifiable Loss and agrees in writing to forego any reservations or exceptions to such defense and to its obligation pursuant to this Agreement to indemnify the Indemnitor in connection with any Indemnifiable Loss resulting from such Third Party Claim. In connection with the Indemnifying Party's defense of a Third Party Claim, such Indemnitor shall have the right to employ separate counsel and to participate in (but not control) the defense, compromise, or settlement thereof, at its own expense and, in any event, shall reasonably cooperate with the Indemnifying Party in such defense and make available to the Indemnifying Party, at the Indemnifying Party's expense, all witnesses, pertinent information, materials and information in such Indemnitor's possession or under such Indemnitor's control relating thereto as are reasonably required by the Indemnifying Party; provided, however, that in the event of a conflict of interest between the Indemnifying Party and the applicable Indemnitor(s), such Indemnitor(s) shall be entitled to retain, at the Indemnifying Party's expense, separate counsel as required by the applicable rules of professional conduct with respect to such matter.

(d) If an Indemnifying Party fails for any reason to assume responsibility for defending a Third Party Claim within the time specified, such Indemnitor may defend such Third Party Claim at the cost and expense of the Indemnifying Party. If the Indemnitor is conducting the defense against any such Third Party Claim, the Indemnifying Party shall reasonably cooperate with the Indemnitor in such defense and make available to the Indemnitor all witnesses, pertinent information, and material in such Indemnifying Party's possession or under such Indemnifying Party's control relating thereto as are reasonably required by the Indemnitor.

(e) Unless the Indemnifying Party has failed to assume the defense of the Third Party Claim in accordance with the terms of this Agreement, no Indemnitor may settle or compromise any Third Party Claim without the prior written consent of the Indemnifying Party, which consent shall not be unreasonably withheld or delayed.

(f) In the case of a Third Party Claim, no Indemnifying Party shall consent to entry of any judgment or enter into any settlement of the Third Party Claim without the prior written consent of the Indemnitor if the effect thereof is to permit any injunction, declaratory judgment, other order or other non-monetary relief (including any criminal conviction) to be entered, directly or indirectly, against any Indemnitor.

(g) Absent fraud or willful misconduct by an Indemnifying Party, the indemnification provisions of this Article VIII shall be the sole and exclusive remedy of an Indemnitor for any monetary or compensatory damages or losses resulting from any breach of this Agreement, any Ancillary Agreement (except as and to the extent otherwise expressly provided in such Ancillary Agreement) and each Indemnitor expressly waives and relinquishes any and all rights, claims or remedies such Person may have with respect to the foregoing other than under this Article VIII against any Indemnifying Party.

Section 8.5. Cooperation In Defense And Settlement.

(a) With respect to any Third Party Claim that implicates BX or any member of the Blackstone Group, on the one hand, and PJT LP or any member of the PJT Group on the other hand, in any material respect due to the allocation of Liabilities or the responsibilities for management of defense and related indemnities pursuant to this Agreement or any of the Ancillary Agreements, the applicable Parties agree to use (and shall cause their applicable Group members to use) reasonable best efforts to cooperate fully and maintain a joint defense (in a manner that will preserve for both Parties and their applicable Group members the attorney-client privilege, joint defense or other privilege with respect thereto). The Party or applicable Group member that is not responsible for managing the defense of such Third Party Claim shall, upon reasonable request, be consulted with respect to significant matters relating thereto and may, if necessary or helpful, retain counsel to assist in the defense of such claims.

(b) Each Party agrees that at all times from and after the Effective Time, if an Action is commenced by a third party (or any member of such Party's respective Group) with respect to which one or more named Parties (or any member of such Party's respective Group) is a nominal defendant and/or such Action is otherwise not a Liability allocated to such named Party under this Agreement or any Ancillary Agreement, then the other Party or Parties shall use reasonable best efforts to cause such nominal defendant to be removed from such Action, as soon as reasonably practicable.

Section 8.6. Indemnification Payments. Indemnification required by this Article VIII shall be made by periodic payments of the amount thereof in a timely fashion during the course of the investigation or defense, as and when bills are received or an Indemnifiable Loss or Liability is incurred.

Section 8.7. Contribution .

(a) If the indemnification provided for in Sections 8.2, 8.3 and 8.4, is unavailable to, or insufficient to hold harmless an Indemnitee under this Agreement or any Ancillary Agreement in respect of any Liabilities referred to herein or therein, then each Indemnifying Party shall contribute to the amount paid or payable by such Indemnitee as a result of such Liabilities in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party and the Indemnitee in connection with the actions or omissions that resulted in Liabilities as well as any other relevant equitable considerations. With respect to the

foregoing, the relative fault of such Indemnifying Party and Indemnitee shall be determined by reference to, among other things, whether the misstatement or alleged misstatement of a material fact or omission or alleged omission to state a material fact relates to Information supplied by such Indemnifying Party or Indemnitee, and the parties' relative intent, knowledge, access to Information and opportunity to correct or prevent such statement or omission.

(b) The Parties agree that it would not be just and equitable if contribution pursuant to this Section 8.7 were determined by a pro rata allocation or by any other method of allocation that does not take account of the equitable considerations referred to in Section 8.8(a). The amount paid or payable by an Indemnitee as a result of the Liabilities referred to in Section 8.8(a) shall be deemed to include, subject to the limitations set forth above, any legal or other fees or expenses reasonably incurred by such Indemnitee in connection with investigating any claim or defending any Action. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

Section 8.8. Indemnification Obligations Net of Insurance Proceeds and Other Amounts. Any Indemnifiable Loss subject to indemnification or contribution pursuant to this Article VIII, will be calculated (i) net of Insurance Proceeds that actually reduce the amount of the Indemnifiable Loss, (ii) net of any Third Party Proceeds, and (iii) net of any Tax Benefits.

Section 8.9. Additional Matters; Survival of Indemnities.

(a) The indemnity and contribution agreements contained in this Article VIII shall remain operative and in full force and effect, regardless of (i) any investigation made by or on behalf of any Indemnitee; (ii) the knowledge by the Indemnitee of Indemnifiable Losses for which it might be entitled to indemnification or contribution hereunder; and (iii) any termination of this Agreement.

(b) The rights and obligations of each Party and their respective Indemnitees under this Article VIII shall survive the sale or other Transfer by any Party or its respective Subsidiaries of any Assets or businesses or the assignment by it of any Liabilities.

(c) Each Party shall, and shall cause the members of its respective Group to, preserve and keep their Records relating to financial reporting, internal audit, employee benefits, past acquisition or disposition transactions, claims, demands, and actions (and email files and backup tapes regarding any of the foregoing) as such pertains to any period prior to the Effective Time in their possession (but only to the extent such Records have not already been provided to PJT LP (or its Group member) or are not already in such Person's possession or control), whether in electronic form or otherwise, until the latest of, as applicable (i) seven (7) years following the Closing Date or (ii) the date on which such Records are no longer required to be retained pursuant Applicable Law or to such Party's applicable record retention policy and schedules as in effect from time to time.

ARTICLE IX

CONFIDENTIALITY; ACCESS TO INFORMATION

Section 9.1. Provision of Corporate Records. Other than for matters related to provision of Tax records (in which event the provisions of the Tax Matters Agreement will govern), and subject to any applicable provisions of this Agreement (including Sections 8.4(c), 8.4(d) and 8.5), any Ancillary Agreement or the Transaction Agreement:

(a) After the Closing Date, upon the prior written request by PJT LP for specific and identified Information which relates to (x) PJT LP or the conduct of the Carbon Business, as the case may be, up to the Effective Time, or (y) any Ancillary Agreement, BX shall (or shall cause its applicable Subsidiary to) provide, as soon as reasonably practicable following the receipt of such request, appropriate copies of such Information (or the originals thereof if PJT LP (or its Group member) has a reasonable need for such originals) in the possession or control of BX or any of its Subsidiaries, but only to the extent such items so relate and have not already been provided to PJT LP (or its Group member) or are not already in such Person's possession or control; provided, however, that BX (or its applicable Subsidiary) shall not be required to provide such copies to the extent that the provision of such would not be permissible under Applicable Law or would require Blackstone (or its applicable Subsidiary) to breach any confidentiality covenant or waive any attorney-client or other legal privilege.

(b) After the Closing Date, upon the prior written request by BX or any of its Affiliates for specific and identified Information which relates to (x) BX or the conduct of the Carbon Business (or the Combined Business) or the Blackstone Retained Business, up to the Effective Time, or (y) any Ancillary Agreement, PJT HoldCo shall (or shall cause its Group member to) provide, as soon as reasonably practicable following the receipt of such request, appropriate copies of such Information (or the originals thereof if Blackstone (or its Affiliate) has a reasonable need for such originals) in the possession or control of PJT LP or any of its Subsidiaries, but only to the extent such items so relate and have not already been provided to BX (or its Affiliate) or are not already in such Person's possession or control; provided, however, that PJT LP (or its applicable Group member) shall not be required to provide such copies to the extent that the provision of such would not be permissible under Applicable Law or would require PJT LP (or its applicable Group member) to breach any confidentiality covenant or waive any attorney-client or other legal privilege.

Section 9.2. Access to Information. Other than in circumstances in which indemnification is sought pursuant to Article VII (in which event the provisions of such Article will govern) or for access with respect to Tax matters (in which event the provisions of the Tax Matters Agreement will govern), from and after the Closing Date, each of BX and PJT HoldCo shall afford to the other and its authorized accountants, counsel and other designated Representatives reasonable access during normal business hours, subject to any applicable provisions of this Agreement or any Ancillary Agreement, to the personnel, properties, and Information of such Party and its Subsidiaries insofar as such access is reasonably required by the other Party and relates to (x) such other Party or the conduct of its business prior to the Effective Time or (y) any Ancillary Agreement; provided that neither BX nor PJT HoldCo shall be required to provide such access to the extent that the provision of such would require such

Party (or one of its Subsidiaries) to breach any confidentiality covenant or waive any attorney-client or other legal privilege or unreasonably interfere with its business. Nothing in this Section 9.2 shall require any Party or its applicable Subsidiary to violate any agreement with any third party regarding the confidentiality of confidential and proprietary information relating to that third party or its business; provided, however, that in the event that a Party is required to disclose any such Information, such Party shall use its reasonable best efforts to seek to obtain such third party Consent to the disclosure of such Information; further provided that the disclosing Party shall not be obligated, in connection with the foregoing, to incur any out-of-pocket expenses unless the necessary funds are advanced or assumed by the Party requesting such Information.

Section 9.3. Litigation Matters; Witness Services . At all times from and after the Closing Date, (a) BX shall, and shall cause its Affiliates to, at the sole cost and expense of PJT HoldCo and its Affiliates, cooperate fully with PJT HoldCo and its Affiliates in the prosecution, defense and/or settlement and all other aspects of the administration of the Specified Actions to the extent such cooperation does not unreasonably disrupt the normal operations of BX and its Affiliates and (b) without limiting the generality of the foregoing, each of BX and PJT HoldCo shall use its reasonable best efforts to make available to the others, upon reasonable written request, its and its Subsidiaries' officers, directors, employees, consultants and agents as witnesses to the extent that (i) such Persons may reasonably be required to testify in connection with the prosecution or defense of any Action in which the requesting Party may from time to time be involved (except for claims, demands or Actions between any Subsidiary of BX, on the one hand, and any member of the PJT Group, on the other hand) and (ii) there is no conflict in the Action between the requesting Party and the requested Party (or any of the their Affiliates), as applicable. A Party providing a witness to the other Party under this Section 9.3 shall be entitled to receive from the recipient of such services, upon the presentation of invoices therefor, payments for such amounts, relating to disbursements and other out-of-pocket expenses (which shall not include the costs of salaries and benefits of employees who are witnesses or any pro rata portion of overhead or other costs of employing such employees which would have been incurred by such employees' employer regardless of the employees' service as witnesses), as may be reasonably incurred and properly paid under Applicable Law.

Section 9.4. Reimbursement; Other Matters . Except to the extent otherwise contemplated by this Agreement or any Ancillary Agreement, a Party providing Information or access to Information to any other Party under this Article IX shall be entitled to receive from the recipient, upon the presentation of invoices therefor, payments for such amounts, relating to supplies, disbursements and other out-of-pocket expenses, as may be reasonably incurred in providing such Information or access to such Information.

Section 9.5. Confidentiality .

(a) Notwithstanding any termination of this Agreement, for a period of three (3) years from the Closing (or, in the case of Confidential Information disclosed after the Effective Time, (3) years from the date of such disclosure), each Party and the members of its Group shall (i) hold in strict confidence (and at a standard of care no less than they use for their own similar information and in accordance with the terms of all applicable third-party agreements), (ii) disclose, provide, transfer, share or make available only to their and their Subsidiaries' officers, employees, agents, consultants, auditors, attorneys and advisors (or potential buyers, lenders, investors, or similar transaction counterparties pursuant to any due diligence process), only on a "need to know" basis, and (iii) not use for any purpose other than to ensure compliance with the terms and conditions of this Agreement or any Ancillary Agreement, to enforce or defend any of its rights hereunder or thereunder or to the extent otherwise expressly

permitted pursuant to this Agreement or any Ancillary Agreement or, in the case of Shared Information, in any manner consistent with such Party's (or its Group's) customary use prior to the Effective Time, all Confidential Information to the extent relating to the business or clients of any other Party or any member(s) of such Party's Group. To the extent that any Party or any member of its Group has Confidential Information related to another Party or its clients or a member of such other Party's Group that is the subject of this Section 9.5 (other than any Shared Information or any Blackstone Retained Information) such first Party shall, and shall cause each member of its Group to (in each case, except as otherwise expressly provided in this Agreement or any Ancillary Agreement), to the extent such Confidential Information is documented or exists in written, photographic or other physical form, return such information (and any copies made thereof) to such other Party or Group, and to the extent it is stored in electronic form, make a copy available to such other Party or Group and expunge such information from any computer or other data carrier, in each case, as promptly as reasonably practicable after the discovery thereof. Each Party is liable hereunder for any unauthorized disclosure or use of the other Parties' Confidential Information by its recipients, including any members of its Group.

(b) Notwithstanding anything to the contrary herein, BX and each member of the Blackstone Group shall have the right to retain copies (including those stored in email files and backup tapes) of any Information to the extent required to be retained by Applicable Law or by such Person's applicable record retention policy and schedules as in effect as of the Effective Time (the "**Blackstone Retained Information**").

Section 9.6. Privileged Matters.

(a) Pre-Separation Services. The Parties recognize that legal and other professional services that have been and will be provided prior to the Effective Time have been and will be rendered for the collective benefit of each of the members of the Blackstone Group and the PJT Group, and that each of the members of the Blackstone Group and the PJT Group should be deemed to be the client with respect to such pre-separation services for the purposes of asserting all privileges which may be asserted under Applicable Law.

(b) Post-Separation Services. The Parties recognize that legal and other professional services will be provided following the Effective Time which will be rendered solely for the benefit of BX or PJT LP (and/or their respective Affiliates), as the case may be. With respect to such post-separation services, the Parties agree as follows:

(i) BX shall be entitled, in perpetuity, to control the assertion or waiver of all privileges in connection with privileged Information which relates solely to the Blackstone Retained Business, whether or not the privileged Information is in the possession of or under the control of BX or PJT LP (or any their respective Affiliates). BX shall also be entitled, in perpetuity, to control the assertion or waiver of all privileges in connection with privileged Information that relates solely to the subject matter of any claims constituting Blackstone Retained Liabilities, now pending or which may be asserted in the future, in any lawsuits or other proceedings initiated against or by BX (or any of its Affiliates), whether or not the privileged Information is in the possession of or under the control of BX or PJT LP (or any their respective Affiliates);

(ii) PJT LP shall be entitled, in perpetuity, to control the assertion or waiver of all privileges in connection with privileged Information which relates solely to the Carbon Business, whether or not the privileged Information is in the possession of or under the control of BX or PJT LP (or any their respective Affiliates). PJT LP shall also be entitled, in perpetuity, to control the assertion or waiver of all privileges in connection with privileged Information that relates solely to the subject matter of any claims constituting Carbon Liabilities, now pending or which may be asserted in the future, in any lawsuits or other proceedings initiated against or by PJT LP (or any member of the PJT Group), whether or not the privileged Information is in the possession of or under the control of BX or PJT LP (or any of their respective Affiliates).

(c) The Parties agree that they shall have a shared privilege, with equal right to assert or waive, subject to the restrictions in this Section 9.6, with respect to all privileges not allocated pursuant to the terms of Section 9.6(b). All privileges relating to any claims, proceedings, litigation, disputes, or other matters which involve two or more of BX or PJT LP (or their respective Affiliates) in respect of which two or more of such Parties retain any responsibility or Liability under this Agreement, shall be subject to a shared privilege among them.

(d) No Party may waive any privilege which could be asserted under any Applicable Law, and in which any other Party has a shared privilege, without the consent of the other Party, which shall not be unreasonably withheld or delayed or as provided in subsections (e) or (f) below. Consent shall be in writing, or shall be deemed to be granted unless written objection is made within twenty (20) days after notice upon the other Party requesting such consent.

(e) In the event of any litigation or dispute between or among any of the Parties, or between any Subsidiary of BX, on the one hand, and any member of the PJT Group, on the other hand, any such party may waive a privilege in which the other party has a shared privilege, without obtaining the consent of the other party; provided, that such waiver of a shared privilege shall be effective only as to the use of Information with respect to the litigation or dispute between the relevant parties, and shall not operate as a waiver of the shared privilege with respect to third parties.

(f) If a dispute arises between or among the Parties or their respective Subsidiaries regarding whether a privilege should be waived to protect or advance the interest of any Party, each Party agrees that it shall negotiate in good faith, shall endeavor to minimize any prejudice to the rights of the other Parties, and shall not unreasonably withhold consent to any request for waiver by another Party. Each Party specifically agrees that it will not withhold consent to waiver for any purpose except to protect its own legitimate interests.

(g) Upon receipt by any Party or by any Subsidiary thereof of any subpoena, discovery or other request which arguably calls for the production or disclosure of Information subject to a shared privilege or as to which another Party has the sole right hereunder to assert a privilege, or if any Party obtains knowledge that any of its or any of its Subsidiaries' current or former directors, officers, agents or employees have received any subpoena, discovery or other requests which arguably calls for the production or disclosure of such privileged Information,

such Party shall promptly notify the other Party or Parties of the existence of the request and shall provide the other Party or Parties a reasonable opportunity to review the Information and to assert any rights it or they may have under this Section 9.6 or otherwise to prevent the production or disclosure of such privileged Information.

(h) The transfer of all Information pursuant to this Agreement is made in reliance on the agreement the Parties as set forth in Sections 9.5 and 9.6, to maintain the confidentiality of privileged Information and to assert and maintain all applicable privileges. The access to Information being granted pursuant to Sections 8.5, 9.1 and 9.2 hereof, the agreement to provide witnesses and individuals pursuant to Sections 8.5 and 9.3 hereof, the furnishing of notices and documents and other cooperative efforts contemplated by Section 8.5 hereof, and the transfer of privileged Information between and among the Parties and their respective Subsidiaries pursuant to this Agreement shall not be deemed a waiver of any privilege that has been or may be asserted pursuant to applicable law.

Section 9.7. Ownership of Information. Any Information owned by one Party or any of its Subsidiaries that is provided to a requesting Party pursuant to this Article IX shall be deemed to remain the property of the providing Party. Unless specifically set forth herein, nothing contained in this Agreement shall be construed as granting or conferring rights of license or otherwise in any such Information.

Section 9.8. Other Agreements. The rights and obligations granted under this Article IX are subject to any specific limitations, qualifications or additional provisions on the sharing, exchange or confidential treatment of Information set forth in any Ancillary Agreement.

ARTICLE X

DISPUTE RESOLUTION

Section 10.1. Arbitration.

(a) Except for matters governed by the Transaction Agreement (in which case the provisions of the Transaction Agreement shall control), any and all disputes (including any ancillary claims) arising out of, or in any way related to this Agreement or the transactions contemplated hereby, including the breach, termination or validity thereof (including the validity, scope and enforceability of this arbitration provision) and any tort claims (collectively, “**Agreement Disputes**”), such Agreement Dispute shall be submitted to and finally resolved by arbitration in accordance with the CPR Institute for Dispute Resolution Rules for Non-Administered Arbitration (“**CPR Rules**”) then currently in effect, except the scope of discovery, if any, shall be in accordance with the Federal Rules of Civil Procedure then currently in effect (as interpreted and enforced by the applicable arbitration panel). The composition of the arbitration panel shall be determined in accordance with CPR Rule 5.4. The arbitration panel shall consist of three arbitrators. Notwithstanding the foregoing, if any dispute otherwise subject to arbitration pursuant to this Section 10.1 involves, as a party in their individual capacity, multiple senior managing directors of Blackstone who have agreed to exclusive arbitration clauses using the then-existing Rules of Arbitration of the International Chamber of Commerce (“**ICC Rules**”), then all references herein to “CPR Rules” shall instead refer to the ICC Rules) and the arbitrator-selection process contained in such other agreements.

(b) The arbitration shall be governed by the Federal Arbitration Act, 9 U.S.C. §§ 1 et seq., and judgment upon the award rendered by the arbitrators may be entered by any court having jurisdiction thereof; provided, however, performance under this Agreement shall continue if reasonably possible during any arbitration proceedings. The place of arbitration shall be in New York City, New York. The language of the arbitration shall be in English.

(c) The arbitral panel's award shall be final, conclusive, and binding upon the parties to the arbitration subject only to the right (if any) of any party to commence proceedings to vacate the award on any ground permitted under 9 U.S.C. § 10.

(d) The procedures specified in this Section 10.1 shall be the sole and exclusive procedures for the resolution of disputes of the nature described in clause (a) above; provided, however, that a party may file a complaint to seek a preliminary injunction or other provisional judicial relief, including for the purpose of compelling a party to arbitrate, or enforcing an arbitration award hereunder, if, in its sole judgment, such action is necessary. Despite such action, the parties will continue to participate in good faith pursuant to the procedures set forth in this Section 10.1.

(e) To the extent a party brings an action pursuant to clause (d) above, EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF THE FEDERAL AND STATE COURTS OF THE STATE OF DELAWARE FOR THE PURPOSE OF ANY JUDICIAL PROCEEDING BROUGHT IN ACCORDANCE WITH THE PROVISIONS OF THIS SECTION 10.1, OR ANY JUDICIAL PROCEEDING ANCILLARY TO AN ARBITRATION OR CONTEMPLATED ARBITRATION DESCRIBED IN CLAUSE (a). The parties acknowledge that the forum designated by this Section 10.1 has, and will have, a reasonable relation to this Agreement, and to the parties' relationship with one another.

(f) Each of the parties hereto waives, to the fullest extent permitted by Applicable Law, any objection which such party now or hereafter may have to personal jurisdiction or to the laying of venue of any such ancillary suit, action or proceeding brought in any court referred to in this Section 10.1 and agrees not to plead or claim the same.

(g) EACH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY SUCH ANCILLARY SUIT, ACTION OR PROCEEDING BROUGHT IN ANY COURT REFERRED TO IN THIS SECTION 10.1.

Section 10.2. Continuity of Service and Performance. Unless otherwise agreed in writing, the Parties will continue to provide service and honor all other commitments under this Agreement and each Ancillary Agreement during the course of dispute resolution pursuant to the provisions of this Article X with respect to all matters not subject to such dispute resolution.

Section 10.3. Consolidation. The arbitrators may consolidate an arbitration under this Agreement with any arbitration arising under or relating to the Ancillary Agreements or any other agreement between the parties entered into pursuant hereto, as the case may be, if the subject of the Agreement Disputes thereunder arise out of or relate essentially to the same set of facts or transactions. Such consolidated arbitration shall be determined by the arbitrator appointed for the arbitration proceeding that was commenced first in time.

ARTICLE XI

MISCELLANEOUS

Section 11.1. Complete Agreement; Construction. This Agreement, including the Exhibits and Schedules, the Ancillary Agreements and the Transaction Agreement shall constitute the entire agreement between the Parties with respect to the subject matter hereof and shall supersede all prior negotiations, commitments, course of dealings and writings with respect to such subject matter, and this Agreement shall specifically supersede the Framework Agreement. In the event of any inconsistency between this Agreement and any Schedule hereto, the Schedule shall prevail unless specifically provided otherwise in this Agreement. In the event and to the extent that there shall be a conflict between the provisions of this Agreement and the provisions of any Ancillary Agreement or the Transaction Agreement, such Ancillary Agreement or the Transaction Agreement, as applicable, shall control; provided, that with respect to any Conveyancing and Assumption Instrument, this Agreement shall control unless specifically stated otherwise in such Conveyancing and Assumption Instrument. Except as expressly set forth in this Agreement, any Ancillary Agreement or the Transaction Agreement: (a) all matters relating to Taxes and Tax Returns of the Parties and their respective Subsidiaries shall be governed exclusively by the Tax Matters Agreement; and (b) for the avoidance of doubt, in the event of any conflict between this Agreement, any Ancillary Agreement or the Transaction Agreement, on the one hand, and the Tax Matters Agreement, on the other hand, with respect to such matters, the terms and conditions of the Tax Matters Agreement shall govern.

Section 11.2. Ancillary Agreements; Transaction Agreement. Except as expressly set forth herein, this Agreement is not intended to address, and should not be interpreted to address, the matters specifically and expressly covered by the Ancillary Agreements or the Transaction Agreement.

Section 11.3. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

Section 11.4. Survival of Agreements. Except as otherwise contemplated by this Agreement, any Ancillary Agreement or the Transaction Agreement, all covenants and agreements of the Parties contained in this Agreement and each Ancillary Agreement shall survive the Distribution and remain in full force and effect in accordance with their terms. None of the representations and warranties in this Agreement or in any instrument delivered pursuant to this Agreement (or in any Ancillary Agreement, except as expressly set forth therein) shall survive the Distribution.

Section 11.5. Expenses. Except as otherwise provided (i) in this Agreement, (ii) in any Ancillary Agreement or (iii) in the Transaction Agreement, whether or not the transactions contemplated hereby are consummated, all fees, legal or otherwise, and out of pocket expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the Party incurring such expenses. Notwithstanding the foregoing, the expenses set forth on Schedule 11.5 shall be paid by the Blackstone Parties.

Section 11.6. Notices. All notices and other communications required or permitted to be given hereunder shall be in writing and shall be deemed given if delivered personally, transmitted by facsimile or e-mail (and confirmed), mailed by registered or certified mail with postage prepaid and return receipt requested, or sent by commercial overnight courier, courier fees prepaid (if available; otherwise, by the next best class of service available), to the parties at the following addresses:

To any member of the Blackstone Group:

The Blackstone Group L.P.
345 Park Avenue
New York, NY 10154
Attn: Michael Chae, John Finley
Facsimile: (212) 583-5749
E-mail: Chae@Blackstone.com; John.Finley@Blackstone.com

with a copy (which shall not constitute notice) to:

Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, NY 10017
Attn: Josh Bonnie; Eric Swedenburg
Facsimile: (212) 455-2502
Email: jbonnie@stblaw.com; eswedenburg@stblaw.com

To any member of the PJT Group:

PJT Partners Holdings LP
280 Park Avenue
16th Floor
New York, NY 10017
Attn: Ji-Yeun Lee; Jim Cuminale
Facsimile: [●]
E-mail: jyl@pjtpartners.com; cuminale@pjtpartners.com

with a copy (which shall not constitute notice) to:

Weil, Gotshal & Manges LLP
767 Fifth Avenue
New York, NY 10153
Attn: Barry M. Wolf; Michael J. Aiello
Facsimile: (212) 310-8007
E-mail: barry.wolf@weil.com; michael.aiello@weil.com

or to such other Person or address as any party shall specify by notice in writing to the other parties in accordance with this Section 11.6. All such notices or other communications shall be deemed to have been received on the date of the personal delivery or delivery by e-mail (if confirmed) or facsimile (if delivery confirmation is received), or on the third Business Day after the mailing or dispatch thereof; provided that notice of change of address shall be effective only upon receipt.

Section 11.7. Waivers and Consents. The failure of any Party to require strict performance by any other Party of any provision in this Agreement will not waive or diminish that Party's right to demand strict performance thereafter of that or any other provision hereof. Any consent required or permitted to be given by any Party to the other Parties under this Agreement shall be in writing and signed by the Party giving such consent and shall be effective only against such Party (and its Group).

Section 11.8. Amendments.

(a) This Agreement may not be amended except by an instrument or instruments in writing signed and delivered on behalf of the Blackstone Parties, PJT HoldCo, PJT LP, the Founder and the PJT Entities.

(b) At any time prior to the Distribution, any Party hereto which is entitled to the benefits hereof may (i) extend the time for the performance of any of the obligations or other acts of the other Parties, (ii) waive any inaccuracy in the representations and warranties of any other Party contained herein or in any schedule hereto or in any document delivered pursuant hereto, and (iii) waive compliance with any of the agreements of any other Party or conditions contained herein. Any agreement on the part of a Party hereto to any such extension or waiver shall be valid only with respect to the Party agreeing to such extension or waiver and only if set forth in an instrument in writing signed and delivered on behalf of such Party.

Section 11.9. Assignment. This Agreement shall not be assigned by any Party hereto without the prior written consent of the other Parties. This Agreement shall inure to the benefit of and be binding upon the Parties hereto and their respective successors and assigns.

Section 11.10. Certain Termination and Amendment Rights.

(a) This Agreement may not be terminated except (x) to the extent the Transaction Agreement has been terminated according to its terms, in which case this Agreement shall automatically terminate and be of no further force and effect or (y) after the Closing Date, by written consent of each of the Parties.

(b) Notwithstanding anything herein to the contrary, Article VIII shall not be terminated or amended after the Distribution in a manner adverse to the third party beneficiaries thereof without the Consent of any such Person. Notwithstanding the foregoing, this Agreement

may be terminated or amended as among any Parties that remain Affiliates, so long as such amendment does not adversely affect any Party that is no longer an Affiliate, in which case, only with the consent of such Party.

Section 11.11. Payment Terms.

(a) Except as expressly provided to the contrary in this Agreement or any Ancillary Agreement, any amount to be paid or reimbursed by any Party (and/or a member of such Party's Group), on the one hand, to any other Party or Parties (and/or a member of such Party's or Parties' Group), on the other hand, under this Agreement shall be paid or reimbursed hereunder within thirty (30) days after presentation of an invoice or a written demand therefor and setting forth, or accompanied by, reasonable documentation or other reasonable explanation supporting such amount.

(b) Except as expressly provided to the contrary in this Agreement or any Ancillary Agreement, any amount not paid when due pursuant to this Agreement (and any amount billed or otherwise invoiced or demanded and properly payable that is not paid within thirty (30) days of such bill, invoice or other demand) shall bear interest at the Default Interest Rate, calculated for the actual number of days elapsed, accrued from the date on which such payment was due up to the date of the actual receipt of payment.

Section 11.12. No Circumvention. The Parties agree not to directly or indirectly take any actions, act in concert with any Person who takes an action, or cause or allow any member of any such Party's Group to take any actions (including the failure to take a reasonable action) such that the resulting effect is to materially undermine the effectiveness of any of the provisions of this Agreement or any Ancillary Agreement (including adversely affecting the rights or ability of any Party to successfully pursue indemnification, contribution or payment pursuant to Article VIII).

Section 11.13. Subsidiaries. BX shall cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth herein to be performed by any member of the Blackstone Group. PJT HoldCo shall cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth herein to be performed by any member of the PJT Group.

Section 11.14. Third Party Beneficiaries.

(a) Except (i) for PJTC, PJTM and the Founder, each of whom is an express third party beneficiary of this Agreement, (ii) as provided in Article VIII relating to Indemnitees and for the release under Section 7.1 of any Person provided therein and (iii) as specifically provided in any Ancillary Agreement, this Agreement is solely for the benefit of the Parties and should not be deemed to confer upon third parties any remedy, claim, obligation, liability, reimbursement, claim of action or other right in excess of those existing without reference to this Agreement.

Section 11.15. Title and Headings. Titles and headings to sections herein are inserted for the convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

Section 11.16. Exhibits and Schedules. The Exhibits and Schedules shall be construed with and as an integral part of this Agreement to the same extent as if the same had been set forth verbatim herein. Nothing in the Exhibits or Schedules constitutes an admission of any liability or obligation of any member of the PJT Group or Blackstone Group or any of their respective Affiliates to any third party, nor, with respect to any third party, an admission against the interests of any member of the PJT Group or Blackstone Group or any of their respective Affiliates.

Section 11.17. Governing Law. THIS AGREEMENT AND THE RIGHTS AND DUTIES OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF DELAWARE.

Section 11.18. Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction or other authority to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such a determination, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the fullest extent possible.

Section 11.19. Force Majeure. No Party (or any Person acting on its behalf) shall have any liability or responsibility for failure to fulfill any obligation (other than a payment obligation) under this Agreement or, unless otherwise expressly provided therein, or any Ancillary Agreement, so long as and to the extent to which the fulfillment of such obligation is prevented, frustrated, hindered or delayed as a consequence of circumstances of Force Majeure. A Party claiming the benefit of this provision shall, as soon as reasonably practicable after the occurrence of any such event: (a) notify the other applicable Parties of the nature and extent of any such Force Majeure condition and (b) use commercially reasonable efforts to remove any such causes and resume performance under this Agreement as soon as feasible.

Section 11.20. Interpretation. The Parties have participated jointly in the negotiation and drafting of this Agreement. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the Party drafting or causing any instrument to be drafted.

Section 11.21. No Duplication; No Double Recovery. Nothing in this Agreement is intended to confer to or impose upon any Party a duplicative right, entitlement, obligation or recovery with respect to any matter arising out of the same facts and circumstances (including with respect to the rights, entitlements, obligations and recoveries that may arise out of one or more of the following Sections: Section 3.4; Section 8.2; Section 8.3; and Section 8.4).

[Signature Pages Follow]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the day and year first above written.

THE BLACKSTONE GROUP L.P.

By: Blackstone Group Management L.L.C., as general partner

By: _____

Name: Michael Chae

Title: Chief Financial Officer

BLACKSTONE HOLDINGS I L.P.

By: Blackstone Holdings I/II GP Inc., as general partner

By: _____

Name: Michael Chae

Title: Chief Financial Officer

PJT PARTNERS INC.

By: _____

Name: Michael Chae

Title: Chief Financial Officer

PJT PARTNERS HOLDINGS LP

By: New Advisory GP L.L.C., as general partner

By: Blackstone Holdings I L.P., as sole member

By: Blackstone Holdings I/II GP Inc., as general partner

By: _____

Name: Michael Chae

Title: Chief Financial Officer

SIGNATURE PAGE TO SEPARATION AND DISTRIBUTION AGREEMENT

NEW ADVISORY GP L.L.C.

By: Blackstone Holdings I L.P., as sole member

By: Blackstone Holdings I/II GP Inc., as general partner

By: _____

Name: Michael Chae

Title: Chief Financial Officer

SIGNATURE PAGE TO SEPARATION AND DISTRIBUTION AGREEMENT

FORM OF AMENDED AND RESTATED CERTIFICATE OF INCORPORATION
OF
PJT PARTNERS INC.

The present name of the corporation is PJT Partners Inc. (the “Corporation”). The Corporation was incorporated under the name “Blackstone Advisory Inc.” by the filing of its original certificate of incorporation with the Secretary of State of the State of Delaware on November 5, 2014 (such certificate of incorporation as amended to the date hereof, the “Original Certificate of Incorporation”). This Amended and Restated Certificate of Incorporation of the Corporation, which amends, restates and integrates the provisions of the Original Certificate of Incorporation, was duly adopted in accordance with the provisions of Sections 242 and 245 of the General Corporation Law of the State of Delaware and by the written consent of the stockholders in accordance with Section 228 of the General Corporation Law of the State of Delaware (the “DGCL”). The Original Certificate of Incorporation of the Corporation is hereby amended and restated to read in its entirety as follows:

ARTICLE I

Section 1.1. Name. The name of the corporation is “PJT Partners Inc.” (the “Corporation”).

ARTICLE II

Section 2.1. Address. The registered office of the Corporation in the State of Delaware is 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808, New Castle County. The name of the Corporation’s registered agent at such address is Corporation Service Company.

ARTICLE III

Section 3.1. Purpose. The purpose of the Corporation is to engage in any lawful act or activity for which corporations may now or hereafter be organized under the DGCL.

ARTICLE IV

Section 4.1. Capitalization. The total number of shares of all classes of stock that the Corporation is authorized to issue is 3,301,000,000 shares, consisting of (i) 300,000,000 shares of Preferred Stock, par value \$0.01 per share (“Preferred Stock”), (ii) 3,000,000,000 shares of Class A Common Stock, par value \$0.01 per share (“Class A Common Stock”), and (iii) 1,000,000 shares of Class B Common Stock, par value \$0.01 per share (“Class B Common Stock” and, together with the Class A Common Stock, the “Common Stock”). The number of authorized shares of any of the Class A Common Stock, Class B Common Stock or Preferred Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority in voting power of the stock of the Corporation entitled to vote thereon irrespective of the provisions of Section 242(b)(2) of the

DGCL (or any successor provision thereto), and no vote of the holders of any of the Class A Common Stock, Class B Common Stock or Preferred Stock voting separately as a class shall be required therefor, unless a vote of any such holder is required pursuant to this Amended and Restated Certificate of Incorporation (including any certificate of designations relating to any series of Preferred Stock).

Section 4.2. Preferred Stock.

(A) The Board of Directors of the Corporation (the “Board”) is hereby expressly authorized, by resolution or resolutions, at any time and from time to time, to provide, out of the unissued shares of Preferred Stock, for one or more series of Preferred Stock and, with respect to each such series, to fix the number of shares constituting such series and the designation of such series, the voting powers (if any) of the shares of such series, and the powers, preferences and relative, participating, optional or other special rights, if any, and any qualifications, limitations or restrictions thereof, of the shares of such series and to cause to be filed with the Secretary of State of the State of Delaware a certificate of designations with respect thereto. The powers, preferences and relative, participating, optional and other special rights of each series of Preferred Stock, and the qualifications, limitations or restrictions thereof, if any, may differ from those of any and all other series at any time outstanding.

(B) Except as otherwise required by law, holders of a series of Preferred Stock, as such, shall be entitled only to such voting rights, if any, as shall expressly be granted thereto by this Amended and Restated Certificate of Incorporation (including any certificate of designations relating to such series).

Section 4.3. Common Stock.

(A) Voting Rights.

(1) Each holder of Class A Common Stock, as such, shall be entitled to one vote for each share of Class A Common Stock held of record by such holder on all matters on which stockholders generally are entitled to vote; *provided, however*, that to the fullest extent permitted by law, holders of Class A Common Stock, as such, shall have no voting power with respect to, and shall not be entitled to vote on, any amendment to this Amended and Restated Certificate of Incorporation (including any certificate of designations relating to any series of Preferred Stock) that relates solely to the terms of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together with the holders of one or more other such series, to vote thereon pursuant to this Amended and Restated Certificate of Incorporation (including any certificate of designations relating to any series of Preferred Stock) or pursuant to the DGCL.

(2) Each holder of Class B Common Stock, as such, shall be entitled, without regard to the number of shares of Class B Common Stock (or fraction thereof) held by such holder, to a number of votes that is equal to the product of (x) the total number of vested and unvested Partnership Units (as defined in the Exchange Agreement dated on or about the date hereof as amended from time to time (the “Exchange

Agreement”), by and among the Corporation, PJT Partners Holdings LP and the holders of Partnership Units from time to time party thereto), held of record by such holder (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 (as defined in the Second Amended and Restated Limited Partnership Agreement of PJT Partners Holdings LP dated as of or about the date hereof, as amended from time to time (the “Partnership Agreement”)) held of record by such holder at the then applicable LTIP Conversion Ratio (as defined in the Partnership Agreement)) multiplied by (y) the Exchange Rate (as defined in the Exchange Agreement) on all matters on which stockholders generally are entitled to vote; provided, however, that, with respect to the election of directors to serve on the Board of the Corporation and the removal of directors from the Board of the Corporation, each holder of Class B Common Stock, as such, shall initially be entitled to one vote for each share of Class B Common Stock held of record by such holder, which voting power shall be subject to increase as provided in this Section 4.3(A) (2); *provided, further*, that, to the fullest extent permitted by law, holders of Class B Common Stock, as such, shall have no voting power with respect to, and shall not be entitled to vote on, any amendment to this Amended and Restated Certificate of Incorporation (including any certificate of designations relating to any series of Preferred Stock) that relates solely to the terms of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together with the holders of one or more other such series, to vote thereon pursuant to this Amended and Restated Certificate of Incorporation (including any certificate of designations relating to any series of Preferred Stock) or pursuant to the DGCL. Notwithstanding the foregoing, by written notice to the Corporation, each holder of Class B common stock may, at any time, request that such holder become entitled to a number of votes in respect of such holder’s shares of Class B Common Stock in the election of directors to serve on the Board of the Corporation and the removal of directors from the Board of the Corporation not to exceed at any time the number of votes to which such holder is then entitled in respect of such shares of Class B common stock on other matters presented to stockholders, or such lesser number of votes as may be specified in such holder’s request. The Board of the Corporation, 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 the Corporation approves such request.

(3) Except as otherwise provided in this Amended and Restated Certificate of Incorporation or required by applicable law, the holders of Common Stock shall vote together as a single class (or, if the holders of one or more series of Preferred Stock are entitled to vote together with the holders of Common Stock, as a single class with the holders of such other series of Preferred Stock) on all matters submitted to a vote of the stockholders generally.

(B) Dividends and Distributions. Subject to applicable law and the rights, if any, of the holders of any outstanding series of Preferred Stock or any class or series of stock having a preference over or the right to participate with the Class A Common Stock with respect to the payment of dividends and other distributions in cash, property of the Corporation or shares of the Corporation’s capital stock, such dividends and other distributions may be declared and

paid on the Class A Common Stock out of the assets of the Corporation that are by law available therefor at such times and in such amounts as the Board in its discretion shall determine. Dividends and other distributions shall not be declared or paid on the Class B Common Stock.

(C) Liquidation, Dissolution or Winding Up. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, after payment or provision for payment of the debts and other liabilities of the Corporation and subject to the rights, if any, of the holders of Preferred Stock or any class or series of stock having a preference over or the right to participate with the Class A Common Stock as to distributions upon dissolution or liquidation or winding up, the holders of all outstanding shares of Class A Common Stock shall be entitled to receive the remaining assets of the Corporation available for distribution ratably in proportion to the number of shares held by each such stockholder. The holders of shares of Class B Common Stock, as such, shall not be entitled to receive any assets of the Corporation in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

(D) Retirement of Class B Common Stock. In the event that any holder of an outstanding share of Class B Common Stock ceases to hold any Partnership Units, then any share or shares of Class B Common Stock held by such holder shall automatically and without further action on the part of the Corporation or any holder of Class B Common Stock be transferred to the Corporation for no consideration.

ARTICLE V

Section 5.1. By-Laws. In furtherance and not in limitation of the powers conferred by the DGCL, the Board is expressly authorized to make, amend, alter, change, add to or repeal the by-laws of the Corporation without the assent or vote of the stockholders in any manner not inconsistent with the laws of the State of Delaware or this Amended and Restated Certificate of Incorporation. Notwithstanding anything to the contrary contained in this Amended and Restated Certificate of Incorporation, the affirmative vote of the holders of at least seventy-five percent (75%) of the voting power of all the then- outstanding shares of stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required for the stockholders to make, amend, alter, change, add to or repeal any provision of the by-laws of the Corporation.

ARTICLE VI

Section 6.1. Board of Directors.

(A) Except as otherwise provided in this Amended and Restated Certificate of Incorporation or the DGCL, the business and affairs of the Corporation shall be managed by or under the direction of the Board. The total number of directors constituting the whole Board shall be determined from time to time exclusively by resolution adopted by the Board. The directors (other than those directors elected by the holders of any series of Preferred Stock, voting separately as a series or together with one or more other such series, as the case may be) shall be divided into three classes designated Class I, Class II and Class III. Each class shall consist, as nearly as possible, of one-third of the total number of such directors. Initially, the

total number of directors shall be five and there shall be two Class I directors, one Class II director and two Class III directors. Class I directors shall initially serve for a term expiring at the first annual meeting of stockholders following the date that the Class A Common Stock of the Corporation is first publicly traded (the “Spin-Off Date”), Class II directors shall initially serve for a term expiring at the second annual meeting of stockholders following the Spin-Off Date and Class III directors shall initially serve for a term expiring at the third annual meeting of stockholders following the Spin-Off Date. Commencing with the first annual meeting of stockholders following the Spin-Off Date, the directors of the class to be elected at each annual meeting shall be elected for a three-year term. If the number of such directors is changed, any increase or decrease shall be apportioned among the classes so as to maintain the number of directors in each class as nearly equal as possible, and any such additional director of any class elected to fill a newly created directorship resulting from an increase in such class shall hold office for a term that shall coincide with the remaining term of that class, but in no case shall a decrease in the number of directors remove or shorten the term of any incumbent director. Any such director shall hold office until the annual meeting at which his or her term expires and until his or her successor shall be elected and qualified, or his or her death, resignation, retirement, disqualification or removal from office. Subject to the provisions of this Amended and Restated Certificate of Incorporation, the Board is authorized to assign members of the Board already in office to their respective class.

(B) Subject to the rights granted to the holders of any one or more series of Preferred Stock then outstanding, any newly-created directorship on the Board that results from an increase in the number of directors and any vacancy occurring in the Board (whether by death, resignation, retirement, disqualification, removal or other cause) shall be filled only by a majority of the directors then in office, although less than a quorum, or by a sole remaining director. Any director elected to fill a vacancy or newly created directorship shall hold office until the next election of the class for which such director shall have been chosen and until his or her successor shall be elected and qualified, or until his or her earlier death, resignation, retirement, disqualification or removal.

(C) Any or all of the directors (other than the directors elected by the holders of any series of Preferred Stock of the Corporation, voting separately as a series or together with one or more other such series, as the case may be) may be removed only for cause and only by the affirmative vote of the holders of at least seventy-five percent (75%) in voting power of all the then-outstanding shares of stock of the Corporation entitled to vote thereon, voting together as a single class.

(D) During any period when the holders of any series of Preferred Stock, voting separately as a series or together with one or more series, have the right to elect additional directors, then upon commencement and for the duration of the period during which such right continues: (i) the then otherwise total authorized number of directors constituting the Board shall automatically be increased by such specified number of directors, and the holders of such Preferred Stock shall be entitled to elect any such additional director so provided for or fixed pursuant to said provisions, and (ii) except as otherwise expressly provided in the terms of such series, each such additional director shall serve until such director’s successor shall have been duly elected and qualified, or until such director’s right to hold such office terminates pursuant to said provisions, whichever occurs earlier, subject to his or her earlier death, resignation,

retirement, disqualification or removal. Except as otherwise provided by the Board in the resolution or resolutions establishing such series, whenever the holders of any series of Preferred Stock having such right to elect additional directors are divested of such right pursuant to the provisions of such stock, the terms of office of all such additional directors elected by the holders of such stock, or elected to fill any vacancies resulting from the death, resignation, disqualification or removal of such additional directors, shall forthwith terminate, each such director shall automatically cease to be qualified, and the total authorized number of directors of the Corporation shall be reduced accordingly.

(E) Directors of the Corporation need not be elected by written ballot unless the By-laws of the Corporation shall so provide.

(F) The Chief Executive Officer of the Corporation as of the date of the adoption of this Amended and Restated Certificate of Incorporation, to the extent that such Chief Executive Officer serves as Chief Executive Officer and as a director of the Corporation, shall (1) serve as Chairman of the Board, (2) be assigned to Class I, (3) be nominated as a Class I director at the annual meeting of stockholders at which his initial term expires, and (4) serve as the Chairman of the Nominating and Governance committee of the Board for so long as such service is permitted under the applicable rules of the New York Stock Exchange and shall select the other members of the Nominating and Governance committee of the Board. At such time as the Chief Executive Officer and Chairman is not serving as the Chairman of the Nominating and Governance committee, the Chief Executive Officer and Chairman of the Board shall select the chairman and other members of the Nominating and Governance committee of the Board, subject to the applicable rules of New York Stock Exchange.

ARTICLE VII

Section 7.1. Meetings of Stockholders. Any action required or permitted to be taken by the holders of stock of the Corporation must be effected at a duly called annual or special meeting of such holders and may not be effected by any consent in writing by such holders unless such action is recommended by all directors of the Corporation then in office; *provided, however*, that any action required or permitted to be taken by the holders of Class B Common Stock, voting separately as a class, or, to the extent expressly permitted by the certificate of designations relating to one or more series of Preferred Stock, by the holders of such series of Preferred Stock, voting separately as a series or separately as a class with one or more other such series, may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holders of outstanding shares of the relevant class or series having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted and shall be delivered to the Corporation by delivery to its registered office in Delaware, its principal place of business, or to an officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Subject to the rights of the holders of any series of Preferred Stock, special meetings of the stockholders of the Corporation may be called only by or at the direction of the Board, the Chairman of the Board or the Chief Executive Officer of the Corporation.

ARTICLE VIII

Section 8.1. Limited Liability of Directors. No director of the Corporation will have any personal liability to the Corporation or its stockholders for monetary damages for any breach of fiduciary duty as a director, except to the extent such exemption from liability or limitation thereof is not permitted under the DGCL as the same exists or hereafter may be amended. Neither the amendment nor the repeal of this Article VIII shall eliminate or reduce the effect thereof in respect of any state of facts existing or act or omission occurring, or any cause of action, suit or claim that, but for this Article VIII, would accrue or arise, prior to such amendment or repeal.

ARTICLE IX

Section 9.1. Severability. If any provision or provisions (or any part thereof) of this Amended and Restated Certificate of Incorporation shall be held to be invalid, illegal or unenforceable as applied to any circumstance for any reason whatsoever: (i) the validity, legality and enforceability of such provisions in any other circumstance and of the remaining provisions of this Amended and Restated Certificate of Incorporation (including, without limitation, each portion of any paragraph of this Amended and Restated Certificate of Incorporation containing any such provision held to be invalid, illegal or unenforceable that is not itself held to be invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby; and (ii) to the fullest extent possible, the provisions of this Amended and Restated Certificate of Incorporation (including, without limitation, each portion of any paragraph of this Amended and Restated Certificate of Incorporation containing any such provision held to be invalid, illegal or unenforceable) shall be construed so as to permit the Corporation to protect its directors, officers, employees and agents from personal liability in respect of their good faith service for the benefit of the Corporation to the fullest extent permitted by law.

ARTICLE X

Section 10.1. Forum. Unless the Corporation consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall, to the fullest extent permitted by law, be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim of breach of a fiduciary duty owed by any stockholder or any director, officer, or other employee of the Corporation to the Corporation or the Corporation's stockholders, (iii) any action asserting a claim arising pursuant to any provision of the DGCL, or (iv) any action asserting a claim governed by the internal affairs doctrine. To the fullest extent permitted by law, any person or entity purchasing or otherwise acquiring or holding any interest in shares of capital stock of the Corporation shall be deemed to have notice of and consented to the provisions of this Article X.

ARTICLE XI

Section 11.1. Amendment of Certificate of Incorporation. Notwithstanding anything contained in this Amended and Restated Certificate of Incorporation providing a lesser vote, in addition to any other vote expressly required by this Amended and Restated Certificate of Incorporation or the DGCL, the following provisions in this Amended and Restated

Certificate of Incorporation may be amended, altered, repealed or rescinded, in whole or in part, or any provision inconsistent therewith or herewith may be adopted, only by the affirmative vote of the holders of at least seventy-five percent (75%) in voting power of all the then-outstanding shares of stock of the Corporation entitled to vote thereon, voting together as a single class: Article V, Article VI, Article VII, Article VIII and this Article XI. The other provisions or any new provision of this Amended and Restated Certificate of Incorporation may be amended, altered, repealed or rescinded, in whole or in part, by the affirmative vote of the holders of at least a majority in voting power of all the then-outstanding shares of stock of the Corporation entitled to vote thereon, voting together as a single class.

* * *

IN WITNESS WHEREOF, the Corporation has caused this Amended and Restated Certificate of Incorporation to be signed by _____, its
, this ____ day of _____, 2015.

PJT PARTNERS INC.

By: _____
Name:
Title:

[Signature Page – Amended and Restated Certificate of Incorporation]

CERTIFICATE OF DESIGNATION
OF
SERIES A JUNIOR PARTICIPATING PREFERRED STOCK
OF
PJT PARTNERS INC.

We, _____, [NAME OF OFFICE], and _____, [NAME OF OFFICE], of PJT Partners Inc., a Delaware corporation (the “Corporation”), in accordance with the provisions of Section 151(g) of the General Corporation Law of the State of Delaware, DO HEREBY CERTIFY:

That, pursuant to the authority conferred upon the Board of Directors of the Corporation (the “Board of Directors”) by the Amended and Restated Certificate of Incorporation of the Corporation (as amended, the “Certificate of Incorporation”), the Board of Directors on [●], 2015, adopted the following resolution creating a series of Preferred Stock designated as Series A Junior Participating Preferred Stock:

RESOLVED, that pursuant to the authority vested in the Board of Directors in accordance with the provisions of the Certificate of Incorporation, a series of Preferred Stock of the Corporation be, and it hereby is, created, and that the designation and amount thereof and the powers, preferences and relative, participating, optional and other special rights of the shares of such series, and the qualifications, limitations or restrictions thereof are as follows:

SECTION 1. Designation and Amount. The shares of such series shall be designated as “Series A Junior Participating Preferred Stock,” par value \$0.01 per share (the “Series A Junior Participating Preferred Stock”), and the number of shares constituting such series shall be [●], which number may from time to time be increased or decreased (but not below the number then outstanding) by the Board of Directors.

SECTION 2. Dividends and Distributions. (a) The dividend rate on the shares of Series A Junior Participating Preferred Stock shall be for each quarterly dividend (hereinafter referred to as a “Quarterly Dividend Period”), which Quarterly Dividend Periods shall commence on January 1, April 1, July 1 and October 1 each year (each such date being referred to herein as a “Quarterly Dividend Payment Date”) (or in the case of original issuance, from the date of original issuance) and shall end on and include the day next preceding the first date of the next Quarterly Dividend Period, at a rate per Quarterly Dividend Period (rounded to the nearest cent) subject to the provisions for adjustment hereinafter set forth, equal to the greater of (a) \$1.000 and (b) 1,000 times the aggregate per share amount of all cash dividends, and 1,000 times the aggregate per share amount (payable in cash, based upon the fair market value at the time the non-cash dividend or other distribution is declared as determined in good faith by the Board of Directors) of all non-cash dividends or other distributions other than a dividend payable in shares of common stock or a subdivision of the outstanding shares of common stock (by reclassification or otherwise), declared (but not withdrawn) on the Class A Common Stock, par value \$0.01 per share, of the Corporation (the “Common Stock”) during the immediately preceding quarterly dividend

period, or, with respect to the first quarterly dividend period, since the first issuance of any share or fraction of a share of Series A Junior Participating Preferred Stock. In the event the Corporation shall at any time after [●], 2015 (the “Rights Declaration Date”) (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock, or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the amount to which holders of shares of Series A Junior Participating Preferred Stock were entitled immediately prior to such event under the preceding sentence shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(b) Dividends shall begin to accrue and be cumulative on outstanding shares of Series A Junior Participating Preferred Stock from the Quarterly Dividend Payment Date next preceding the date of issue of such shares of Series A Junior Participating Preferred Stock, unless the date of issue of such shares is prior to the record date for the first Quarterly Dividend Payment Date, in which case dividends on such shares shall begin to accrue from the date of issue of such shares, or unless the date of issue is a Quarterly Dividend Payment Date or is a date after the record date for the determination of holders of shares of Series A Junior Participating Preferred Stock entitled to receive a quarterly dividend and before such Quarterly Dividend Payment Date, in either of which events such dividends shall begin to accrue and be cumulative from such Quarterly Dividend Payment Date. Accrued but unpaid dividends shall not bear interest. Dividends paid on the shares of Series A Junior Participating Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix a record date for the determination of holders of shares of Series A Junior Participating Preferred Stock entitled to receive payment of a dividend or distribution declared thereon, which record date shall be no more than 45 days prior to the date fixed for the payment thereof.

(c) So long as any shares of the Series A Junior Participating Preferred Stock are outstanding, no dividends or other distributions shall be declared, paid or distributed, or set aside for payment or distribution, on the Common Stock unless, in each case, the dividend required by this Section 2 to be declared on the Series A Junior Participating Preferred Stock shall have been declared.

(d) The holders of the shares of Series A Junior Participating Preferred Stock shall not be entitled to receive any dividends or other distributions except as provided herein.

SECTION 3. Voting Rights. The holders of shares of Series A Junior Participating Preferred Stock shall have the following voting rights:

(a) Subject to the provision for adjustment hereinafter set forth, each share of Series A Junior Participating Preferred Stock shall entitle the holder thereof to 1,000 votes on all matters submitted to a vote of the stockholders of the Corporation. In the event the Corporation shall at any time after the Rights Declaration Date (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock, or (iii)

combine the outstanding Common Stock into a smaller number of shares, then in each such case the number of votes per share to which holders of shares of Series A Junior Participating Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(b) Except as otherwise provided herein, in the Certificate of Incorporation or the Amended and Restated Bylaws of the Corporation (the “Bylaws”) or by applicable law, the holders of shares of Series A Junior Participating Preferred Stock and the holders of shares of Common Stock shall vote together as one class for the election of directors of the Corporation and on all other matters submitted to a vote of stockholders of the Corporation.

(c) Except as set forth herein, in the Certificate of Incorporation or the Bylaws or by applicable law, holders of Series A Junior Participating Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for authorizing or taking any corporate action.

(d) If, at the time of any annual meeting of stockholders for the election of directors, the equivalent of six quarterly dividends (whether or not consecutive) payable on any share or shares of Series A Junior Participating Preferred Stock are in default, the number of directors constituting the Board of Directors shall be increased by two. In addition to voting together with the holders of Common Stock for the election of other directors of the Corporation, the holders of record of the Series A Junior Participating Preferred Stock, voting separately as a class to the exclusion of the holders of Common Stock, shall be entitled at said meeting of stockholders (and at each subsequent annual meeting of stockholders), unless all dividends in arrears have been paid or declared and set apart for payment prior thereto, to vote for the election of two directors of the Corporation, the holders of any Series A Junior Participating Preferred Stock being entitled to cast a number of votes per share of Series A Junior Participating Preferred Stock as is specified in paragraph (a) of this Section 3. Until the default in payments of all dividends which permitted the election of said directors shall cease to exist, any director who shall have been so elected pursuant to the preceding sentence may be removed at any time, either with or without cause, only by the affirmative vote of the holders of the shares of Series A Junior Participating Preferred Stock at the time entitled to cast a majority of the votes entitled to be cast for the election of any such director at a special meeting of such holders called for that purpose, and any vacancy thereby created may be filled by the vote of such holders. If and when such default shall cease to exist, the holders of the Series A Junior Participating Preferred Stock shall be divested of the foregoing special voting rights, subject to reversion in the event of each and every subsequent like default in payments of dividends. Upon the termination of the foregoing special voting rights, the terms of office of all persons who may have been elected directors pursuant to said special voting rights shall forthwith terminate, and the number of directors constituting the Board of Directors shall be reduced by two. The voting rights granted by this Section 3(d) shall be in addition to any other voting rights granted to the holders of the Series A Junior Participating Preferred Stock in this Section 3.

SECTION 4. Reacquired Shares. Any shares of Series A Junior Participating Preferred Stock purchased or otherwise acquired by the Corporation in any manner whatsoever

shall be retired and canceled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued shares of Preferred Stock, without designation as to series until such shares are once more designated as part of a particular series by the Board of Directors pursuant to the provisions of the Certificate of Incorporation.

SECTION 5. Liquidation, Dissolution or Winding Up. Upon the liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, no distribution shall be made (1) to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Junior Participating Preferred Stock unless, prior thereto, the holders of shares of Series A Junior Participating Preferred Stock shall have received an amount equal to the accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment, plus an amount per share, subject to the provision for adjustment hereinafter set forth, equal to 1,000 times the aggregate amount to be distributed per share to holders of Common Stock or (2) to the holders of stock ranking on parity (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Junior Participating Preferred Stock except distributions made ratably on the Series A Junior Participating Preferred Stock and all other such parity stock in proportion to the total amounts to which the holders of all such shares are entitled upon such liquidation, dissolution or winding up. In the event the Corporation shall at any time after the Rights Declaration Date (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock, or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the amount to which holders of shares of Series A Junior Participating Preferred Stock were entitled immediately prior to such event pursuant to clause (2) of the preceding sentence shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

SECTION 6. Consolidation, Merger, etc. In case the Corporation shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case the then outstanding shares of Series A Junior Participating Preferred Stock shall at the same time be similarly exchanged or changed into an amount per share (subject to the provision for adjustment hereinafter set forth) equal to 1,000 times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is exchanged or changed. In the event the Corporation shall at any time after the Rights Declaration Date (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock, or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the amount set forth in the preceding sentence with respect to the exchange or change of shares of Series A Junior Participating Preferred Stock shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

SECTION 7. No Redemption; No Sinking Fund. (a) The shares of Series A Junior Participating Preferred Stock shall not be subject to redemption by the Corporation or at the

option of any holder of Series A Junior Participating Preferred Stock; provided, however, that the Corporation may purchase or otherwise acquire outstanding shares of Series A Junior Participating Preferred Stock in the open market or by offer to any holder or holders of shares of Series A Junior Participating Preferred Stock.

(b) The shares of Series A Junior Participating Preferred Stock shall not be subject to or entitled to the operation of a retirement or sinking fund.

SECTION 8. Fractional Shares. The Series A Junior Participating Preferred Stock shall be issuable upon exercise of the Rights issued pursuant to the Rights Agreement in whole shares or in any fraction of a share that is one one-thousandths (1/1,000ths) of a share or any integral multiple of such fraction which shall entitle the holder, in proportion to such holder's fractional shares, to receive dividends, exercise voting rights, participate in distributions and to have the benefit of all other rights of holders of Series A Junior Participating Preferred Stock. In lieu of fractional shares, the Corporation, prior to the first issuance of a share or a fraction of a share of Series A Junior Participating Preferred Stock, may elect (1) to make a cash payment as provided in the Rights Agreement for fractions of a share other than one one-thousandths (1/1,000ths) of a share or any integral multiple thereof or (2) to issue depository receipts evidencing such authorized fraction of a share of Series A Junior Participating Preferred Stock pursuant to an appropriate agreement between the Corporation and a depository selected by the Corporation; provided that such agreement shall provide that the holders of such depository receipts shall have all the rights, privileges and preferences to which they are entitled as holders of the Series A Junior Participating Preferred Stock. All payments made with respect to fractional shares hereunder shall be rounded to the nearest whole cent.

SECTION 9. Certain Restrictions. (a) Whenever quarterly dividends or other dividends or distributions payable on the Series A Junior Participating Preferred Stock as provided in Section 2 are in arrears, thereafter and until all accrued and unpaid dividends and distributions, whether or not declared, on shares of Series A Junior Participating Preferred Stock outstanding shall have been paid in full, the Corporation shall not:

(i) declare or pay dividends on, make any other distributions on, or redeem or purchase or otherwise acquire for consideration any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Junior Participating Preferred Stock;

(ii) declare or pay dividends on or make any other distributions on any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Junior Participating Preferred Stock, except dividends paid ratably on the Series A Junior Participating Preferred Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled;

(iii) redeem or purchase or otherwise acquire for consideration shares of any stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Junior Participating Preferred Stock; provided that the Corporation may at any time redeem, purchase or otherwise acquire shares of any such

parity stock in exchange for shares of any stock of the Corporation ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Junior Participating Preferred Stock; or

(iv) purchase or otherwise acquire for consideration any shares of Series A Junior Participating Preferred Stock, or any shares of stock ranking on a parity with the Series A Junior Participating Preferred Stock, except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of such shares upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(b) The Corporation shall not permit any subsidiary of the Corporation to purchase or otherwise acquire for consideration any shares of stock of the Corporation unless the Corporation could, under paragraph (a) of this Section 9, purchase or otherwise acquire such shares at such time and in such manner.

SECTION 10. Ranking. The Series A Junior Participating Preferred Stock shall rank junior to all other series of Preferred Stock of the Corporation but senior to each of the Class A Common Stock and Class B Common Stock of the Corporation as to dividends and upon liquidation, unless the Board of Directors shall specifically determine otherwise in fixing the powers, preferences and relative, participating, optional and other special rights of the shares of such series and the qualifications, limitations or restrictions thereof.

SECTION 11. Amendment. None of the powers, preferences and relative, participating, optional and other special rights of the Series A Junior Participating Preferred Stock as provided herein or in the Certificate of Incorporation shall be amended in any manner which would alter or change the powers, preferences, rights or privileges of the holders of Series A Junior Participating Preferred Stock so as to affect them adversely without the affirmative vote of the holders of at least two-thirds of the outstanding shares of Series A Junior Participating Preferred Stock, voting together as a single class.

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IN WITNESS WHEREOF, the Corporation has caused this Certificate of Designation to be duly executed in its corporate name on this day of [●], [●].

PJT PARTNERS INC.

By: _____

Name:

Title:

FORM OF AMENDED AND RESTATED**BY-LAWS****OF****PJT PARTNERS INC.**

ARTICLE I.**STOCKHOLDERS**

Section 1. The annual meeting of the stockholders of PJT Partners Inc. (the “Corporation”) for the purpose of electing directors and for the transaction of such other business as may properly be brought before the meeting shall be held on such date, and at such time and place, if any, within or without the State of Delaware as may be designated from time to time by or at the direction of the Chairman of the Board of Directors of the Corporation (the “Board”), or in the event there is no Chairman, by the Board. The Corporation may postpone, reschedule or cancel any annual meeting of stockholders previously scheduled.

Section 2. Unless otherwise expressly provided by the Amended and Restated Certificate of Incorporation of the Corporation (as the same may be amended and/or restated from time to time, the “Certificate of Incorporation”), special meetings of the stockholders of the Corporation may be called only by or at the direction of the Board, the Chairman of the Board or the Chief Executive Officer of the Corporation.

Section 3. Except as otherwise provided by law, the Certificate of Incorporation or these By-Laws, notice of the date, time, place (if any), the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting, the record date for determining the stockholders entitled to vote at the meeting (if such date is different from the record date for stockholders entitled to notice of the meeting) and, in the case of a special meeting, the purpose or purposes of the meeting of stockholders shall be given not more than sixty (60), nor less than ten (10), days previous thereto, to each stockholder entitled to vote at the meeting as of the record date for determining stockholders entitled to notice of the meeting at such address as appears on the records of the Corporation.

Section 4. The holders of a majority in voting power of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business, except as otherwise provided herein, by statute or by the Certificate of Incorporation; but if at any meeting of stockholders there shall be less than a quorum present, the chairman of the meeting or, by a majority in voting power thereof, the stockholders present thereat in person or by proxy may, to the extent permitted by law, adjourn the meeting from time to time. Notwithstanding the foregoing, where a separate vote by a class or series or classes or series is required, a majority in voting power of the outstanding shares of such class or series or classes or series, present in person or represented by proxy, shall constitute a quorum entitled to take action with respect to

that vote on that matter. At any adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the original meeting. Except as provided in these Bylaws, notice need not be given of any adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. If the adjournment is for more than thirty (30) days, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting. If after the adjournment a new record date for stockholders entitled to vote is fixed for the adjourned meeting, the Board shall fix a new record date for notice of such adjourned meeting, and shall give notice of the adjourned meeting to each stockholder of record entitled to vote at such adjourned meeting as of the record date for notice of such adjourned meeting.

Section 5. The Chairman of the Board, or in the Chairman's absence or at the Chairman's direction, the Chief Executive Officer, or in the Chief Executive Officer's absence or at the Chief Executive Officer's direction, any officer of the Corporation shall call all meetings of the stockholders to order and shall act as chairman of any such meetings. The Secretary of the Corporation or, in such officer's absence, an Assistant Secretary shall act as secretary of the meeting. If neither the Secretary nor an Assistant Secretary is present, the chairman of the meeting shall appoint a secretary of the meeting. The Board may adopt such rules and regulations for the conduct of the meeting of stockholders as it shall deem appropriate. Unless otherwise determined by the Board prior to the meeting, the chairman of the meeting shall determine the order of business and shall have the authority in his or her discretion to regulate the conduct of any such meeting, including, without limitation, convening the meeting and adjourning the meeting (whether or not a quorum is present), announcing the date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote, imposing restrictions on the persons (other than stockholders of record of the Corporation or their duly appointed proxies) who may attend any such meeting, establishing procedures for the transaction of business at the meeting (including the dismissal of business not properly presented), maintaining order at the meeting and safety of those present, restricting entry to the meeting after the time fixed for commencement thereof and limiting the circumstances in which any person may make a statement or ask questions at any meeting of stockholders.

Section 6. At all meetings of stockholders, any stockholder entitled to vote thereat shall be entitled to vote in person or by proxy, but no proxy shall be voted after three years from its date, unless such proxy provides for a longer period. Without limiting the manner in which a stockholder may authorize another person or persons to act for the stockholder as proxy pursuant to the General Corporation Law of the State of Delaware (the "DGCL"), the following shall constitute a valid means by which a stockholder may grant such authority: (1) a stockholder may execute a writing authorizing another person or persons to act for the stockholder as proxy, and execution of the writing may be accomplished by the stockholder or the stockholder's authorized officer, director, employee or agent signing such writing or causing his or her signature to be affixed to such writing by any reasonable means including, but not limited to, by facsimile signature; or (2) a stockholder may authorize another person or persons to act for the stockholder as proxy by transmitting or authorizing by means of electronic transmission to the person who will be the holder of the proxy or to a proxy solicitation firm, proxy support service organization or like agent duly authorized by the person who will be the holder of the proxy to receive such transmission, provided that any such means of electronic transmission must either set forth or be submitted with information from which it can be

determined that the electronic transmission was authorized by the stockholder. If it is determined that such electronic transmissions are valid, the inspector or inspectors of stockholder votes or, if there are no such inspectors, such other persons making that determination shall specify the information upon which they relied.

A proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A stockholder may revoke any proxy which is not irrevocable by attending the meeting and voting in person or by delivering to the Secretary of the Corporation a revocation of the proxy or a new proxy bearing a later date.

Any copy, facsimile telecommunication or other reliable reproduction of the writing or transmission created pursuant to the preceding paragraph of this Section 6 may be substituted or used in lieu of the original writing or transmission for any and all purposes for which the original writing or transmission could be used, provided that such copy, facsimile telecommunication or other reproduction shall be a complete reproduction of the entire original writing or transmission.

Proxies shall be filed with the secretary of the meeting prior to or at the commencement of the meeting to which they relate.

Section 7. When a quorum is present at any meeting, the vote of the holders of a majority of the votes cast on the matter shall decide any question brought before such meeting, unless the question is one upon which by express provision of the Certificate of Incorporation, these By Laws or the DGCL a different vote is required, in which case such express provision shall govern and control the decision of such question. Notwithstanding the foregoing, where a separate vote by a class or series or classes or series is required and a quorum is present, the affirmative vote of a majority of the votes cast on the matter by shares of such class or series or classes or series shall be the act of such class or series or classes or series, unless the question is one upon which by express provision of the Certificate of Incorporation, these By Laws or the DGCL a different vote is required, in which case such express provision shall govern and control the decision of such question.

Section 8. (A) In order that the Corporation may determine the stockholders entitled to notice of any meeting of stockholders or any adjournment thereof, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board, and which record date shall, unless otherwise required by law, not be more than sixty (60) nor less than ten (10) days before the date of such meeting. If the Board so fixes a date, such date shall also be the record date for determining the stockholders entitled to vote at such meeting unless the Board determines, at the time it fixes such record date, that a later date on or before the date of the meeting shall be the date for making such determination. If no record date is fixed by the Board, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; *provided, however*, that the Board

may fix a new record date for determination of stockholders entitled to vote at the adjourned meeting, and in such case shall also fix as the record date for stockholders entitled to notice of such adjourned meeting the same or an earlier date as that fixed for determination of stockholders entitled to vote in accordance herewith at the adjourned meeting.

(B) In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board may fix a record date, which shall not be more than sixty (60) days prior to such other action. If no such record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board adopts the resolution relating thereto.

Section 9. At any time when the Certificate of Incorporation permits action by one or more classes or series of stockholders of the Corporation to be taken by written consent, the provisions of this section shall apply. All consents properly delivered in accordance with the Certificate of Incorporation and the DGCL shall be deemed to be recorded when so delivered. No written consent shall be effective to take the corporate action referred to therein unless, within sixty (60) days of the earliest dated consent delivered to the Corporation as required by the DGCL, written consents signed by the holders of a sufficient number of shares to take such corporate action are so delivered to the Corporation in accordance with the applicable provisions of the DGCL. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing and who, if the action had been taken at a meeting, would have been entitled to notice of the meeting if the record date for notice of such meeting had been the date that written consents signed by a sufficient number of holders to take the action were delivered to the Corporation as provided in the applicable provisions of the DGCL. Any action taken pursuant to such written consent or consents of the stockholders shall have the same force and effect as if taken by the stockholders at a meeting thereof. In order that the Corporation may determine the stockholders entitled to consent to corporate action in writing without a meeting, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board, and which date shall not be more than ten (10) days after the date upon which the resolution fixing the record date is adopted by the Board. If no record date has been fixed by the Board, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting, when no prior action by the Board is required by statute, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation by delivery to its registered office in the State of Delaware, its principal place of business, or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to the Corporation's registered office shall be by hand or by certified or registered mail, return receipt requested. If no record date has been fixed by the Board and prior action by the Board is required by statute, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting shall be at the close of business on the day on which the Board adopts the resolution taking such prior action.

Section 10. The officer who has charge of the stock ledger of the Corporation shall prepare and make at least ten (10) days before every meeting of stockholders, a complete

list of the stockholders entitled to vote at the meeting (*provided, however*, if the record date for determining the stockholders entitled to vote is less than ten days before the date of the meeting, the list shall reflect the stockholders entitled to vote as of the tenth day before the meeting date), arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder for any purpose germane to the meeting for a period of at least ten (10) days prior to the meeting: (i) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or (ii) during ordinary business hours, at the principal place of business of the Corporation. In the event that the Corporation determines to make the list available on an electronic network, the Corporation may take reasonable steps to ensure that such information is available only to stockholders of the Corporation. If the meeting is to be held at a place, then a list of stockholders entitled to vote at the meeting shall be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then the list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting.

Section 11. The Board, in advance of all meetings of the stockholders, may appoint one or more inspectors of stockholder votes, who may be employees or agents of the Corporation or stockholders or their proxies, but who shall not be directors of the Corporation or candidates for election as directors. In the event that the Board fails to so appoint one or more inspectors of stockholder votes or, in the event that one or more inspectors of stockholder votes previously designated by the Board fails to appear or act at the meeting of stockholders, the chairman of the meeting may appoint one or more inspectors of stockholder votes to fill such vacancy or vacancies. Inspectors of stockholder votes appointed to act at any meeting of the stockholders, before entering upon the discharge of their duties, shall take and sign an oath to faithfully execute the duties of inspector of stockholder votes with strict impartiality and according to the best of their ability and the oath so taken shall be subscribed by them. Inspectors of stockholder votes shall take all actions required under the applicable provisions of the DGCL.

Section 12. (A) Annual Meetings of Stockholders. (1) Nominations of persons for election to the Board and the proposal of other business to be considered by the stockholders may be made at an annual meeting of stockholders only (a) pursuant to the Corporation's notice of meeting (or any supplement thereto) delivered pursuant to Article I, Section 3 of these By-Laws, (b) by or at the direction of the Board or any authorized committee thereof or (c) by any stockholder of the Corporation who is entitled to vote on such election or such other business at the meeting, who complied with the notice procedures set forth in subparagraphs (2), (3) and (4) of this paragraph (A) of this Section 12 and who was a stockholder of record at the time such notice was delivered to the Secretary of the Corporation.

(2) For nominations or other business to be properly brought before an annual meeting by a stockholder, the stockholder must have given timely notice thereof in proper written form to the Secretary of the Corporation, and, in the case of business other than nominations of persons for election to the Board, such other business must be a proper matter for stockholder action. To be timely, a stockholder's notice shall be delivered to the Secretary at the

principal executive offices of the Corporation not less than ninety (90) days nor more than one hundred twenty (120) days prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is advanced by more than thirty (30) days, or delayed by more than seventy (70) days, from such anniversary date, notice by the stockholder to be timely must be so delivered not earlier than the close of business on the 120th day prior to such annual meeting and not later than the close of business on the later of the 90th day prior to such annual meeting or the tenth day following the day on which public announcement of the date of such meeting is first made. For purposes of the application of Rule 14a-4(c) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (or any successor provision), the date for notice specified in this paragraph (A)(2) shall be the earlier of the date calculated as hereinbefore provided or the date specified in paragraph (c)(1) of Rule 14a-4. For purposes of the first annual meeting of stockholders following the adoption of these By-Laws, the date of the first anniversary of the preceding year's annual meeting shall be deemed to be May 31, 2016.

(3) To be in proper written form, a stockholder's notice to the Secretary must set forth the following information:

(a) as to each person whom the stockholder proposes to nominate for election or re-election as a director (i) the name, age, business address and residence address of such person; (ii) the principal occupation or employment of such person; (iii) the class or series and number of all shares of stock of the Corporation which are owned beneficially or of record by such person and any affiliates or associates of such person, and the name of each nominee holder of shares of all stock of the Corporation owned beneficially but not of record by such person or any affiliates or associates of such person, and the number of such shares of stock of the Corporation held by each such nominee holder; (iv) whether and the extent to which any derivative instrument, swap, option, warrant, short interest, hedge or profit interest or other transaction has been entered into by or on behalf of such person, or any affiliates or associates of such person, with respect to stock of the Corporation; (v) whether and the extent to which any other transaction, agreement, arrangement or understanding (including any short position or any borrowing or lending of shares of stock of the Corporation) has been made by or on behalf of such person, or any affiliates or associates of such person, the effect or intent of any of the foregoing being to mitigate loss to, or to manage risk or benefit of stock price changes for, such person, or any affiliates or associates of such person, or to increase or decrease the voting power or pecuniary or economic interest of such person, or any affiliates or associates of such person, with respect to stock of the Corporation, (vi) such person's written representation and agreement that such person (A) is not and will not become a party to any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director of the Corporation, will act or vote on any issue or question, (B) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director of the Corporation that has not been disclosed to the Corporation in such representation and agreement and (C) in such person's individual capacity, would be in compliance, if

elected as a director of the Corporation, and will comply with, all applicable publicly disclosed confidentiality, corporate governance, conflict of interest, Regulation FD, code of conduct and ethics, and stock ownership and trading policies and guidelines of the Corporation; and (vii) all other information relating to such person that is required to be disclosed in solicitations of proxies for election of directors, or is otherwise required, in each case pursuant to Section 14(a) of the Exchange Act and the rules and regulations promulgated thereunder;

(b) as to any other business that the stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the text of the proposal or business (including the text of any resolutions proposed for consideration and, in the event that such business includes a proposal to amend these By-Laws, the language of the proposed amendment), the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made;

(c) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (i) the name and record address of such stockholder, as they appear on the Corporation's books and records, and of such beneficial owner, (ii) the class or series and number of shares of capital stock of the Corporation which are owned directly or indirectly, beneficially and of record by such stockholder and such beneficial owner, (iii) a representation that the stockholder is a holder of record of the stock of the Corporation at the time of the giving of the notice, will be entitled to vote at such meeting and will appear in person or by proxy at the meeting to propose such business or nomination, (iv) a representation whether the stockholder or the beneficial owner, if any, will be or is part of a group which will (A) deliver a proxy statement and/or form of proxy to holders of at least the percentage of the voting power of the Corporation's outstanding capital stock required to approve or adopt the proposal or elect the nominee and/or (B) otherwise solicit proxies or votes from stockholders in support of such proposal or nomination, (v) a certification regarding whether such stockholder and beneficial owner, if any, have complied with all applicable federal, state and other legal requirements in connection with the stockholder's and/or beneficial owner's acquisition of shares of capital stock or other securities of the Corporation and/or the stockholder's and/or beneficial owner's acts or omissions as a stockholder of the Corporation and (vi) any other information relating to such stockholder and beneficial owner, if any, required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for, as applicable, the proposal and/or for the election of directors in an election contest pursuant to and in accordance with Section 14(a) of the Exchange Act and the rules and regulations promulgated thereunder;

(d) a description of any agreement, arrangement or understanding with respect to the nomination or proposal and/or the voting of shares of any class or series of stock of the Corporation between or among the stockholder giving the notice, the beneficial owner, if any, on whose behalf the nomination or proposal is made, any of their respective affiliates or associates and/or any others acting in concert with any of the foregoing (collectively, "proponent persons"); and

(e) a description of any agreement, arrangement or understanding (including without limitation any contract to purchase or sell, acquisition or grant of any option, right or warrant to purchase or sell, swap or other instrument) the intent or effect of which may be (i) to transfer to or from any proponent person, in whole or in part, any of the economic consequences of ownership of any security of the Corporation, (ii) to increase or decrease the voting power of any proponent person with respect to shares of any class or series of stock of the Corporation and/or (iii) to provide any proponent person, directly or indirectly, with the opportunity to profit or share in any profit derived from, or to otherwise benefit economically from, any increase or decrease in the value of any security of the Corporation.

(4) A stockholder providing notice of a proposed nomination for election to the Board or other business proposed to be brought before a meeting (whether given pursuant to this paragraph (A)(2) or paragraph (B) of this Section 12) shall update and supplement such notice from time to time to the extent necessary so that the information provided or required to be provided in such notice shall be true and correct as of the record date for determining the stockholders entitled to notice of the meeting and as of the date that is fifteen (15) days prior to the meeting or any adjournment or postponement thereof, provided that if the record date for determining the stockholders entitled to vote at the meeting is less than fifteen (15) days prior to the meeting or any adjournment or postponement thereof, the information shall be supplemented and updated as of such later date. Any such update and supplement shall be delivered in writing to the Secretary at the principal executive offices of the Corporation not later than five (5) days after the record date for determining the stockholders entitled to notice of the meeting (in the case of any update or supplement required to be made as of the record date for determining the stockholders entitled to notice of the meeting), not later than ten (10) days prior to the date for the meeting or any adjournment or postponement thereof (in the case of any update or supplement required to be made as of fifteen (15) days prior to the meeting or any adjournment or postponement thereof) and not later than five (5) days after the record date for determining the stockholders entitled to vote at the meeting, but no later than the date prior to the meeting or any adjournment or postponement thereof (in the case of any update and supplement required to be made as of a date less than fifteen (15) days prior the date of the meeting or any adjournment or postponement thereof). The Corporation may require any proposed nominee to furnish such other information as it may reasonably require to determine the eligibility of such proposed nominee to serve as a director of the Corporation and to determine the independence of such director under the Exchange Act and rules and regulations thereunder and applicable stock exchange rules. No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the procedures set forth in subparagraphs (1), (2), (3) and (4) of this paragraph (A) of this Section 12. If the Chairman of the meeting determines that a nomination was not made in accordance with the foregoing procedures, such nomination shall be disregarded, and the Chairman shall so declare to the meeting.

(5) Notwithstanding anything in the second sentence of paragraph (A)(2) of this Section 12 to the contrary, in the event that the number of directors to be elected to the Board is

increased, effective after the time period for which nominations would otherwise be due under paragraph (A)(2) of this Section 12, and there is no public announcement naming all of the nominees for director or specifying the size of the increased Board made by the Corporation at least one hundred (100) days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice required by this Section 12 shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the tenth day following the day on which a public announcement of such increase is first made by the Corporation; provided that, if no such announcement is made at least ten (10) days before the meeting, then no such notice shall be required.

(B) Special Meetings of Stockholders. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting pursuant to Article I, Section 3 of these By-Laws. Nominations of persons for election to the Board may be made at a special meeting of stockholders at which directors are to be elected pursuant to the Corporation's notice of meeting only (a) by or at the direction of the Board or a committee thereof or (b) provided that the Board has determined that directors shall be elected at such meeting, by any stockholder of the Corporation who is entitled to vote on such election at the meeting, who complies with the notice procedures set forth in this Section 12 and who is a stockholder of record at the time such notice is delivered to the Secretary of the Corporation. In the event the Corporation calls a special meeting of stockholders for the purpose of electing one or more directors to the Board, any such stockholder entitled to vote in such election of directors may nominate a person or persons (as the case may be) for election to such position(s) as specified in the Corporation's notice of meeting if the stockholder's notice as required by paragraph (A)(2) of this Section 12 shall be delivered to the Secretary at the principal executive offices of the Corporation not earlier than the 120th day prior to such special meeting and not later than the close of business on the later of the 90th day prior to such special meeting or the tenth day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board to be elected at such meeting.

(C) General. (1) Only persons who are nominated in accordance with the procedures set forth in this Section 12 shall be eligible to serve as directors and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 12. Except as otherwise provided by law, the Certificate of Incorporation or these By-Laws, the chairman of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made in accordance with the procedures set forth in this Section 12 and, if any proposed nomination or business is not in compliance with this Section 12, to declare that such defective nomination shall be disregarded or that such proposed business shall not be transacted.

Notwithstanding the foregoing provisions of this Section 12, if the stockholder (or a qualified representative of the stockholder) does not appear at the annual or special meeting of stockholders of the Corporation to present a nomination or business, such nomination shall be disregarded and such proposed business shall not be transacted, notwithstanding that proxies in

respect of such vote may have been received by the Corporation. For purposes of this Section 12, to be considered a qualified representative of the stockholder, a person must be a duly authorized officer, manager or partner of such stockholder or must be authorized by a writing executed by such stockholder or an electronic transmission delivered by such stockholder to act for such stockholder as proxy at the meeting of stockholders and such person must produce such writing or electronic transmission, or a reliable reproduction of the writing or electronic transmission, at the meeting of stockholders.

(2) For purposes of this Section 12, “public announcement” shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service, in a document publicly filed or furnished by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act or otherwise disseminated in a manner constituting “public disclosure” under Regulation FD promulgated by the Securities and Exchange Commission.

(3) No adjournment or postponement or notice of adjournment or postponement of any meeting shall be deemed to constitute a new notice of such meeting for purposes of this Section 12, and in order for any notification required to be delivered by a stockholder pursuant to this Section 12 to be timely, such notification must be delivered within the periods set forth above with respect to the originally scheduled meeting.

(4) Notwithstanding the foregoing provisions of this Section 12, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section 12; provided however, that, to the fullest extent permitted by law, any references in these By-Laws to the Exchange Act or the rules and regulations promulgated thereunder are not intended to and shall not limit any requirements applicable to nominations or proposals as to any other business to be considered pursuant to this Section 12 (including paragraphs (A)(1)(c) and (B) hereof), and compliance with paragraphs (A)(1)(c) and (B) of this Section 12 shall be the exclusive means for a stockholder to make nominations or submit other business. Nothing in this Section 12 shall apply to the right, if any, of the holders of any series of Preferred Stock to elect directors pursuant to any applicable provisions of the Certificate of Incorporation.

ARTICLE II.

BOARD OF DIRECTORS

Section 1. Subject to the Certificate of Incorporation, the total number of directors constituting the Board shall be fixed exclusively by resolution adopted by the Board. Directors shall (except as hereinafter provided for the filling of vacancies and newly created directorships and except as otherwise expressly provided in the Certificate of Incorporation) be elected by the holders of a plurality of the votes cast by the holders of shares present in person or represented by proxy at the meeting and entitled to vote on the election of such directors. A majority of the total number of directors then in office (but not less than one-third of the number of directors constituting the entire Board) shall constitute a quorum for the transaction of

business. Except as otherwise provided by law, these By-Laws or by the Certificate of Incorporation, the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board. Directors need not be stockholders.

Section 2. Subject to the Certificate of Incorporation, unless otherwise required by the DGCL or Article II, Section 4 of these By-Laws, any newly created directorship on the Board that results from an increase in the number of directors and any vacancy occurring in the Board (whether by death, resignation, removal, retirement, disqualification or otherwise) shall be filled only by a majority of the directors then in office, although less than a quorum, or by a sole remaining director.

Section 3. Meetings of the Board shall be held at such place, if any, within or without the State of Delaware as may from time to time be fixed by resolution of the Board or as may be specified in the notice of any meeting. Regular meetings of the Board shall be held at such times as may from time to time be fixed by resolution of the Board and special meetings may be held at any time upon the call of the Chairman of the Board or the Chief Executive Officer, by oral or written notice, including facsimile, e-mail or other means of electronic transmission, duly served on or sent and delivered to each director to such director's address, e-mail address or telephone or telecopy number as shown on the books of the Corporation not less than twenty-four (24) hours before the meeting. The notice of any meeting need not specify the purposes thereof. A meeting of the Board may be held without notice immediately after the annual meeting of stockholders at the same place, if any, at which such meeting is held. Notice need not be given of regular meetings of the Board held at times fixed by resolution of the Board. Notice of any meeting need not be given to any director who shall attend such meeting (except when the director attends a meeting for the express purpose of objecting at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened), or who shall waive notice thereof, before or after such meeting, in writing (including by electronic transmission).

Section 4. Notwithstanding the foregoing, whenever the holders of any one or more series of Preferred Stock issued by the Corporation shall have the right, voting separately as a series or separately as a class with one or more such other series, to elect directors at an annual or special meeting of stockholders, the election, term of office, removal, and other features of such directorships shall be governed by the terms of the Certificate of Incorporation (including any certificate of designations relating to any series of Preferred Stock) applicable thereto.

Section 5. Subject to Section 6.1(F) of the Certificate of Incorporation (or any successor provision), the Board may from time to time establish one or more committees of the Board to serve at the pleasure of the Board, which shall be comprised of such members of the Board and have such duties as the Board shall from time to time determine. Any director may belong to any number of committees of the Board. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board to act at the meeting in the place of any such absent or disqualified

member. Unless otherwise provided in the Certificate of Incorporation, these By-Laws or the resolution of the Board designating the committee, a committee may create one or more subcommittees, each subcommittee to consist of one or more members of the committee, and may delegate to a subcommittee any or all of the powers and authority of the committee.

Section 6. Unless otherwise restricted by the Certificate of Incorporation or these By-Laws, any action required or permitted to be taken at any meeting of the Board or of any committee thereof may be taken without a meeting if all members of the Board or committee, as the case may be, consent thereto in writing (including by electronic transmission), and the writing or writings (including any electronic transmission or transmissions) are filed with the minutes of proceedings of the Board.

Section 7. The members of the Board or any committee thereof may participate in a meeting of such Board or committee, as the case may be, by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this subsection shall constitute presence in person at such a meeting.

Section 8. The Board may establish policies for the compensation of directors and for the reimbursement of the expenses of directors, in each case, in connection with services provided by directors to the Corporation.

ARTICLE III.

OFFICERS

Section 1. The Board shall elect officers of the Corporation, including a Chief Executive Officer and a Secretary. The Board may also from time to time elect such other officers (including, without limitation, a President, a Chief Financial Officer, a Chief Operating Officer, a Chief Investment Officer, a General Counsel, one or more Vice Presidents, a Treasurer, one or more Assistant Vice Presidents, one or more Assistant Secretaries and one or more Assistant Treasurers) as it may deem proper or may delegate to any elected officer of the Corporation the power to appoint and remove any such other officers and to prescribe their respective terms of office, authorities and duties. Any Vice President may be designated Executive, Senior or Corporate, or may be given such other designation or combination of designations as the Board or the Chief Executive Officer may determine. Any two or more offices may be held by the same person. The Chief Executive Officer of the Corporation as of the date of the adoption of these By-Laws shall be the Chairman of the Board and shall serve in such capacity for so long as he serves as Chief Executive Officer of the Corporation and as a director. From and after such time, the Board may elect or appoint from its ranks a new Chairman of the Board, who may or may not also be an officer of the Corporation. The Board may elect or appoint co-Chairmen of the Board, co-Presidents or co-Chief Executive Officers and, in such case, references in these By-Laws to the Chairman of the Board, the President or the Chief Executive Officer shall refer to either such co-Chairman of the Board, co-President or co-Chief Executive Officer, as the case may be.

Section 2. All officers of the Corporation elected by the Board shall hold office for such terms as may be determined by the Board or, except with respect to his or her own office, the Chief Executive Officer, or until their respective successors are chosen and qualified or until his or her earlier resignation or removal. Any officer may be removed from office at any time either with or without cause by the Board, or, in the case of appointed officers, by any elected officer upon whom such power of removal shall have been conferred by the Board.

Section 3. Each of the officers of the Corporation elected by the Board or appointed by an officer in accordance with these By-Laws shall have the powers and duties prescribed by law, by these By-Laws or by the Board and, in the case of appointed officers, the powers and duties prescribed by the appointing officer, and, unless otherwise prescribed by these By-Laws or by the Board or such appointing officer, shall have such further powers and duties as ordinarily pertain to that office.

Section 4. Unless otherwise provided in these By-Laws, in the absence or disability of any officer of the Corporation, the Board or the Chief Executive Officer may, during such period, delegate such officer's powers and duties to any other officer or to any director and the person to whom such powers and duties are delegated shall, for the time being, hold such office.

ARTICLE IV.

INDEMNIFICATION AND ADVANCEMENT OF EXPENSES

Section 1. Each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she is or was a director or an officer of the Corporation or, while a director or officer of the Corporation, is or was serving at the request of the Corporation as a director, officer, employee, agent or trustee of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan (hereinafter an "indemnitee"), whether the basis of such proceeding is alleged action in an official capacity as a director, officer, employee, agent or trustee or in any other capacity while serving as a director, officer, employee, agent or trustee, shall be indemnified and held harmless by the Corporation to the fullest extent permitted by Delaware law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by such indemnitee in connection therewith; provided, however, that, except as provided in Section 3 of this Article IV with respect to proceedings to enforce rights to indemnification or advancement of expenses or with respect to any compulsory counterclaim brought by such indemnitee, the Corporation shall indemnify any such indemnitee in connection with a proceeding (or part thereof) initiated by such indemnitee only if such proceeding (or part thereof) was authorized by the Board of Directors. For the avoidance of doubt, only persons named as officers of the Corporation by action of the Board of Directors shall be "officers" of the Corporation for purposes of this Article IV.

Section 2. In addition to the right to indemnification conferred in Section 1 of this Article IV, an indemnitee shall also have the right to be paid by the Corporation the expenses (including attorney's fees) incurred in appearing at, participating in or defending any such proceeding in advance of its final disposition or in connection with a proceeding brought to establish or enforce a right to indemnification or advancement of expenses under this Article IV (which shall be governed by Section 3 of this Article IV) (hereinafter an "advancement of expenses"); provided, however, that, if (x) the DGCL requires or (y) in the case of an advance made in a proceeding brought to establish or enforce a right to indemnification or advancement, an advancement of expenses incurred by an indemnitee in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such indemnitee, including, without limitation, service to an employee benefit plan) shall be made solely upon delivery to the Corporation of an undertaking (hereinafter an "undertaking"), by or on behalf of such indemnitee, to repay all amounts so advanced if it shall ultimately be determined after final judicial decision from which there is no further right to appeal (hereinafter a "final adjudication") that such indemnitee is not entitled to indemnification under this Article IV or otherwise.

Section 3. If a claim under Section 1 or 2 of this Article IV is not paid in full by the Corporation within (i) sixty (60) days after a written claim for indemnification has been received by the Corporation or (ii) twenty (20) days after a claim for an advancement of expenses has been received by the Corporation, the indemnitee may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim or to obtain advancement of expenses, as applicable. To the fullest extent permitted by law, if the indemnitee is successful in whole or in part in any such suit, or in a suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the indemnitee shall be entitled to be paid also the expense of prosecuting or defending such suit. In (i) any suit brought by the indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the indemnitee to enforce a right to an advancement of expenses) it shall be a defense that, and (ii) any suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Corporation shall be entitled to recover such expenses upon a final adjudication that, the indemnitee has not met any applicable standard for indemnification set forth in the DGCL. Neither the failure of the Corporation (including by its directors who are not parties to such action, a committee of such directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such suit that indemnification of the indemnitee is proper in the circumstances because the indemnitee has met the applicable standard of conduct set forth in the DGCL, nor an actual determination by the Corporation (including by its directors who are not parties to such action, a committee of such directors, independent legal counsel, or its stockholders) that the indemnitee has not met such applicable standard of conduct, shall create a presumption that the indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the indemnitee, be a defense to such suit. In any suit brought by the indemnitee to enforce a right to indemnification or to an advancement of expenses hereunder, or brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the indemnitee is not entitled to be indemnified, or to such advancement of expenses, under this Article IV or otherwise shall be on the Corporation.

Section 4. The provision of indemnification to or the advancement of expenses and costs to any indemnitee under this Article IV, or the entitlement of any indemnitee to

indemnification or advancement of expenses and costs under this Article IV, shall not limit or restrict in any way the power of the Corporation to indemnify or advance expenses and costs to such indemnitee in any other way permitted by law or be deemed exclusive of, or invalidate, any right to which any indemnitee seeking indemnification or advancement of expenses and costs may be entitled under any law, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in such indemnitee's capacity as an officer, director, employee or agent of the Corporation and as to action in any other capacity.

Section 5. The rights conferred upon indemnitees in this Article IV shall be contract rights and such rights shall continue as to an indemnitee who has ceased to be a director or officer and shall inure to the benefit of the indemnitee's heirs, executors and administrators. Any amendment, alteration or repeal of this Article IV that adversely affects any right of an indemnitee or its successors shall be prospective only and shall not limit, eliminate, or impair any such right with respect to any proceeding involving any occurrence or alleged occurrence of any action or omission to act that took place prior to such amendment or repeal.

Section 6. The Corporation may purchase and maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the DGCL.

Section 7. The Corporation may, to the extent authorized from time to time by the Board of Directors, grant rights to indemnification and to the advancement of expenses to any employee or agent of the Corporation to the fullest extent of the provisions of this Article IV with respect to the indemnification and advancement of expenses of directors and officers of the Corporation.

ARTICLE V.

CORPORATE BOOKS

The books of the Corporation may be kept inside or outside of the State of Delaware at such place or places as the Board may from time to time determine.

ARTICLE VI.

CHECKS, NOTES, PROXIES, ETC.

All checks and drafts on the Corporation's bank accounts and all bills of exchange and promissory notes, and all acceptances, obligations and other instruments for the payment of money, shall be signed by such officer or officers or agent or agents as shall be authorized from time to time by the Board or such officer or officers who may be delegated such authority. Proxies to vote and consents with respect to securities of other corporations or entities owned by or standing in the name of the Corporation may be executed and delivered from time to time on behalf of the Corporation by the Chairman of the Board, the Chief Executive Officer, or by such officers as the Chairman of the Board, the Chief Executive Officer or the Board may from time to time determine.

ARTICLE VII.

FISCAL YEAR

The fiscal year of the Corporation shall be, unless otherwise determined by resolution of the Board, the calendar year ending on December 31.

ARTICLE VIII.

CORPORATE SEAL

The corporate seal shall have inscribed thereon the name of the Corporation. In lieu of the corporate seal, when so authorized by the Board or a duly empowered committee thereof, a facsimile thereof may be impressed or affixed or reproduced.

ARTICLE IX.

GENERAL PROVISIONS

Section 1. Whenever notice is required to be given by law or under any provision of the Certificate of Incorporation or these By-Laws, notice of any meeting need not be given to any person who shall attend such meeting (except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened), or who shall waive notice thereof, before or after such meeting, in writing (including by electronic transmission).

Section 2. Section headings in these By-Laws are for convenience of reference only and shall not be given any substantive effect in limiting or otherwise construing any provision herein.

Section 3. In the event that any provision of these By-Laws is or becomes inconsistent with any provision of the Certificate of Incorporation or the DGCL, the provision of these By-laws shall not be given any effect to the extent of such inconsistency but shall otherwise be given full force and effect.

ARTICLE X.

AMENDMENTS

These By-Laws may be made, amended, altered, changed, added to or repealed as set forth in the Certificate of Incorporation.

PJT PARTNERS INC.

AND

[•]

as Rights Agent

STOCKHOLDER RIGHTS AGREEMENT

Dated as of [•], 2015

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STOCKHOLDER RIGHTS AGREEMENT

This Stockholder Rights Agreement (the “Rights Agreement”), is dated as of [●], 2015, between PJT Partners Inc., a Delaware corporation (the “Company”), and [●] (the “Rights Agent”).

WITNESSETH:

WHEREAS, the Board of Directors of the Company on [●], 2015 (i) authorized the issuance and declared a dividend of one right (“Right”) for each share of the Class A common stock, par value \$0.01 per share, of the Company outstanding on such date and time in advance of the Separation (as such term is hereinafter defined) as the Board of Directors has determined (such date and time, the “Record Date”), with the payment of such dividend being conditioned on the consummation of the Separation, each Right representing the right to purchase one one-thousandth of a share of Series A Junior Participating Preferred Stock of the Company having the rights, powers and preferences set forth in the Certificate of Designation attached hereto as Exhibit A upon the terms and subject to the conditions hereinafter set forth, and (ii) further authorized and directed the issuance of one Right with respect to each share of Common Stock (as such term is hereinafter defined) of the Company that shall become outstanding between the Record Date and the Distribution Date (as such term is hereinafter defined);

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein set forth, the parties agree as follows:

1. Certain Definitions. For purposes of this Rights Agreement the following terms shall have the meanings indicated:

(a) A Person shall be deemed to be “Acting in Concert” with another Person if such Person knowingly acts (whether or not pursuant to an express agreement, arrangement or understanding, whether oral or in writing) in concert with such other Person in, or towards a common goal relating to, changing or influencing the control of the Company or in connection with or as a participant in any transaction having that purpose or effect, in parallel with such other Person where at least one additional factor supports a determination by the Board of Directors that such Person intended to act in concert or in parallel with the other Person, which such additional factors may include exchanging information, attending meetings, conducting discussions or making or soliciting invitations to act in concert or in parallel. A Person who or which is Acting in Concert with another Person shall also be deemed to be Acting in Concert with any third party who is also Acting in Concert with such other Person.

(b) “Acquiring Person” shall mean any Person (as such term is hereinafter defined) who or which, together with all Affiliates (as such term is hereinafter defined) and Associates (as such term is hereinafter defined) of such Person, shall be the Beneficial Owner (as such term is hereinafter defined) of fifteen percent (15%) or more of the outstanding Common Stock of the Company, but shall not include

(i) the Company, any Subsidiary of the Company, any employee benefit plan or compensation arrangement of the Company or any Subsidiary of the Company, or any entity holding securities of the Company to the extent organized, appointed or established by the Company or any Subsidiary of the Company for or pursuant to the terms of any such employee benefit plan or compensation arrangement; or

(ii) an Exempt Person (as such term is hereinafter defined);

provided, however, that in no event shall a Person who or which, together with all Affiliates and Associates of such Person, is the Beneficial Owner of less than 15% of the Company's outstanding Common Stock, become an Acquiring Person solely as a result of

(A) a reduction of the number of shares of outstanding Common Stock due to the repurchase of outstanding shares of Common Stock by the Company (or any Subsidiary of the Company or any employee benefit plan of the Company or of any Subsidiary of the Company) unless and until such Person, after becoming aware that such Person has become the Beneficial Owner of 15% or more of the then outstanding Common Stock, acquires beneficial ownership of additional shares of Common Stock representing 1% or more of the Common Stock then outstanding, unless upon the consummation of the acquisition of such shares of Common Stock such Person does not Beneficially Own 15% or more of the Company's outstanding shares of Common Stock;

(B) acquisitions of Common Stock by way of a declaration and payment of a pro rata dividend payable in Common Stock (or securities convertible or exchangeable into Common Stock) on, or split or subdivision of, the Common Stock of the Company,

(C) acquisition of Common Stock by way of any unilateral grant of restricted stock or any other security by the Company or any Subsidiary of the Company or through the exercise of any options, warrants, rights or similar interests (including restricted stock) granted by the Company or any Subsidiary of the Company to its directors, officers and employees pursuant to any equity incentive or award plan, or

(D) acquisitions of Common Stock upon the exchange of Partnership Units pursuant to the Exchange Agreement, which reduction or acquisition, as applicable, increases the percentage of outstanding shares of Common Stock Beneficially Owned by such Person.

Notwithstanding the foregoing, if (i) the Board of Directors determines in good faith that a Person who would otherwise be an Acquiring Person, as defined pursuant to the foregoing provisions of this Section 1(b), has become such inadvertently (including, without limitation, because (A) such Person was unaware that it Beneficially Owned a percentage of Common Stock that would otherwise cause such Person to be an Acquiring Person or (B) such Person was aware of the extent of its Beneficial Ownership but had no actual knowledge of the consequences of such Beneficial Ownership under this Rights Agreement) and without any intention of changing or influencing control of the Company, and, within two Business Days of being requested by the Company to advise the Company regarding same, such Person certifies in

writing that such Person acquired Beneficial Ownership of 15% or more of the Company's outstanding Common Stock inadvertently or without such knowledge and without such intention, and (ii) such Person divests as promptly as practicable, but in any event within ten Business Days of being requested by the Company to make such divestment, of a sufficient number of shares of Common Stock so that such Person would no longer be an "Acquiring Person," as defined pursuant to the foregoing provisions of this Section 1(b), then such Person shall not be deemed to be or to have become an "Acquiring Person" for any purposes of this Rights Agreement.

(c) "Affiliate" and "Associate" shall have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations under the Exchange Act (as such term is hereinafter defined) as in effect on the date of this Rights Agreement.

(d) A Person shall be deemed the "Beneficial Owner" of, shall be deemed to "Beneficially Own" and shall be deemed to have "Beneficial Ownership" of, any securities

(i) which such Person or any of such Person's Affiliates or Associates beneficially owns, directly or indirectly;

(ii) which such Person or any of such Person's Affiliates or Associates, directly or indirectly, has (A) the right to acquire (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding (other than customary agreements with and between underwriters and selling group members with respect to a bona fide public offering of securities), whether or not in writing, or upon the exercise of conversion rights, exchange rights, rights (other than the Rights), warrants or options, or otherwise; provided, however, that a Person shall not be deemed the Beneficial Owner of, to Beneficially Own or to have Beneficial Ownership of, securities tendered pursuant to a tender or exchange offer made by such Person or any of such Person's Affiliates or Associates until such tendered securities are accepted for purchase or exchange; or (B) the right to vote or dispose of or has "beneficial ownership" of (as determined pursuant to Rule 13d-3 and 13d-5 of the General Rules and Regulations under the Exchange Act, or any comparable or successor rule), including pursuant to any agreement, arrangement or understanding (whether or not in writing); provided, however, that a Person shall not be deemed the Beneficial Owner of, to Beneficially Own, or to have Beneficial Ownership of, any securities if the agreement, arrangement or understanding to vote such security (1) arises solely from a revocable proxy or consent given in response to a public proxy or consent solicitation made pursuant to, and in accordance with, the applicable rules and regulations of the Exchange Act and (2) is not also then reportable by such Person on Schedule 13D under the Exchange Act (or any comparable or successor report);

(iii) which are beneficially owned, directly or indirectly, by any other Person with which such Person or any of such Person's Affiliates or Associates is Acting in Concert or has any agreement, arrangement or understanding (whether or not in writing) for the purpose of acquiring, holding, voting except as described in the proviso to clause (B) of subparagraph (ii) of this Section 1(d) or disposing of any securities of the Company; provided, however, that no Person who is an officer, director or employee of an Exempt Person shall be deemed, solely by reason of such Person's status or authority as such, to be the Beneficial Owner

of, to have Beneficial Ownership of or to Beneficially Own any securities that are Beneficially Owned (as defined in this [Section 1\(d\)](#)), including, without limitation, in a fiduciary capacity, by an Exempt Person or by any other such officer, director or employee of an Exempt Person; or

(iv) which are the subject of, or the reference securities for, or that underlie, any Derivative Interest (as such term is hereinafter defined) of such Person or any of such Person's Affiliates or Associates, with the number of shares of Common Stock deemed beneficially owned being the notional or other number of shares of Common Stock specified in the documentation evidencing the Derivative Interest as being subject to be acquired upon the exercise or settlement of the Derivative Interest or as the basis upon which the value or settlement amount of such Derivative Interest is to be calculated in whole or in part or, if no such number of shares of Common Stock is specified in such documentation, as determined by the Board of Directors in its sole discretion to be the number of shares of Common Stock to which the Derivative Interest relates.

For all purposes of this Rights Agreement, any calculation of the number of shares of Common Stock outstanding at any particular time, including any calculation for purposes of determining the particular percentage of such outstanding shares of Common Stock of which any Person is the Beneficial Owner, shall be made in accordance with the last sentence of Rule 13d-3(d)(1)(i) of the General Rules and Regulations under the Exchange Act as in effect on the date hereof.

(e) “[Board of Directors](#)” shall mean the Company's Board of Directors.

(f) “[Business Day](#)” shall mean any day other than a Saturday, Sunday, or a day on which the NYSE (as such term is hereinafter defined) or banking institutions in the State of New York are authorized or obligated by law or executive order to close.

(g) “[Close of Business](#)” on any given date shall mean 5:00 P.M., New York City time, on such date; provided, however, that if such date is not a Business Day it shall mean 5:00 P.M., New York City time, on the next succeeding Business Day.

(h) “[Common Stock](#)” when used with reference to the Company shall mean the Class A common stock, par value \$0.01 per share, of the Company. “Common Stock” when used with reference to any Person other than the Company which shall be organized in corporate form shall mean the capital stock or other equity security with the greatest per share voting power of such Person or, if such Person is a Subsidiary of or is controlled by another Person, the Person which ultimately controls such first-mentioned Person. “Common Stock” when used with reference to any Person other than the Company which shall not be organized in corporate form shall mean units of beneficial interest which shall represent the right to participate in profits, losses, deductions and credits of such Person and which shall be entitled to exercise the greatest voting power per unit of such Person.

(i) “[Common Stock Equivalents](#)” shall have the meaning set forth in [Section 11\(a\)\(iii\)](#) hereof.

(j) “[Company](#)” shall have the meaning set forth in the preamble hereto.

(k) “Current Market Price” shall have the meaning set forth in Section 11(d) hereof.

(l) “Current Value” shall have the meaning set forth in Section 11(a)(iii) hereof.

(m) “Derivative Interest” shall mean any derivative securities (as defined in Rule 16a-1 of the General Rules and Regulations under the Exchange Act) with an exercise or conversion privilege or a settlement payment or mechanism at a price related to, or with a value derived in whole or in part from the value (or change in value) of, any class or series of shares of the Company, including, but not limited to, a long convertible security, a long call option and a short put option position, in each case, regardless of whether (x) such interest conveys any voting rights in such security to any Person or any of such Person’s Affiliates or Associates, (y) such interest is required to be, or is capable of being, settled through delivery of securities of the Company or through the delivery of cash or other property, or otherwise or (z) any other transactions exist to hedge the economic effect of such interest; provided that, for the purposes of the definition of Derivative Interest, the term “derivative security” shall also include any security or instrument that would not otherwise constitute a “derivative security” as a result of any feature that would make any conversion, exercise or similar right or privilege of such security or instrument becoming determinable only at some future date or upon the happening of a future occurrence, in which case the determination of the amount of securities into which such security or instrument would be convertible or exercisable shall be made assuming that such security or instrument is immediately convertible or exercisable at the time of such determination. A Derivative Interest shall not include any interest, right, option or security set forth in Rule 16a-1(c)(1)-(5) or (7) of the General Rules and Regulations under the Exchange Act.

(n) “Distribution Date” shall have the meaning set forth in Section 3(a) hereof.

(o) “Exchange Act” shall mean the Securities Exchange Act of 1934, as amended.

(p) “Exchange Agreement” shall mean that certain Exchange Agreement, dated [●], 2015, by and among the Company, the Partnership, and the holders of Partnership Units from time to time party thereto.

(q) “Exchange Ratio” shall have the meaning set forth in Section 24(a) hereof.

(r) “Exempt Person” shall mean

(i) the Company or any Subsidiary of the Company, including, without limitation, in its fiduciary capacity, any employee benefit plan or employee or director stock plan of the Company or of any Subsidiary of the Company, or any Person, organized, appointed, established or holding Common Stock for or pursuant to the terms of any such plan or any Person funding other employee benefits for employees of the Company or any Subsidiary of the Company; or

(ii) any Person who, as of March 4, 2015, Beneficially Owned 15% or more of the Common Stock of the Company then outstanding (and including as “Beneficially Owned” for purposes of this clause (ii) (A) any Common Stock which would have been issued to such Person by virtue of the consummation of the Separation if the Separation were consummated as of such date and (B) any Common Stock that may have been issued to such Person upon exchange pursuant to the Exchange Agreement of Partnership Units (whether or not vested) which would have been issued to such Person by virtue of the consummation of the Separation if the Separation were consummated as of such date), except, with respect to the Persons named in this clause (ii), any such Person shall no longer be considered an Exempt Person if, at any time after March 4, 2015, such Person (A) Beneficially Owns less than 15% of the outstanding Common Stock of the Company or (B) acquires any additional shares of Common Stock (other than (I) by way of acquisition of Common Stock as a result of the declaration and payment of a pro rata dividend payable in Common Stock (or securities convertible or exchangeable into Common Stock) on, or split or subdivision of, the Common Stock of the Company, (II) solely as a result of any unilateral grant of restricted stock or any other security by the Company or through the exercise of any options, warrants, rights or similar interests (including restricted stock) granted by the Company to its directors, officers and employees pursuant to any equity incentive or award plan or (III) acquisitions of Common Stock upon exchange of Partnership Units pursuant to the Exchange Agreement).

(s) “Expiration Date” shall have the meaning set forth in Section 7(a) hereof.

(t) “Final Expiration Date” shall have the meaning set forth in Section 7(a) hereof.

(u) “Flip-In Event” shall have the meaning set forth in Section 11(a)(ii) hereof.

(v) “Flip-In Trigger Date” shall have the meaning set forth in Section 11(a)(iii) hereof.

(w) “Flip-Over Event” shall mean any event described in clause (x), (y) or (z) of Section 13(a) hereof.

(x) “NYSE” shall have the meaning set forth in Section 9(b) hereof.

(y) “Partnership” shall mean PJT Partners Holdings LP, a Delaware limited partnership.

(z) “Partnership Unit” shall mean (i) each Class A Unit (as such term is defined in the Second Amended and Restated Limited Partnership Agreement of the Partnership, dated as of [●], as such agreement may be amended and/or restated from time to time) issued as of the date of this Rights Agreement and (ii) each Class A Unit or other interest in the Partnership that may be issued by the Partnership in the future that is designated by the Company and the Partnership as a “Partnership Unit” for purposes of the Exchange Agreement.

(aa) “Person” shall mean any individual, firm, corporation, partnership, trust, limited liability company or other entity, and shall include any successor (by merger or otherwise) thereof or thereto.

(bb) “Preferred Stock” shall mean the Series A Junior Participating Preferred Stock, par value \$0.01 per share, of the Company having the rights, powers and preferences set forth in Exhibit A hereto, and, to the extent that there is not a sufficient number of shares of Series A Junior Participating Preferred Stock authorized to permit the full exercise of the Rights, any other series of Preferred Stock, par value \$0.01 per share, of the Company designated for such purpose containing terms substantially similar to the terms of the Series A Junior Participating Preferred Stock.

(cc) “Preferred Stock Equivalent” shall have the meaning set forth in Section 11(b) hereof.

(dd) “Principal Party” shall have the meaning set forth in Section 13(b) hereof.

(ee) “Purchase Price” shall have the meaning set forth in Section 4(a) hereof.

(ff) “Record Date” shall have the meaning set forth in the preamble hereto.

(gg) “Redemption Date” shall have the meaning set forth in Section 7(a) hereof.

(hh) “Redemption Price” shall have the meaning set forth in Section 23(a) hereof.

(ii) “Right” shall have the meaning set forth in the preamble hereto.

(jj) “Right Certificate” shall have the meaning set forth in Section 3(a) hereof.

(kk) “Rights Agent” shall have the meaning set forth in the preamble hereto.

(ll) “Rights Agreement” shall have the meaning set forth in the preamble hereto.

(mm) “Securities Act” shall mean the Securities Act of 1933, as amended.

(nn) “Separation” shall mean the contribution of the Carbon Business (as such term is defined in the Separation Agreement) to the Company and the pro rata distribution to holders of record of common units of The Blackstone Group L.P. of the Common Stock of the Company.

(oo) “Spread” shall have the meaning set forth in Section 11(a)(iii) hereof.

(pp) “Stock Acquisition Date” shall mean the first date of public announcement by the Company or an Acquiring Person that an Acquiring Person has become such or such earlier date as a majority of the Board of Directors shall become aware of the existence of an Acquiring Person.

(qq) “ Substitution Period ” shall have the meaning set forth in Section 11(a)(iii) hereof.

(rr) “ Subsidiary ” of a Person shall mean any corporation or other entity of which securities or other ownership interests having ordinary voting power sufficient to elect a majority of the board of directors or other persons performing similar functions are Beneficially Owned, directly or indirectly, by such Person and any corporation or other entity that is otherwise controlled by such Person.

(ss) “ Summary of Rights ” shall have the meaning set forth in Section 3(b) hereof.

(tt) “ Trading Day ” shall mean a day on which the principal national securities exchange on which the shares of Company Common Stock are listed or admitted to trading is open for the transaction of business or, if such shares of Common Stock are not listed or admitted to trading on any national securities exchange, a Business Day.

(uu) “ Triggering Event ” shall have the meaning set forth in Section 11(a)(ii) hereof.

(vv) “ Trust ” shall have the meaning set forth in Section 24 hereof.

(ww) “ Trust Agreement ” shall have the meaning set forth in Section 24 hereof.

(xx) “ Voting Power ” shall mean the voting power of all securities of the Company then outstanding and generally entitled to vote for the election of the Board of Directors.

Any determination required by the definitions contained in this Section 1 shall be made by the Board of Directors in its good faith judgment, which determination shall be binding on the Rights Agent and the holders of the Rights. The Rights Agent is entitled always to assume the Board of Directors acted in good faith and shall be fully protected and incur no liability in reliance thereon.

2. Appointment of Rights Agent. The Company hereby appoints the Rights Agent to act as rights agent for the Company in accordance with the terms and conditions hereof, and the Rights Agent hereby accepts such appointment. The Company may from time to time appoint a co-rights agent as it may deem necessary or desirable. In the event the Company appoints one or more co-rights agents, the respective duties of the Rights Agents and any co-rights agents shall be as the Company shall determine. The Rights Agent shall have no duty to supervise, and in no event shall be liable for, the acts or omissions of any such co-rights agent.

3. Issuance of Right Certificates.

(a) Until the earlier of the Close of Business on (i) the 10th Business Day after the Stock Acquisition Date (or, if the 10th Business Day after the Stock Acquisition Date occurs before the Record Date, the Close of Business on the Record Date) or (ii) the 10th Business Day (or such later date as may be determined by action of the Board of Directors) after the date of the commencement by any Person (other than an Exempt Person) of, or of the first public announcement of the intent of any Person (other than an Exempt Person) to commence, a tender or exchange offer upon the successful consummation of which any Person would be an Acquiring Person (irrespective of whether any shares are actually purchased pursuant to any such offer) (including any such date which is after the date of this Rights Agreement and prior to the issuance of the Rights; the earlier of such dates being herein referred to as the “Distribution Date”), (x) the Rights will be evidenced (subject to the provisions of Sections 3(b) and 3(c) below) by the certificates for the Common Stock registered in the names of the holders of the Common Stock and not by separate Right Certificates, and (y) each Right will be transferable only in connection with the transfer of a share (subject to adjustment as hereinafter provided) of Common Stock. As soon as practicable after the Distribution Date, the Company will prepare and execute, the Rights Agent will countersign, and the Company will send or cause to be sent (and the Rights Agent will, if requested and provided with all necessary information, send) by first-class, insured, postage prepaid mail, to each record holder of the Common Stock as of the Close of Business on the Distribution Date (other than any Acquiring Person or any Associate or Affiliate of an Acquiring Person), as shown by the records of the Company, to the address of such holder shown on such records of the Company or the transfer agent or registrar for the Common Stock, a Right certificate in substantially the form of Exhibit B hereto (a “Right Certificate”) evidencing one Right for each share of Common Stock so held. In the event that an adjustment in the number of Rights per share of Common Stock has been made pursuant to Sections 11 or 13 hereof, at the time of distribution of the Right Certificates, the Company shall make the necessary and appropriate rounding adjustments (in accordance with Section 14(a) hereof), so that Right Certificates representing only whole numbers of Rights are distributed and cash is paid in lieu of any fractional Rights. As of and after the Distribution Date, the Rights will be evidenced solely by such Right Certificates. The Company shall promptly notify the Rights Agent in writing upon the occurrence of the Distribution Date and, if such notification is given orally, the Company shall confirm the same in writing on or prior to the Business Day next following. Until such notice is received by the Rights Agent, the Rights Agent may presume conclusively for all purposes that the Distribution Date has not occurred.

(b) On the Record Date, or as soon as practicable thereafter, the Company will send a copy of a Summary of Terms of Rights Agreement, substantially in the form attached hereto as Exhibit C (a “Summary of Rights”), by first-class, postage prepaid mail, to each record holder of Common Stock as of the Close of Business on the Record Date, at the address of such holder shown on the records of the Company or the transfer agent or registrar for the Common Stock.

(c) Rights shall be issued in respect of all shares of Common Stock that are issued (either as an original issuance or from the Company’s treasury) after the Record Date prior to the earlier of the Distribution Date or the Expiration Date. With respect to certificates representing such shares of Common Stock outstanding as of the Record Date, until the

Distribution Date the Rights will be evidenced by such certificates for Common Stock registered in the names of the holders thereof together with the Summary of Rights. Until the Distribution Date (or, if earlier, the Expiration Date), the surrender for transfer of any certificate for Common Stock outstanding on the Record Date (with or without a copy of the Summary of Rights), shall also constitute the surrender for transfer of the Rights associated with the Common Stock represented thereby.

(d) Certificates issued for Common Stock (including, without limitation, certificates issued upon transfer or exchange of Common Stock) after the Record Date but prior to the earlier of the Distribution Date or the Expiration Date shall have impressed on, printed on, written on or otherwise affixed to them a legend in substantially the following form:

This certificate also evidences and entitles the holder hereof to certain Rights as set forth in the Stockholder Rights Agreement between PJT Partners Inc. and [●], as Rights Agent, dated as of [●], 2015, as the same may be amended or supplemented from time to time (the "Rights Agreement"), the terms of which hereby are incorporated herein by reference and a copy of which is on file at the principal executive office of PJT Partners Inc. Under certain circumstances, as set forth in the Rights Agreement, such Rights (as such term is defined in the Rights Agreement) will be evidenced by separate certificates and will no longer be evidenced by this certificate. PJT Partners Inc. will mail to the holder of this certificate a copy of the Rights Agreement without charge after receipt by it of a written request therefor. ***Under certain circumstances as provided in the Rights Agreement, Rights issued to, Beneficially Owned by or transferred to any Person who is or becomes an Acquiring Person (as such terms are defined in the Rights Agreement) or an Associate or Affiliate (as such terms are defined in the Rights Agreement) thereof and certain transferees thereof will be null and void and will no longer be transferable .***

With respect to such certificates containing the foregoing legend, the Rights associated with the Common Stock represented by such certificates shall, until the Distribution Date, be evidenced by such certificates alone, and registered holders of Common Stock shall also be the registered holders of the associated Rights, and the surrender for transfer of any such certificate shall also constitute the surrender for transfer of the Rights associated with the Common Stock represented thereby. In the event that the Company purchases or acquires any shares of Common Stock after the Record Date but prior to the Distribution Date, any Rights associated with such shares of Common Stock shall be deemed cancelled and retired so that the Company shall not be entitled to exercise any Rights associated with the shares of Common Stock no longer outstanding.

Notwithstanding this subsection (d), the omission of a legend shall not affect the enforceability of any part of this Rights Agreement or the rights of any holder of the Rights.

4. Form of Right Certificates.

(a) The Right Certificates (and the forms of election to purchase shares and of assignment to be printed on the reverse thereof), when, as and if issued, shall be substantially in the form set forth in Exhibit B hereto and may have such marks of identification or designation and such legends, summaries or endorsements printed thereon as the Company may deem

appropriate (but which do not affect the rights, duties or responsibilities of the Rights Agent) and as are not inconsistent with the provisions of this Rights Agreement, or as may be required to comply with any law or with any rule or regulation made pursuant thereto or with any rule or regulation of any stock exchange on which the Rights may from time to time be listed, or to conform to usage. Subject to the provisions of Sections 11, 13 and 22 hereof, the Right Certificates evidencing the Rights issued on the Record Date whenever such certificates are issued, shall be dated as of the Record Date and the Right Certificates evidencing Rights to holders of record of Common Stock issued after the Record Date shall be dated as of the Record Date but shall also be dated to reflect the date of issuance of such Right Certificate. On their face, Right Certificates shall entitle the holders thereof to purchase, for each Right, one one-thousandth of a share of Preferred Stock, or other securities or property as provided herein, as the same may from time to time be adjusted as provided herein, at the price per one one-thousandth of a share of Preferred Stock of \$[●] as the same may from time to time be adjusted as provided herein (the “Purchase Price”).

(b) Notwithstanding any other provision of this Rights Agreement, any Right Certificate that represents Rights that are or were at any time on or after the earlier of the Stock Acquisition Date or the Distribution Date Beneficially Owned by an Acquiring Person or any Affiliate or Associate thereof (or any transferee of such Rights) shall have impressed on, printed on, written on or otherwise affixed to it (if the Company or the Rights Agent has knowledge that such Person is an Acquiring Person or an Associate or Affiliate thereof or transferee of such Persons or a nominee of any of the foregoing) a legend in substantially the following form:

The Beneficial Owner of the Rights represented by this Right Certificate is an Acquiring Person or an Affiliate or Associate of an Acquiring Person or a subsequent holder of such Right Certificates Beneficially Owned by such Persons (as such terms are defined in the Rights Agreement). Accordingly, this Right Certificate and the Rights represented hereby are null and void and will no longer be transferable as provided in the Rights Agreement.

The provisions of Section 11(a)(ii) and Section 24 of this Rights Agreement shall be operative whether or not the foregoing legend is contained on any such Right Certificates.

5. Countersignature and Registration.

(a) The Right Certificates shall be executed on behalf of the Company by its President and Chief Executive Officer or any Senior Vice President or any Vice President of the Company, either manually or by facsimile signature, and have affixed thereto the Company's seal or a facsimile thereof which shall be attested by the Secretary or an Assistant Secretary of the Company, either manually or by facsimile signature. The Right Certificates shall be countersigned, either manually or by facsimile signature, by the Rights Agent and shall not be valid for any purpose unless so countersigned. In case any officer of the Company who shall have signed any of the Right Certificates shall cease to be such officer of the Company before countersignature by the Rights Agent and issuance and delivery by the Company, such Right Certificates, nevertheless, may be countersigned by the Rights Agent and issued and delivered by the Company with the same force and effect as though the person who signed such Right Certificates had not ceased to be such officer of the Company; and any Right Certificate may be

signed on behalf of the Company by any person who, at the actual date of the execution of such Right Certificate, shall be a proper officer of the Company to sign such Right Certificate, although at the date of the execution of this Rights Agreement any such person was not such an officer.

(b) Following the Distribution Date and receipt by the Rights Agent of notice to that effect and all other relevant information referred to in Section 3(a), the Rights Agent will keep or cause to be kept, at its office designated for such purpose, records for registration and transfer of the Right Certificates issued hereunder. Such records shall show the names and addresses of the respective holders of the Right Certificates, the number of Rights evidenced on its face by each of the Right Certificates, the date of each of the Right Certificates and the certificate numbers for each of the Right Certificates.

6. Transfer, Split Up, Combination and Exchange of Right Certificates; Mutilated, Destroyed, Lost or Stolen Right Certificates.

(a) Subject to the provisions of Sections 7(e), 11(a)(ii) and 14 hereof, at any time after the Close of Business on the Distribution Date and at or prior to the Close of Business on the Expiration Date, and following receipt in writing by the Rights Agent of notice to that effect, any Right Certificate or Certificates (other than Right Certificates representing Rights that have become null and void pursuant to Section 11(a)(ii) hereof or that have been exchanged pursuant to Section 24 hereof) may be (i) transferred or (ii) split up, combined or exchanged for another Right Certificate or Right Certificates, entitling the registered holder to purchase a like number of shares of Preferred Stock or other securities as the Right Certificate or Right Certificates surrendered then entitled such holder to purchase. Any registered holder desiring to transfer any Right Certificate shall surrender the Right Certificate at the office of the Rights Agent designated for such purposes with the form of assignment on the reverse side thereof duly endorsed (or enclose with such Right Certificate a written instrument of transfer in form satisfactory to the Company and the Rights Agent), duly executed by the registered holder thereof or his attorney duly authorized in writing, and with such signature guaranteed by a member of a securities approved medallion program. Any registered holder desiring to split up, combine or exchange any Right Certificate or Right Certificates shall make such request in writing delivered to the Rights Agent, and shall surrender the Right Certificate or Right Certificates to be split up, combined or exchanged at the office of the Rights Agent designated for such purpose. The Right Certificates are transferable only on the registry books of the Rights Agent. Neither the Rights Agent nor the Company shall be obligated to take any action whatsoever with respect to the transfer of any such surrendered Right Certificate or Right Certificates until the registered holder thereof shall have (i) properly completed and duly signed the certificate contained in the form of assignment set forth on the reverse side of each such Right Certificate, (ii) provided such additional evidence of the identity of the Beneficial Owner (or former Beneficial Owner) thereof and of the Rights evidenced thereby and the Affiliates and Associates of such Beneficial Owner (or former Beneficial Owner) as the Company or the Rights Agent shall reasonably request, and (iii) paid a sum sufficient to cover any tax or charge that may be imposed in connection with any transfer, split up, combination or exchange of Right Certificates as required by Section 9(d) hereof. Thereupon the Rights Agent shall, subject to Sections 4(b), 7(e), 11 and 14 hereof, manually countersign and deliver to the Person entitled thereto a Right Certificate or Right Certificates, as the case may be, as so requested, registered in

such name or names as may be designated by the surrendering registered holder. The Company may require payment from the holder of a Right Certificate of a sum sufficient to cover any tax or charge that may be imposed in connection with any transfer, split up, combination or exchange of Right Certificates. The Rights Agent shall have no duty or obligation to take any action under this Section 6(a) or any other section of this Rights Agreement which requires the payment by a Rights holder of applicable taxes or charges unless and until the Rights Agent is satisfied that all such taxes and/or charges have been paid.

(b) Subject to the provisions of Section 11(a)(ii) hereof, upon receipt by the Company and the Rights Agent of evidence satisfactory to them of the loss, theft, destruction or mutilation of a Right Certificate, and, in case of loss, theft or destruction, of indemnity or security satisfactory to them, and, if requested by the Company or the Rights Agent, reimbursement to the Company and the Rights Agent of all reasonable expenses incidental thereto, and upon surrender to the Rights Agent and cancellation of the Right Certificate if mutilated, the Company will make, execute and deliver a new Right Certificate of like tenor to the Rights Agent for countersignature and delivery to the registered owner in lieu of the Right Certificate so lost, stolen, destroyed or mutilated.

7. Exercise of Rights; Purchase Price; Expiration Date of Rights.

(a) Subject to Section 11(a)(ii) hereof, the Rights shall become exercisable, and may be exercised to purchase Preferred Stock, except as otherwise provided herein, in whole or in part at any time on or after the Distribution Date upon surrender of the Right Certificate, with the form of election to purchase on the reverse side thereof properly completed and duly executed (with such signature duly guaranteed), to the Rights Agent at the office of the Rights Agent designated for such purpose, together with payment of the Purchase Price with respect to each Right exercised, subject to adjustment as hereinafter provided, and an amount equal to any tax or charge required to be paid under Section 9(d) hereof, by certified check, cashier's check, bank draft or money order payable to the order of the Company, at or prior to the Close of Business on the earliest of (i) [●], 2018 (the "Final Expiration Date"), (ii) the time at which the Rights are redeemed as provided in Section 23 hereof (such date being herein referred to as the "Redemption Date"), or (iii) the time at which all such Rights are exchanged as provided in Section 24 hereof (the earliest of (i), (ii), and (iii) being herein referred to as the "Expiration Date"). Except for those provisions herein which expressly survive the termination of this Rights Agreement, this Rights Agreement shall terminate at such time as the Rights are no longer exercisable hereunder.

(b) The Purchase Price and the number of shares of Preferred Stock or other securities or consideration to be acquired upon exercise of a Right shall be subject to adjustment from time to time as provided in Sections 11 and 13 hereof. The Purchase Price shall be payable in lawful money of the United States of America, in accordance with Section 7(c) hereof.

(c) Except as provided in Section 11(a)(ii) hereof, upon receipt of a Right Certificate with the form of election to purchase properly completed and duly executed, accompanied by payment of the Purchase Price (as such amount may be reduced pursuant to

Section 11(a)(iii) hereof) or so much thereof as is necessary for the shares to be purchased and an amount equal to any applicable tax or charge required to be paid under Section 9(d) hereof, by certified check, cashier's check, bank draft or money order payable to the order of the Company, the Rights Agent shall, subject to Section 20(k) hereof, thereupon promptly (i) requisition from any transfer agent of the Preferred Stock (or make available if the Rights Agent is the transfer agent) certificates for the number of shares of Preferred Stock so elected to be purchased and the Company will comply and hereby authorizes and directs such transfer agent to comply with all such requests, (ii) when necessary, requisition from the Company the amount of cash to be paid in lieu of issuance of fractional shares in accordance with Section 14(b) hereof, and (iii) promptly after receipt of such Preferred Stock certificates cause the same to be delivered to or upon the order of the registered holder of such Right Certificate, registered in such name or names as may be designated by such holder, and, when necessary, after receipt of the cash requisitioned from the Company promptly deliver such cash to or upon the order of the registered holder of such Right Certificate. In the event of a purchase of securities, other than Preferred Stock, pursuant to Section 11(a) or Section 13 hereof, the Company shall promptly provide written notice to the Rights Agent and the Rights Agent, relying on such notice, shall promptly take the appropriate actions corresponding to the foregoing clauses (i) through (iii). In the event that the Company is obligated to issue other securities of the Company, pay cash and/or distribute other property pursuant to Section 11(a) hereof, the Company will make all arrangements necessary so that such other securities, cash and/or other property are available for distribution by the Rights Agent, if and when necessary to comply with this Rights Agreement.

(d) Except as otherwise provided herein, in case the registered holder of any Right Certificate shall exercise less than all the Rights evidenced thereby, a new Right Certificate evidencing Rights equivalent to the Rights remaining unexercised shall be issued by the Rights Agent to the registered holder of such Right Certificate or to his duly authorized assigns, subject to the provisions of Sections 6 and 14 hereof.

(e) Notwithstanding anything in this Rights Agreement to the contrary, neither the Rights Agent nor the Company shall be obligated to undertake any action with respect to a registered holder of Rights or other securities upon the occurrence of any purported exercise as set forth in this Section 7 unless such registered holder shall have (i) properly completed and duly signed the certificate contained in the form of election to purchase set forth on the reverse side of the Right Certificate surrendered for such exercise and (ii) provided such additional evidence of the identity of the Beneficial Owner (or former Beneficial Owner) or Affiliates or Associates thereof and the rights evidenced thereby as the Company or the Rights Agent shall reasonably request.

8. Cancellation and Destruction of Right Certificates. All Right Certificates surrendered for the purpose of exercise, transfer, split up, combination or exchange shall, if surrendered to the Company or to any of its agents, be delivered to the Rights Agent for cancellation or in cancelled form, or, if surrendered to the Rights Agent, shall be cancelled by it, and no Right Certificates shall be issued in lieu thereof except as expressly permitted by any of the provisions of this Rights Agreement. The Company shall deliver to the Rights Agent for cancellation and retirement, and the Rights Agent shall so cancel and retire, any Right Certificate purchased or acquired by the Company otherwise than upon the exercise thereof. The Rights Agent shall deliver all cancelled Right Certificates to the Company, or shall, at the written request of the Company, destroy such cancelled Right Certificates, and in such case shall deliver a certificate of destruction thereof to the Company.

9. Reservation and Availability of Shares of Preferred Stock.

(a) The Company covenants and agrees that at all times it will cause to be reserved and kept available, out of and to the extent of its authorized and unissued shares of Preferred Stock not reserved for another purpose (and, following the occurrence of a Triggering Event, other securities) or held in its treasury, the number of shares of Preferred Stock (and, following the occurrence of a Triggering Event, other securities) that, as provided in this Rights Agreement, including Section 11(a)(iii) hereof, will be sufficient to permit the exercise in full of all outstanding Rights; provided, however, that the Company shall be required to reserve and keep available shares of Preferred Stock or other securities sufficient to permit the exercise in full of all outstanding Rights pursuant to the adjustments set forth in Section 11(a)(ii), Section 11(a)(iii) or Section 13 hereof only if, and to the extent that, the Rights become exercisable.

(b) The Company shall use its best efforts (i) to cause, from and after such time as the Rights become exercisable, the Rights and all shares of Preferred Stock (and following the occurrence of a Triggering Event, other securities) issued or reserved for issuance upon exercise thereof to be reported by the New York Stock Exchange (“NYSE”) or such other system then in use, and if the Preferred Stock shall become listed on any national securities exchange, to cause, from and after such time as the Rights become exercisable, the Rights and all shares of Preferred Stock (and, following the occurrence of a Triggering Event, other securities) issued or reserved for issuance upon exercise thereof to be listed on such exchange upon official notice of issuance upon such exercise and (ii) if then necessary, to permit the offer and issuance of such shares of Preferred Stock (and, following the occurrence of a Triggering Event, other securities), register and qualify such share of Preferred Stock (and, following the occurrence of a Triggering Event, other securities) under the Securities Act and any applicable state securities or “blue sky” laws (to the extent exemptions therefrom are not available), cause such registration statement and qualifications to become effective as soon as possible after such filing and keep such registration and qualifications effective until the earlier of (x) the date as of which the Rights are no longer exercisable for such securities and (y) the Expiration Date of the Rights. The Company may temporarily suspend, for a period of time not to exceed ninety (90) days, the exercisability of the Rights in order to prepare and file a registration statement under the Securities Act and permit it to become effective. Upon any such suspension, the Company shall issue a public announcement stating that the exercisability of the Rights has been temporarily suspended, as well as a public announcement at such time as the suspension is no longer in effect. The Company shall notify the Rights Agent whenever it makes a public announcement pursuant to this Section 9(b) and give the Rights Agent a copy of such announcement. Notwithstanding any provision of this Rights Agreement to the contrary, the Rights shall not be exercisable in any jurisdiction unless the requisite qualification or exemption in such jurisdiction shall have been obtained and until a registration statement under the Securities Act (if required) shall have been declared effective.

(c) The Company covenants and agrees that it will take all such action as may be necessary to ensure that all shares of Preferred Stock (and following the occurrence of a

Triggering Event, other securities) delivered upon exercise of Rights shall, at the time of delivery of the certificates for such securities (subject to payment of the Purchase Price in respect thereof), be duly and validly authorized and issued and fully paid and nonassessable shares in accordance with applicable law.

(d) The Company further covenants and agrees that it will pay when due and payable any and all federal and state transfer taxes and charges which may be payable in respect of the issuance or delivery of the Right Certificates or of any shares of Preferred Stock (or other securities, as the case may be) upon the exercise of Rights. The Company shall not, however, be required to pay any tax or charge which may be payable in respect of any transfer or delivery of Right Certificates to a Person other than, or the issuance or delivery of certificates for Preferred Stock (or other securities, as the case may be) upon exercise of Rights in a name other than that of, the registered holder of the Right Certificate, and the Company shall not be required to issue or deliver a Right Certificate or certificate for Preferred Stock (or other securities, as the case may be) to a Person other than such registered holder until any such tax and charge shall have been paid (any such tax or charge being payable by the holder of such Right Certificate at the time of surrender) or until it has been established to the Company's or the Rights Agent's satisfaction that no such tax or charge is due.

10. Preferred Stock Record Date. Each Person in whose name any certificate for shares of Preferred Stock (or other securities, as the case may be) is issued upon the exercise of Rights shall for all purposes be deemed to have become the holder of record of the shares of Preferred Stock (or other securities, as the case may be) represented thereby on, and such certificate shall be dated, the date upon which the Right Certificate evidencing such Rights was duly surrendered and payment of the Purchase Price (and any applicable taxes or charges) was duly made. Prior to the exercise of the Rights evidenced thereby, the holder of a Right Certificate, as such, shall not be entitled to any rights of a stockholder of the Company with respect to the shares for which the Rights shall be exercisable, including, without limitation, the right to vote, to receive dividends or other distributions or to exercise any preemptive rights, if any, and shall not be entitled to receive any notice of any proceedings of the Company, except as provided herein.

11. Adjustments to Number and Kind of Shares, Number of Rights or Purchase Price. The number and kind of shares of Preferred Stock or other securities or property subject to purchase upon the exercise of each Right, the number of Rights outstanding and the Purchase Price are subject to adjustment from time to time as follows:

(a)

(i) In the event the Company shall at any time after the date of this Rights Agreement (A) declare or pay any dividend on Preferred Stock payable in shares of Preferred Stock, (B) subdivide or split the outstanding shares of Preferred Stock into a greater number of shares, (C) combine or consolidate the outstanding shares of Preferred Stock into a smaller number of shares or effect a reverse split of the outstanding shares of Preferred Stock, or (D) issue any shares of its capital stock in a reclassification of the Preferred Stock (including, without limitation, any such reclassification in connection with a consolidation or merger in which the Company is the continuing or surviving corporation), except as otherwise provided in

this Section 11(a), the Purchase Price in effect at the time of the record date for such dividend or of the effective date of such subdivision, combination or reclassification, and the number and kind of shares of Preferred Stock or capital stock, as the case may be, issuable on such date, shall be proportionately adjusted so that the holder of any Right exercised after such time shall be entitled to receive, upon payment of the Purchase Price then in effect, the aggregate number and kind of shares of capital stock or other securities, which, if such Right had been exercised immediately prior to such date, the holder thereof would have owned upon such exercise and been entitled to receive by virtue of such dividend, subdivision, combination or reclassification. If an event occurs which would require an adjustment under both this Section 11(a)(i) and Section 11(a)(ii) hereof, the adjustment provided for in this Section 11(a)(i) shall be in addition to, and shall be made prior to, any adjustment required pursuant to Section 11(a)(ii).

(ii) Subject to Section 24, in the event that any Person becomes an Acquiring Person (a “Flip-In Event” or a “Triggering Event”), then upon the first occurrence of such Flip-In Event (i) the Purchase Price shall be adjusted to be the Purchase Price in effect immediately prior to the Flip-In Event multiplied by the number of one one-thousandth of a share of Preferred Stock for which a Right was exercisable immediately prior to such Flip-In Event, whether or not such Right was then exercisable, and (ii) each holder of a Right, except as otherwise provided in this Section 11(a)(ii) and Section 11(a)(iii) hereof, shall thereafter have the right to receive, upon exercise thereof at a price equal to the Purchase Price (as so adjusted), in accordance with the terms of this Rights Agreement and in lieu of shares of Preferred Stock, such number of shares of Common Stock of the Company as shall equal the result obtained by dividing the Purchase Price (as so adjusted) by 50% of the Current Market Price per share of the Common Stock (determined pursuant to Section 11(d) hereof) on the date of such Flip-In Event; provided, however, that the Purchase Price (as so adjusted) and the number of shares of Common Stock so receivable upon the exercise of a Right shall, following the Flip-In Event, be subject to further adjustment as appropriate in accordance with Section 11(f) hereof. Notwithstanding anything in this Rights Agreement to the contrary, however, from and after the Flip-In Event, any Rights that are Beneficially Owned by (x) any Acquiring Person (or any Affiliate or Associate of any Acquiring Person), (y) a transferee of any Acquiring Person (or any such Affiliate or Associate) who becomes a transferee after the Flip-In Event or (z) a transferee of any Acquiring Person (or any such Affiliate or Associate) who became a transferee prior to or concurrently with the Flip-In Event pursuant to either (I) a transfer from the Acquiring Person to holders of its equity securities or to any Person with whom it has any continuing agreement, arrangement or understanding, whether written or otherwise, regarding the transferred Rights or (II) a transfer which the Board of Directors has determined is part of a plan, agreement, arrangement or understanding, whether written or otherwise, which has the purpose or effect of avoiding the provisions of this paragraph, and subsequent transferees of such Persons, shall be null and void without any further action and any holder of such Rights shall thereafter have no rights whatsoever with respect to such Rights under any provision of this Rights Agreement. The Company shall notify the Rights Agent when this Section 11(a)(ii) applies and shall use all reasonable efforts to ensure that the provisions of this Section 11(a)(ii) are complied with, but neither the Company nor the Rights Agent shall have any liability to any holder of Right Certificates or other Person as a result of the Company’s failure to make any determinations with respect to an Acquiring Person or its Affiliates, Associates or transferees hereunder. From and after the Flip-In Event, no Right Certificate shall be issued pursuant to Section 3 or Section 6 hereof that represents Rights that are or have become null and void pursuant to the provisions of

this paragraph, and any Right Certificate delivered to the Rights Agent that represents Rights that are or have become null and void pursuant to the provisions of this paragraph shall be cancelled. The Company shall give the Rights Agent written notice of the identity of any such Acquiring Person, Associate or Affiliate, or the nominee of any of the foregoing, and the Rights Agent may rely on such notice in carrying out its duties under this Rights Agreement and shall be deemed not to have any knowledge of the identity of any such Acquiring Person, Associate or Affiliate, or the nominee of any of the foregoing unless and until it shall have received such notice.

(iii) The Company may at its option substitute for a share of Common Stock issuable upon the exercise of Rights in accordance with the foregoing subparagraph (ii) such number or fractions of shares of Preferred Stock having an aggregate current market value equal to the Current Market Price of a share of Common Stock of the Company. In the event that there shall not be sufficient shares of Common Stock issued but not outstanding or authorized but unissued to permit the exercise in full of the Rights in accordance with the foregoing subparagraph (ii), the Board of Directors shall, to the extent permitted by applicable law and any material agreements then in effect to which the Company is a party (A) determine the excess (such excess, the “Spread”) of (1) the value of the shares of Common Stock issuable upon the exercise of a Right in accordance with the foregoing subparagraph (ii) (the “Current Value”) over (2) the Purchase Price (as adjusted in accordance with the foregoing subparagraph (ii)), and (B) with respect to each Right (other than Rights which have become null and void pursuant to the foregoing subparagraph (ii)), make adequate provision to substitute for the shares of Common Stock issuable in accordance with the foregoing paragraph (ii) upon exercise of the Right and payment of the Purchase Price (as adjusted in accordance therewith), (1) cash, (2) a reduction in such Purchase Price, (3) shares of Preferred Stock or other equity securities of the Company (including, without limitation, shares or fractions of shares of preferred stock which, by virtue of having dividend, voting and liquidation rights substantially comparable to those of the shares of Common Stock, are deemed in good faith by the Board of Directors to have substantially the same value as the shares of Common Stock (such shares of Preferred Stock and shares or fractions of shares of preferred stock being hereinafter referred to as “Common Stock Equivalents”), (4) debt securities of the Company, (5) other assets, or (6) any combination of the foregoing, having a value which, when added to the value of the shares of Common Stock actually issued upon exercise of such Right, shall have an aggregate value equal to the Current Value (less the amount of any reduction in such Purchase Price), where such aggregate value has been determined by the Board of Directors upon the advice of a nationally recognized investment banking firm selected in good faith by the Board of Directors; provided, however, that if the Company shall not make adequate provision to deliver value pursuant to clause (B) above within 30 days following but not including the date of the Flip-In Event (the “Flip-In Trigger Date”), then the Company shall be obligated to deliver, to the extent permitted by applicable law and any material agreements then in effect to which the Company is a party, upon the surrender for exercise of a Right and without requiring payment of such Purchase Price, shares of Common Stock of the Company (to the extent available), and then, if necessary, such number or fractions of shares of Preferred Stock (to the extent available) and then, if necessary, cash, which shares and/or cash have an aggregate value equal to the Spread. If the Board of Directors shall determine in good faith that it is likely that sufficient additional shares of Common Stock and/or Common Stock Equivalents could be authorized for issuance upon exercise in full of the Rights, the 30-day period set forth above may be extended to the extent necessary, but not more than 90 days after but not including the Flip-In Trigger Date, in order

that the Company may seek stockholder approval for the authorization of such additional shares of Common Stock or Common Stock Equivalents (such 30-day period, as it may be extended being hereinafter referred to as the “Substitution Period”). To the extent that the Company determines that some action need be taken pursuant to the second and/or third sentence of this Section 11(a)(iii), the Company (x) shall provide, subject to Section 11(a)(ii) hereof and the last sentence of this Section 11(a)(iii), that such action shall apply uniformly to all outstanding Rights, and (y) may suspend the exercisability of the Rights until the expiration of the Substitution Period in order to seek any authorization of additional shares and/or to decide the appropriate form of distribution to be made pursuant to the second sentence of this Section 11(a)(iii) and to determine the value thereof. In the event of any such suspension, the Company shall issue a public announcement stating that the exercisability of the Rights has been temporarily suspended, as well as a public announcement at such time as the suspension is no longer in effect and the Company shall promptly provide the Rights Agent with a copy of such announcements. For purposes of this Section 11(a)(iii), the value of the Common Stock shall be the Current Market Price per share of the Common Stock on the Flip-In Trigger Date and the per share or per unit value of any Common Stock Equivalent shall be deemed to equal the Current Market Price per share of the Common Stock on such date. The Board of Directors may, but shall not be required to, establish procedures to allocate the right to receive Common Stock upon the exercise of the Rights among holders of Rights pursuant to this Section 11(a)(iii).

(b) In case the Company shall fix a record date for the issuance of rights (other than the Rights), options or warrants to all holders of Preferred Stock entitling them to subscribe for or purchase Preferred Stock (for a period expiring within 45 calendar days after but not including such record date), shares having the same rights, privileges and preferences as the Preferred Stock (a “Preferred Stock Equivalent”) or securities convertible into Preferred Stock or Preferred Stock Equivalent at a price per share of Preferred Stock or Preferred Stock Equivalent (or having a conversion price per share, if a security is convertible into Preferred Stock or Preferred Stock Equivalent) less than the Current Market Price per share of Preferred Stock on such record date, the Purchase Price to be in effect after such record date shall be determined by multiplying the Purchase Price in effect immediately prior to such record date by a fraction, the numerator of which shall be the number of shares of Preferred Stock outstanding on such record date, plus the number of shares of Preferred Stock which the aggregate offering price of the total number of shares of Preferred Stock and/or Preferred Stock Equivalent (and/or the aggregate initial conversion price of the convertible securities so to be offered) would purchase at such Current Market Price, and the denominator of which shall be the number of shares of Preferred Stock outstanding on such record date, plus the number of additional shares of Preferred Stock and/or Preferred Stock Equivalent to be offered for subscription or purchase (or into which the convertible securities so to be offered are initially convertible). In case such subscription price may be paid by delivery of consideration part or all of which is in a form other than cash, the value of such non-cash consideration shall be as determined in good faith by the Board of Directors, whose determination shall be described in a statement filed with the Rights Agent. Shares of Preferred Stock owned by or held for the account of the Company shall not be deemed outstanding for the purpose of any such computation. Such adjustment shall be made successively whenever such a record date is fixed, and in the event that such rights or warrants are not so issued, the Purchase Price shall be adjusted to be the Purchase Price which would then be in effect if such record date had not been fixed.

(c) In case the Company shall fix a record date for a distribution to all holders of Preferred Stock (including any such distribution made in connection with a consolidation or merger in which the Company is the continuing corporation) of evidences of indebtedness, cash, assets (other than a dividend payable in Preferred Stock, but including any dividend payable in shares other than Preferred Stock) or subscription rights or warrants (excluding those referred to in Section 11(b) hereof), the Purchase Price to be in effect after such record date shall be determined by multiplying the Purchase Price in effect immediately prior to such record date by a fraction, the numerator of which shall be the Current Market Price per share of Preferred Stock on such record date, less the fair market value (as determined in good faith by the Board of Directors, whose determination shall be described in a statement filed with the Rights Agent) of the portion of the cash, assets or evidences of indebtedness to be distributed or of such subscription rights or warrants applicable to a share of Preferred Stock and the denominator of which shall be such Current Market Price per share of Preferred Stock. Such adjustments shall be made successively whenever such a record date is fixed, and in the event that such distribution is not so made, the Purchase Price shall be adjusted to be the Purchase Price which would have been in effect if such record date had not been fixed.

(d)

(i) For the purpose of any computation hereunder, other than computations made pursuant to Section 11(a)(iii) hereof, the “Current Market Price” per share of Common Stock on any date shall be deemed to be the average of the daily closing prices per share of the Common Stock for the 30 consecutive Trading Days immediately prior to, but not including, such date, and for purpose of computations made pursuant to Section 11(a)(iii) hereof, the “Current Market Price” per share of the Common Stock on any date shall be deemed to be the average of the daily closing prices per share of the Common Stock for the 10 consecutive Trading Days immediately following, but not including, such date; provided, however, that in the event that the Current Market Price per share of the Common Stock is determined during a period following the announcement by the issuer of the Common Stock of (i) any dividend or distribution on the Common Stock (other than a regular quarterly cash dividend and other than the Rights), (ii) any subdivision, combination or reclassification of the Common Stock, and prior to the expiration of the requisite 30 Trading Day or 10 Trading Day period, as set forth above, after the ex-dividend date for such dividend or distribution, or the record date for such subdivision, combination or reclassification occurs, then, and in each such case, the Current Market Price shall be properly adjusted to take into account ex-dividend trading. The closing price for each day shall be the last sale price, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on NYSE or, if the shares of Common Stock are not listed or admitted to trading on NYSE, as reported in the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which the shares of Common Stock are listed or admitted to trading or, if the shares of Common Stock are not listed or admitted to trading on any national securities exchange, the last quoted sale price or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by NYSE or such other system then in use, or, if on any such date the shares of Common Stock are not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in the Common Stock

selected by the Board of Directors. If on any such date no market maker is making a market in the Common Stock, the fair value of such shares on such date as determined in good faith by the Board of Directors shall be used and shall be binding on the Rights Agent. If the Common Stock is not publicly held or not so listed or traded, "Current Market Price" per share shall mean the fair value per share as determined in good faith by the Board of Directors, whose determination shall be described in a statement filed with the Rights Agent and shall be conclusive for all purposes.

(ii) For the purpose of any computation hereunder, the "Current Market Price" per share (or one one-thousandth of a share) of Preferred Stock shall be determined in the same manner as set forth above for the Common Stock in clause (i) of this Section 11(d) (other than the last sentence thereof). If the Current Market Price per share (or one one-thousandth of a share) of Preferred Stock cannot be determined in the manner provided above or if the Preferred Stock is not publicly held or listed or traded in a manner described in clause (i) of this Section 11(d), the "Current Market Price" per share of Preferred Stock shall be conclusively deemed to be an amount equal to 1,000 (as such number may be appropriately adjusted for such events as stock splits, stock dividends and recapitalizations with respect to the Common Stock occurring after the date of this Rights Agreement) multiplied by the Current Market Price per share of the Common Stock and the "Current Market Price" per one one-thousandth of a share of Preferred Stock shall, be equal to the Current Market Price per share of the Common Stock (as appropriately adjusted). If neither the Common Stock nor the Preferred Stock is publicly held or so listed or traded, "Current Market Price" shall mean the fair value per share as determined in good faith by the Board of Directors, whose determination shall be described in a statement filed with the Rights Agent and shall be conclusive for all purposes.

(e) Anything herein to the contrary notwithstanding, no adjustment in the Purchase Price shall be required unless such adjustment would require an increase or decrease of at least one percent (1%) in the Purchase Price; provided, however, that any adjustments which by reason of this Section 11(e) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this Section 11 shall be made to the nearest cent or to the nearest ten-thousandth of a share of Common Stock or other share or one-hundred-thousandth of a share of Preferred Stock, as the case may be. Notwithstanding the first sentence of this Section 11(e), any adjustment required by this Section 11 shall be made no later than the earlier of (i) three years from the date of the transaction which mandates such adjustment, or (ii) the Expiration Date.

(f) If as a result of an adjustment made pursuant to Section 11(a)(ii) or Section 13(a) hereof, the holder of any Right thereafter exercised shall become entitled to receive any shares of capital stock other than Preferred Stock, thereafter the number of such other shares so receivable upon exercise of any Right and the Purchase Price thereof shall be subject to adjustment from time to time in a manner and on terms as nearly equivalent as practicable to the provisions with respect to the shares of Preferred Stock contained in Sections 11(a), (b), (c), (e), (g), (h), (i), (j), (k), and (m) hereof, and the provisions of Sections 7, 9, 10, 13 and 14 hereof with respect to the Preferred Stock shall apply on like terms to any such other shares.

(g) All Rights originally issued by the Company subsequent to any adjustment made to the Purchase Price hereunder shall evidence the right to purchase, at the adjusted Purchase Price, the number of shares of Preferred Stock purchasable from time to time hereunder upon exercise of the Rights, all subject to further adjustment as provided herein.

(h) Unless the Company shall have exercised its election as provided in Section 11(i), upon each adjustment of the Purchase Price as a result of the calculations made in Sections 11(b) and (c), each Right outstanding immediately prior to the making of such adjustment shall thereafter evidence the right to purchase, at the adjusted Purchase Price, that number of one one-thousandth of a share of Preferred Stock (calculated to the nearest one-hundred-thousandth) obtained by (i) multiplying (x) the number of one one-thousandth of a share of Preferred Stock covered by a Right immediately prior to this adjustment, by (y) the Purchase Price in effect immediately prior to such adjustment of the Purchase Price, and (ii) dividing the product so obtained by the Purchase Price in effect immediately after such adjustment of the Purchase Price.

(i) The Company may elect on or after the date of any adjustment of the Purchase Price or any adjustment to the number of shares of Preferred Stock for which a Right may be exercised made pursuant to Sections 11(a)(i), (b) or (c), to adjust the number of Rights in lieu of any adjustment in the number of shares of Preferred Stock purchasable upon the exercise of a Right. Each of the Rights outstanding after the adjustment in the number of Rights shall be exercisable for the number of shares of Preferred Stock for which a Right was exercisable immediately prior to such adjustment. Each Right held of record prior to such adjustment of the number of Rights shall become that number of Rights (calculated to the nearest one hundred-thousandth) obtained by dividing the Purchase Price in effect immediately prior to adjustment of the Purchase Price by the Purchase Price in effect immediately after adjustment of the Purchase Price. The Company shall make a public announcement of its election to adjust the number of Rights, indicating the record date for the adjustment, and, if known at the time, the amount of the adjustment to be made. The Company shall notify the Rights Agent whenever it makes a public announcement pursuant to this Section 11(i) and shall promptly give the Rights Agent a written notice of such announcement. This record date may be the date on which the Purchase Price is adjusted or any day thereafter, but, if the Right Certificates have been issued, shall be at least 10 days later than the date of the public announcement. If Right Certificates have been issued, upon each adjustment of the number of Rights pursuant to this Section 11(i), the Company shall, as promptly as practicable, cause to be distributed to holders of record of Right Certificates on such record date Right Certificates evidencing, subject to Section 14 hereof, the additional Rights to which such holders shall be entitled as a result of such adjustment, or, at the option of the Company, shall cause to be distributed to such holders of record in substitution and replacement for the Right Certificates held by such holders prior to the date of adjustment, and upon surrender thereof, if required by the Company, new Right Certificates evidencing all the Rights to which such holders shall be entitled after such adjustment. Right Certificates so to be distributed shall be issued, executed and delivered by the Company, and countersigned and delivered by the Rights Agent, in the manner provided for herein (and may bear, at the option of the Company, the adjusted Purchase Price) and shall be registered in the names of the holders of record of Right Certificates on the record date specified in the public announcement.

(j) Irrespective of any adjustment or change in the Purchase Price or the number of shares of Preferred Stock issuable upon the exercise of the Rights, the Right Certificates theretofore and thereafter issued may continue to express the Purchase Price per share and the number of shares which were expressed in the initial Right Certificate issued hereunder.

(k) Before taking any action that would cause an adjustment reducing the Purchase Price below the then par value, if any, of the shares of Common Stock, Preferred Stock or other capital stock issuable upon exercise of the Rights, the Company shall take any corporate action, including using its best efforts to obtain any required stockholder approvals, which may, in the opinion of its counsel, be necessary in order that the Company may validly and legally issue fully paid and nonassessable shares of Common Stock, Preferred Stock or other capital stock at such adjusted Purchase Price. If upon any exercise of the Rights, a holder is to receive a combination of Common Stock and Common Stock Equivalents, a portion of the consideration paid upon such exercise, equal to at least the then par value of a share of Common Stock of the Company, shall be allocated as the payment for each share of Common Stock of the Company so received.

(l) In any case in which this Section 11 shall require that an adjustment in the Purchase Price be made effective as of a record date for a specified event, the Company may elect to defer (with prompt written notice thereof to the Rights Agent) until the occurrence of such event the issuance to the holder of any Right exercised after such record date the shares of Preferred Stock and other capital stock or securities of the Company, if any, issuable upon such exercise over and above the shares of Preferred Stock and other capital stock or securities of the Company, if any, issuable upon such exercise on the basis of the Purchase Price in effect prior to such adjustment; provided, however, that the Company shall deliver to such holder a due bill or other appropriate instrument evidencing such holder's right to receive such additional shares of Preferred Stock and other capital stock or securities upon the occurrence of the event requiring such adjustment.

(m) Notwithstanding anything in this Section 11 to the contrary, the Company shall be entitled to make such reductions in the Purchase Price, in addition to those adjustments expressly permitted or required by this Section 11, as and to the extent that in their good faith judgment the Board of Directors shall determine to be advisable in order that any (i) consolidation or subdivision of the Preferred Stock, (ii) issuance for cash of any shares of Preferred Stock at less than the Current Market Price, (iii) issuance for cash of shares of Preferred Stock or securities which by their terms are convertible into or exchangeable for shares of Preferred Stock, (iv) stock dividends or (v) issuance of rights, options or warrants referred to in this Section 11, hereafter made by the Company to holders of its Preferred Stock shall not be taxable to such stockholders.

(n) The Company covenants and agrees that it shall not, at any time after the Distribution Date, (i) consolidate with any other Person, (ii) merge with or into any other Person, or (iii) sell or transfer (or permit any Subsidiary to sell or transfer), in one transaction or a series of related transactions, assets or earning power aggregating more than 50% of the assets or earning power of the Company and its Subsidiaries (taken as a whole) to, any other Person or Persons, if (x) at the time of or immediately after such consolidation, merger or sale there are any charter or by-law provisions or any rights, warrants or other instruments or securities outstanding or agreements in effect which substantially diminish or otherwise eliminate the benefits intended to be afforded by the Rights or (y) prior to, simultaneously with or immediately after such

consolidation, merger or sale, the stockholders of the Person who constitutes, or would constitute, the “Principal Party” for purposes of Section 13(a) hereof shall have received a distribution of Rights previously owned by such Person or any of its Affiliates and Associates. The Company shall not consummate any such consolidation, merger or sale unless prior thereto the Company and such other Person shall have executed and delivered to the Rights Agent a supplemental agreement evidencing compliance with this subsection.

(o) The Company covenants and agrees that, after the Distribution Date, it will not, except as permitted by Section 23, Section 24 or Section 27 hereof, take (or permit any Subsidiary to take) any action if at the time such action is taken it is reasonably foreseeable that such action will diminish substantially or eliminate the benefits intended to be afforded by the Rights.

(p) Notwithstanding anything in this Rights Agreement to the contrary, in the event that the Company shall at any time after the Record Date and prior to the Distribution Date (i) declare or pay any dividend on the outstanding shares of Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding shares of Common Stock, or (iii) combine the outstanding shares of Common Stock into a smaller number of shares, the number of Rights associated with each share of Common Stock then outstanding, or issued or delivered thereafter, shall be proportionately adjusted so that the number of Rights thereafter associated with each share of Common Stock following any such event equals the result obtained by multiplying the number of Rights associated with each share of Common Stock immediately prior to such event by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately prior to the occurrence of such event and the denominator of which shall be the number of shares of Common Stock outstanding immediately following the occurrence of such event.

12. Certification of Adjustments or Number of Shares. Whenever an adjustment is made or any event affecting the Rights or their exercisability (including, without limitation, an event which causes the Rights to become null and void) occurs as provided in Sections 11 and 13 hereof, the Company shall (a) promptly prepare a certificate signed by its President and Chief Executive Officer or any Senior Vice President or any Vice President of the Company setting forth such adjustment or describing such event, and a brief, reasonably detailed statement of the facts, computations and methodology accounting for such adjustment or event, (b) promptly file with the Rights Agent and with each transfer agent for the Preferred Stock and the Common Stock a copy of such certificate and (c) mail a brief summary thereof to each holder of a Right Certificate (or, if prior to the Distribution Date, to each holder of a certificate representing shares of Common Stock) in accordance with Section 26 hereof. Notwithstanding the foregoing sentence, the failure of the Company to give such notice shall not affect the validity of or the force or effect of or the requirement for such adjustment. The Rights Agent shall be fully protected in relying on any certificate prepared by the Company pursuant to Sections 11 and 13 and on any adjustment or statement therein contained and shall have no duty or liability with respect to, and shall not be deemed to have knowledge of any such adjustment or event unless and until it shall have received such certificate. Any adjustment to be made pursuant to Sections 11 and 13 of this Rights Agreement shall be effective as of the date of the event giving rise to such adjustment.

13. Consolidation, Merger or Sale or Transfer of Assets or Earning Power.

(a) In the event that following the first occurrence of a Flip-In Event, directly or indirectly, (x) the Company shall consolidate with, or merge with and into, any other Person or Persons, as the case may be, and the Company shall not be the surviving or continuing Person of such consolidation or merger, or (y) any Person or Persons shall consolidate with, or merge with and into, the Company, and the Company shall be the continuing or surviving Person of such consolidation or merger and, in connection with such consolidation or merger, all or part of the outstanding shares of Common Stock shall be changed into or exchanged for stock or other securities of any other Person or of the Company or cash or any other property, or (z) the Company or one or more of its Subsidiaries shall sell, mortgage (other than in connection with a secured financing transaction entered into on an arm's-length basis) or otherwise transfer to any other Person or any Affiliate or Associate of such Person (other than the Company or one or more of its wholly-owned Subsidiaries), in one transaction, or a series of related transactions, assets or earning power aggregating more than 50% of the assets or earning power of the Company and its Subsidiaries (taken as a whole), then, on the first occurrence of any such event (a "Flip-Over Event"), proper provision shall be made so that (i) each holder of a Right (other than Rights which have become null and void pursuant to Section 11(a)(ii) hereof) shall thereafter have the right to receive, upon the exercise thereof at the Purchase Price (as theretofore adjusted in accordance with Section 11(a)(ii) hereof), in accordance with the terms of this Rights Agreement and in lieu of shares of Preferred Stock or Common Stock of the Company, such number of validly authorized and issued, fully paid, non-assessable and freely tradeable shares of Common Stock of the Principal Party (as such term is hereinafter defined), not subject to any liens, encumbrances, rights of first refusal or other adverse claims, as shall equal the result obtained by dividing the Purchase Price (as theretofore adjusted in accordance with Section 11(a)(ii) hereof) by 50% of the Current Market Price per share of the Common Stock of such Principal Party (determined pursuant to Section 11(d) hereof) on the date of the consummation of such consolidation, merger, sale or transfer; provided, however, that the Purchase Price (as theretofore adjusted in accordance with Section 11(a)(ii) hereof) and the number of shares of Common Stock of such Principal Party so receivable upon exercise of a Right shall be subject to further adjustment as appropriate in accordance with Section 11(f) hereof to reflect any events occurring in respect of the Common Stock of such Principal Party after the occurrence of such consolidation, merger, sale or transfer; (ii) such Principal Party shall thereafter be liable for, and shall assume, by virtue of such Flip-Over Event, all the obligations and duties of the Company pursuant to this Rights Agreement; (iii) the term "Company" for all purposes of this Rights Agreement shall thereafter be deemed to refer to such Principal Party, it being specifically intended that the provisions of Section 11 hereof shall only apply to such Principal Party following the first occurrence of a Flip-Over Event; and (iv) such Principal Party shall take such steps (including, but not limited to, the reservation of a sufficient number of shares of its Common Stock in accordance with Section 9 hereof) in connection with the consummation of any such transaction as may be necessary to assure that the provisions hereof shall thereafter be applicable, as nearly as reasonably may be, in relation to its shares of Common Stock thereafter deliverable upon the exercise of the Rights; provided, however, that, upon the subsequent occurrence of any merger, consolidation, sale of all or substantially all assets, recapitalization, reclassification of shares, reorganization or other extraordinary transaction in respect of such Principal Party, each holder of a Right shall thereupon be entitled to receive, upon exercise of a Right, such cash, shares, rights, warrants and other property which

such holder would have been entitled to receive had he, at the time of such transaction, owned the shares of Common Stock of the Principal Party purchasable upon the exercise of a Right, and such Principal Party shall take such steps (including, but not limited to, reservation of shares of stock) as may necessary to permit the subsequent exercise of the Rights in accordance with the terms hereof for such cash, shares, rights, warrants and other property.

(b) “Principal Party” shall mean:

(i) in the case of any transaction described in (x) or (y) of the first sentence of Section 13(a) hereof: (A) the Person that is the issuer of the securities into which shares of Common Stock of the Company are converted in such merger or consolidation, or, if there is more than one such issuer, the issuer the Common Stock of which has the greatest aggregate market value of shares outstanding or (B) if no securities are so issued, (x) the Person that is the other party to the merger or consolidation and that survives said merger or consolidation, or, if there is more than one such Person, the Person the Common Stock of which has the greatest aggregate market value of shares outstanding or (y) if the Person that is the other party to the merger or consolidation does not survive the merger or consolidation, the Person that does survive the merger or consolidation (including the Company if it survives); and

(ii) in the case of any transaction described in (z) of the first sentence in Section 13(a) hereof, the Person that is the party receiving the greatest portion of the assets or earning power transferred pursuant to such transaction or transactions, or, if each Person that is a party to such transaction or transactions receives the same portion of the assets or earning power so transferred or if the Person receiving the greatest portion of the assets or earning power cannot be determined, whichever of such Persons that is the issuer of Common Stock having the greatest aggregate market value of shares outstanding; provided, however, that in any such case described in the foregoing paragraphs (b)(i) or (b)(ii), (1) if the Common Stock of such Person is not at such time and has not been continuously over the preceding 12-month period registered under Section 12 of the Exchange Act, and such Person is a direct or indirect Subsidiary of another Person the Common Stock of which is and has been so registered, the term “Principal Party” shall refer to such other Person, or (2) if such Person is a Subsidiary, directly or indirectly, of more than one Person, the Common Stocks of all of which are and have been so registered, the term “Principal Party” shall refer to whichever of such Persons is the issuer of the Common Stock having the greatest market value of shares outstanding, or (3) if such Person is owned, directly or indirectly, by a joint venture formed by two or more Persons that are not owned, directly or indirectly, by the same Person, the rules set forth in clauses (1) and (2) above shall apply to each of the owners having an interest in the joint venture as if the Person owned by the joint venture was a Subsidiary of both or all of such joint venturers, and the Principal Party in each such case shall bear the obligations set forth in this Section 13 in the same ratio as its interest in such Person bears to the total of such interests.

(c) The Company shall not consummate any consolidation, merger, sale, disposition or transfer referred to in Section 13(a) unless the Principal Party shall have a sufficient number of authorized shares of its Common Stock that have not been issued or reserved for issuance to permit the exercise in full of the Rights in accordance with this Section 13 and unless prior thereto the Company and the Principal Party involved therein shall have executed and delivered to the Rights Agent an agreement confirming that the requirements

of Sections 13(a) and (b) hereof shall promptly be performed in accordance with their terms and that such consolidation, merger, sale, disposition or transfer of assets shall not result in a default by the Principal Party under this Rights Agreement as the same shall have been assumed by the Principal Party pursuant to Sections 13(a) and (b) hereof and further providing that, as soon as practicable after executing such agreement pursuant to this Section 13, the Principal Party at its own expense shall:

(i) prepare and file a registration statement under the Securities Act, if necessary, with respect to the Rights and the securities purchasable upon exercise of the Rights on an appropriate form, use its best efforts to cause such registration statement to become effective as soon as practicable after such filing and use its best efforts to cause such registration statement to remain effective (with a prospectus at all times meeting the requirements of the Securities Act) until the date of expiration of the Rights, and similarly comply with applicable state securities laws;

(ii) use its best efforts, if the Common Stock of the Principal Party shall become listed on a national securities exchange, to list (or continue the listing of) the Rights and the securities purchasable upon exercise of the Rights on such securities exchange and, if the Common Stock of the Principal Party shall not be listed on a national securities exchange, to cause the Rights and the securities purchased upon exercise of the Rights to be reported by the New York Stock Exchange or such other system then in use;

(iii) deliver to holders of the Rights historical financial statements for the Principal Party which comply in all respects with the requirements for registration on Form 10 (or any successor form) under the Exchange Act; and

(iv) obtain waivers of any rights of first refusal or preemptive rights in respect of the shares of Common Stock of the Principal Party subject to purchase upon exercise of outstanding Rights.

In the event that any of the transactions described in Section 13(a) hereof shall occur at any time after the occurrence of a transaction described in Section 11(a)(ii) hereof, the Rights which have not theretofore been exercised shall thereafter be exercisable in the manner described in Section 13(a).

(d) Furthermore, in case the Principal Party which is to be a party to a transaction referred to in this Section 13 has a provision in any of its authorized securities or in its Certificate of Incorporation or Bylaws or other instrument governing its corporate affairs, which provision would have the effect of (i) causing such Principal Party to issue, in connection with, or as a consequence of, the consummation of a transaction referred to in this Section 13, shares of Common Stock of such Principal Party at less than the then Current Market Price per share (determined pursuant to Section 11(d) hereof) or securities exercisable for, or convertible into, Common Stock of such Principal Party at less than such then current market price (other than to holders of Rights pursuant to this Section 13) or (ii) providing for any special payment, tax or similar provisions in connection with the issuance of the Common Stock of such Principal Party pursuant to the provisions of Section 13; then, in such event, the Company hereby agrees with each holder of Rights that it shall not consummate any such transaction unless prior thereto

the Company and such Principal Party shall have executed and delivered to the Rights Agent a supplemental agreement providing that the provision in question of such Principal Party shall have been cancelled, waived or amended, or that the authorized securities shall be redeemed, so that the applicable provision will have no effect in connection with, or as a consequence of, the consummation of the proposed transaction.

14. Fractional Rights and Fractional Shares.

(a) The Company shall not be required to issue fractions of Rights or to distribute Right Certificates which evidence fractional Rights. In lieu of such fractional Rights, there shall be paid to the holders of record of the Right Certificates with regard to which such fractional Rights would otherwise be issuable, an amount in cash equal to the same fraction of the then current market value of a whole Right. For the purposes of this Section 14(a), the then current market value of a Right shall be determined in the same manner as the Current Market Price of a share of Common Stock shall be determined pursuant to Section 11(d) hereof.

(b) The Company shall not be required to issue fractions of shares of Preferred Stock or Preferred Stock Equivalent (other than fractions which are integral multiples of one one-thousandth of a share of Preferred Stock) upon exercise of the Rights or to distribute certificates which evidence fractional shares of Preferred Stock Equivalent (other than fractions which are integral multiples of one one-thousandth of a share of Preferred Stock). Fractions of shares of Preferred Stock in integral multiples of one one-thousandth of a share of Preferred Stock or Preferred Stock Equivalent may, at the election of the Company, be evidenced by depositary receipts, pursuant to an appropriate agreement between the Company and a depositary selected by it, provided that such agreement shall provide that the holders of such depositary receipts shall have all the rights, privileges and preferences to which they are entitled as Beneficial Owners of the shares of Preferred Stock or Preferred Stock Equivalent represented by such depositary receipts. In lieu of fractional shares of Preferred Stock that are not integral multiples of one one-thousandth of a share of Preferred Stock or Preferred Stock Equivalent, the Company may pay to the registered holders of Right Certificates at the time such Rights are exercised as herein provided an amount in cash equal to the same fraction of the current market value of one one-thousandth of a share of Preferred Stock or Preferred Stock Equivalent. For purposes of this Section 14(b), the current market value of one one-thousandth of a share of Preferred Stock or Preferred Stock Equivalent shall be the Current Market Price of a share of Common Stock (as determined pursuant to Section 11(d)(ii) hereof) for the Trading Day immediately prior to the date of such exercise.

(c) Following the occurrence of a Flip-In Event, the Company shall not be required to issue fractions of shares or units of Common Stock or Common Stock Equivalents or other securities upon exercise of the Rights or to distribute certificates which evidence fractional shares of such Common Stock or Common Stock Equivalents or other securities. In lieu of fractional shares or units of such Common Stock or Common Stock Equivalents or other securities, the Company may pay to the registered holders of Right Certificates at the time such Rights are exercised as herein provided an amount in cash equal to the same fraction of the Current Market Value of a share or unit of such Common Stock or Common Stock Equivalent or other securities. For purposes of this Section 14(c), the Current Market Value shall be determined in the manner set forth in Section 11(d) hereof for the Trading Day immediately prior

to the date of such exercise and, if such Common Stock Equivalent is not traded, each such Common Stock Equivalent shall have the value of one one-thousandth of a share of Preferred Stock.

(d) The holder of a Right by the acceptance of a Right expressly waives his right to receive any fractional Right or any fractional shares upon exercise of a Right.

(e) Whenever a payment for fractional Rights or fractional shares or other securities of the Company is to be made by the Rights Agent, the Company shall (i) promptly prepare and deliver to the Rights Agent a certificate setting forth in reasonable detail the facts related to such payment and the prices and/or formulas utilized in calculating such payments, and (ii) provide sufficient monies to the Rights Agent in the form of fully collected funds to make such payments. The Rights Agent shall be fully protected in relying on such a certificate and shall have no duty with respect to, and shall not be deemed to have knowledge of any payment for fractional Rights or fractional shares unless and until the Rights Agent shall have received such a certificate and sufficient monies.

15. Rights of Action. As of the Record Date, all rights of action in respect of this Rights Agreement, other than any rights of action vested in the Rights Agent pursuant to Sections 18 and 20 hereunder, are vested in the respective holders of record of the Right Certificates (and, prior to the Distribution Date, the holders of record of the Common Stock); and any holder of record of any Right Certificate (or, prior to the Distribution Date, of the Common Stock), without the consent of the Rights Agent or of the holder of any other Right Certificate (or, prior to the Distribution Date, of the Common Stock), may, in his own behalf and for his own benefit, enforce, and may institute and maintain any suit, action or proceeding against the Company or any other Person to enforce, or otherwise act in respect of, his right to exercise the Rights evidenced by such Right Certificate in the manner provided in such Right Certificate and in this Rights Agreement. Without limiting the foregoing or any remedies available to the holders of Rights, it is specifically acknowledged that the holders of Rights would not have an adequate remedy at law for any breach of this Rights Agreement and, accordingly, that they will be entitled to specific performance of the obligations under, and injunctive relief against actual or threatened violations of, the obligations of any Person subject to this Rights Agreement.

16. Agreement of Right Holders. Every holder of a Right by accepting the same consents and agrees with the Company and the Rights Agent and with every other holder of a Right that:

(a) prior to the Distribution Date, the Rights will not be evidenced by a Right Certificate and will be transferable only in connection with the transfer of Common Stock;

(b) after the Distribution Date, the Right Certificates will be transferable only on the registry books of the Rights Agent if surrendered at the office of the Rights Agent designated for such purpose, duly endorsed or accompanied by a proper instrument of transfer with all required certificates completed;

(c) the Company and the Rights Agent may deem and treat the Person in whose name the Right Certificate (or, prior to the Distribution Date, the associated Common

Stock certificate) is registered as the absolute owner thereof and of the Rights evidenced thereby (notwithstanding any notations of ownership or writing on the Right Certificate or the associated Common Stock certificate made by anyone other than the Company or the Rights Agent or the transfer agent of the Common Stock) for all purposes whatsoever, and neither the Company nor the Rights Agent shall be affected by any notice to the contrary; and

(d) notwithstanding anything in this Rights Agreement to the contrary, neither the Company nor the Rights Agent shall have any liability to any holder of a Right or other Person as a result of its inability to perform any of its obligations under this Rights Agreement by reason of any preliminary or permanent injunction or other order, judgment, decree or ruling (whether interlocutory or final) issued by a court or by a governmental, regulatory, self-regulatory or administrative agency or commission, or any statute, rule, regulation or executive order promulgated or enacted by any governmental authority, prohibiting or otherwise restraining performance of such obligation; provided, however, that the Company must use all reasonable efforts to have any such injunction, order, judgment, decree or ruling lifted or otherwise overturned as soon as possible.

17. Right Certificate Holder Not Deemed a Stockholder. No holder of a Right, as such, shall be entitled to vote, receive dividends in respect of or be deemed for any purpose to be the holder of Common Stock or any other securities of the Company which may at any time be issuable upon the exercise of the Rights, nor shall anything contained herein or in any Right Certificate be construed to confer upon the holder of any Right Certificate, as such, any of the rights of a stockholder of the Company or any right to vote in the election of directors or upon any matter submitted to stockholders at any meeting thereof, or to give or withhold consent to any corporate action, or to receive notice of meetings or other actions affecting stockholders (except as provided in Section 25 hereof), or to receive dividends or subscription rights in respect of any such shares or securities, or otherwise, until the Right or Rights evidenced by such Right Certificate shall have been exercised in accordance with the provisions hereof.

18. Concerning the Rights Agent.

(a) The Company agrees to pay to the Rights Agent reasonable compensation for all services rendered by it hereunder and, from time to time, on demand of the Rights Agent, its reasonable expenses and counsel fees and other disbursements incurred in the administration and execution of this Rights Agreement and the exercise and performance of its duties hereunder. The Company also agrees to indemnify the Rights Agent for, and to hold it harmless against, any loss, liability or expense incurred without gross negligence, bad faith or willful misconduct on the part of the Rights Agent for anything done or omitted by the Rights Agent in connection with the acceptance and administration of its duties under this Rights Agreement, including the cost and expenses of defending against any claim of liability arising therefrom, directly or indirectly.

(b) The Rights Agent shall be protected and shall incur no liability for or in respect of any action taken, suffered or omitted by it in connection with its administration of this Rights Agreement in reliance upon any Right Certificate or certificate for the Preferred Stock or Common Stock or other securities of the Company, instrument of assignment or transfer, power of attorney, endorsement, affidavit, letter, notice, direction, consent, certificate, statement or

other paper or document believed by it to be genuine and to be signed, executed and, where necessary, verified or acknowledged, by the proper Person or Persons, or otherwise upon the advice of counsel as set forth in Section 20 hereof.

19. Merger or Consolidation or Changed Name of Rights Agent.

(a) Any Person into which the Rights Agent or any successor Rights Agent may be merged or with which it may be consolidated, or any Person resulting from any merger or consolidation to which the Rights Agent or any successor Rights Agent shall be a party, or any Person succeeding to the stockholder services business of the Rights Agent or any successor Rights Agent, shall be the successor to the Rights Agent under this Rights Agreement without the execution or filing of any paper or any further act on the part of any of the parties hereto, provided that such Person would be eligible for appointment as a successor Rights Agent under the provisions of Section 21 hereof. In case at the time such successor Rights Agent shall succeed to the agency created by this Rights Agreement, any of the Right Certificates shall have been countersigned but not delivered, any such successor Rights Agent may adopt the countersignature of the predecessor Rights Agent and deliver such Right Certificates so countersigned; and, in case at that time any of the Right Certificates shall not have been countersigned, any successor Rights Agent may countersign such Right Certificates either in the name of the predecessor Rights Agent or in the name of the successor Rights Agent; and in all such cases such Right Certificates shall have the full force provided in the Right Certificates and in this Rights Agreement.

(b) In case at any time the name of the Rights Agent shall be changed and at such time any of the Right Certificates shall have been countersigned but not delivered, the Rights Agent may adopt the countersignature under its prior name and deliver such Right Certificates so countersigned; and in case at that time any of the Right Certificates shall not have been countersigned, the Rights Agent may countersign such Right Certificates either in its prior name or in its changed name; and in all such cases such Right Certificate shall have the full force provided in the Right Certificates and in this Rights Agreement.

20. Duties of Rights Agent. The Rights Agent undertakes to perform only the duties and obligations expressly imposed by this Rights Agreement (and no implied duties) upon the following terms and conditions, by all of which the Company and the holders of Right Certificates, by their acceptance thereof, shall be bound:

(a) The Rights Agent may consult with legal counsel (who may be legal counsel for the Company or an employee of the Rights Agent), and the advice or opinion of such counsel shall be full and complete authorization and protection to the Rights Agent and the Rights Agent shall incur no liability for or in respect of any action taken, suffered or omitted to be taken by it in accordance with such advice or opinion.

(b) Whenever in the performance of its duties under this Rights Agreement the Rights Agent shall deem it necessary or desirable that any fact or matter (including, without limitation, the identity of any Acquiring Person and the determination of Current Market Price) be proved or established by the Company prior to taking, suffering or omitting to take any action hereunder, such fact or matter (unless other evidence in respect thereof be herein specifically

prescribed) may be deemed to be conclusively proved and established by certificate signed by the President or any Vice President and by the Treasurer or any Assistant Treasurer or the Secretary or any Assistant Secretary of the Company and delivered to the Rights Agent; and such certificate shall be full and complete authorization and protection to the Rights Agent and the Rights Agent shall incur no liability for or in respect of any action taken, suffered or omitted by it under the provisions of this Rights Agreement in reliance upon such certificate.

(c) The Rights Agent shall be liable hereunder only for its own gross negligence, bad faith or willful misconduct.

(d) The Rights Agent shall not be liable for or by reason of any of the statements of fact or recitals contained in this Rights Agreement or in the Right Certificates (except its countersignature thereof) or be required to verify the same, but all such statements and recitals are and shall be deemed to have been made by the Company only.

(e) The Rights Agent shall not have any liability for or be under any responsibility in respect of the validity of this Rights Agreement or the execution and delivery hereof (except the due execution hereof by the Rights Agent) or in respect of the validity or execution of any Right Certificate (except its countersignature thereof); nor shall it be responsible for any breach by the Company of any covenant or condition contained in this Rights Agreement or in any Right Certificate; nor shall it be responsible for any change in the exercisability of the Rights (including the Rights becoming null and void pursuant to Section 11(a)(ii) hereof) or any change or adjustment in the terms of the Rights including any adjustment required under the provisions of Sections 11, 13, 23 or 24 hereof or responsible for the manner, method or amount of any such adjustment, or the ascertaining of the existence of facts that would require any such change or adjustment (except with respect to the exercise of Rights evidenced by Right Certificates after receipt of a Certificate furnished pursuant to Section 12 describing any such adjustment, upon which the Rights Agent may rely); nor shall it by any act hereunder be deemed to make any representation or warranty as to the authorization or reservation of any shares of Common Stock to be issued pursuant to this Rights Agreement or any Right Certificate or as to whether any shares of Common Stock will, when issued, be validly authorized and issued, fully paid and nonassessable.

(f) The Company agrees that it will perform, execute, acknowledge and deliver or cause to be performed, executed, acknowledged and delivered all such further and other acts, instruments and assurances as may reasonably be required by the Rights Agent for the carrying out or performing by the Rights Agent of the provisions of this Rights Agreement.

(g) The Rights Agent is hereby authorized and directed to accept instructions with respect to the performance of its duties hereunder from the Chairman of the Board, the Chief Executive Officer, the President or any Vice President or the Secretary or any Assistant Secretary or the Treasurer or any Assistant Treasurer of the Company, and to apply to such officers for advice or instructions in connection with its duties, and such instructions shall be full authorization and protection to the Rights Agent and the Rights Agent shall not be liable for or in respect of any action taken, suffered or omitted to be taken by it in accordance with the instructions of any such officer or for any delay in acting while waiting for those instructions. The Rights Agent shall be fully authorized and protected in relying upon the most recent

instructions received by any such officer. Any application by the Rights Agent for written instructions from the Company may, at the option of the Rights Agent, set forth in writing any action proposed to be taken or omitted by the Rights Agent under this Rights Agreement and the date on and/or after which such action shall be taken or such omission shall be effective. The Rights Agent shall not be liable for any action taken or suffered by, or omission of, the Rights Agent in accordance with a proposal included in any such application on or after the date specified in such application (which date shall not be less than five Business Days after the date any officer of the Company actually receives such application, unless any such officer shall have consented in writing to an earlier date) unless, prior to taking any such action (or the effective date in the case of an omission), the Rights Agent shall have received written instructions in response to such application specifying the action to be taken, suffered or omitted.

(h) The Rights Agent and any stockholder, affiliate, director, officer or employee of the Rights Agent may buy, sell or deal in any of the Rights or other securities of the Company or become pecuniarily interested in any transaction in which the Company may be interested, or contract with or lend money to the Company or otherwise act as fully and freely as though it were not the Rights Agent under this Rights Agreement. Nothing herein shall preclude the Rights Agent or any such stockholder, affiliate, director, officer or employee from acting in any other capacity for the Company or for any other Person.

(i) The Rights Agent may execute and exercise any of the rights or powers hereby vested in it or perform any duty hereunder either itself (through its directors, officers and employees) or by or through its attorneys or agents, and the Rights Agent shall not be answerable or accountable for any act, default, neglect or misconduct of any such attorneys or agents or for any loss to the Company or any other Person resulting from any such act, default, neglect or misconduct, absent gross negligence, bad faith or willful misconduct in the selection and continued employment thereof.

(j) No provision of this Rights Agreement shall require the Rights Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of its rights if it believes that repayment of such funds or adequate indemnification against such risk or liability is not reasonably assured to it.

(k) If, with respect to any Right Certificate surrendered to the Rights Agent for exercise or transfer, the certificate contained in the form of assignment or the form of election to purchase set forth on the reverse thereof, as the case may be, has either not been completed or indicates an affirmative response to clause 1 and/or 2 thereof, the Rights Agent shall not take any further action with respect to such requested exercise of transfer without first consulting with the Company.

21. Change of Rights Agent. The Rights Agent or any successor Rights Agent may resign and be discharged from its duties under this Rights Agreement upon 30 days' notice in writing, or such earlier period as shall be agreed to in writing, mailed to the Company and to each transfer agent of the Common Stock known to the Rights Agent by registered or certified mail, and to the holders of the Right Certificates by first-class mail. The Company may remove the Rights Agent or any successor Rights Agent (with or without cause) upon 30 days' notice in writing, or such earlier period as shall be agreed to in writing, mailed to the Rights Agent or

successor Rights Agent, as the case may be, and to each transfer agent of the Common Stock by registered or certified mail, and to the holders of the Right Certificates by first-class mail. If the Rights Agent shall resign or be removed or shall otherwise become incapable of acting, the Company shall appoint a successor to the Rights Agent. If the Company shall fail to make such appointment within a period of 30 days after giving notice of such removal or after it has been notified in writing of such resignation or incapacity by the resigning or incapacitated Rights Agent or by the holder of a Right Certificate (who shall, with such notice, submit his Right Certificate for inspection by the Company), then the incumbent Rights Agent or the holder of record of any Right Certificate may apply to any court of competent jurisdiction for the appointment of a new Rights Agent. Any successor Rights Agent, whether appointed by the Company or by such a court, shall be (a) a Person organized and doing business under the laws of the United States or any State thereof, in good standing, which is authorized under such laws to exercise corporate trust or stock transfer powers and is subject to supervision or examination by federal or state authority and which has at the time of its appointment as Rights Agent a combined capital and surplus of at least \$50,000,000 or (b) an Affiliate controlled by a Person described in clause (a) of this sentence. After appointment, the successor Rights Agent shall be vested with the same powers, rights, duties and responsibilities as if it had been originally named as Rights Agent without further act or deed; but the predecessor Rights Agent shall deliver and transfer to the successor Rights Agent any property at the time held by it hereunder, and execute and deliver any further assurance, conveyance, act or deed necessary for the purpose. Not later than the effective date of any such appointment the Company shall file notice thereof in writing with the predecessor Rights Agent and each transfer agent of the Common Stock, and mail a notice thereof in writing to the registered holders of the Right Certificates. Failure to give any notice provided for in this Section 21, however, or any defect therein, shall not affect the legality or validity of the resignation, replacement or removal of the Rights Agent or the appointment of the successor Rights Agent, as the case may be.

22. Issuance of New Right Certificates. Notwithstanding any of the provisions of this Rights Agreement or of the Rights to the contrary, the Company may, at its option, issue new Right Certificates evidencing Rights in such form as may be approved by its Board of Directors to reflect any adjustment or change in the Purchase Price per share and the number or kind or class of shares of stock or other securities or property purchasable under the Right Certificates made in accordance with the provisions of this Rights Agreement. In addition, in connection with the issuance or sale of shares of Common Stock following the Distribution Date and prior to the redemption or expiration of the Rights, the Company may, with respect to shares of Common Stock so issued or sold pursuant to the exercise of stock options or the settlement of restricted stock units or under any employee plan or arrangement, or upon the exercise, conversion or exchange of securities hereinafter issued by the Company, in each case existing prior to the Distribution Date, issue Right Certificates representing the appropriate number of Rights in connection with such issuance or sale; provided, however, that (i) no such Right Certificate shall be issued if, and to the extent that, the Company shall be advised by counsel that such issuance would create a significant risk of material adverse tax consequences to the Company or the Person to whom such Right Certificate would be issued, and (ii) no such Right Certificate shall be issued, if, and to the extent that, appropriate adjustment shall otherwise have been made in lieu of the issuance thereof.

23. Redemption.

(a) The Board of Directors may, at its option, at any time prior to the earlier of the Close of Business on (x) the 10th Business Day after the first occurrence of a Flip-In Event (or, if such Flip-In Event shall have occurred prior to the Record Date, the 10th Business Day following the Record Date) or (y) the Expiration Date, (x) redeem all but not less than all the then outstanding Rights at a redemption price of \$0.001 per Right (rounded up to the nearest whole \$0.01 in the case of any holder whose holdings are not in a multiple of ten), as such amount may be appropriately adjusted to reflect any stock split, stock dividend or similar transaction occurring after the date hereof (such redemption price being hereinafter referred to as the “Redemption Price”) or (y) amend this Rights Agreement to change the Final Expiration Date to another date, including without limitation an earlier date. Notwithstanding anything contained in this Agreement to the contrary, the Rights shall not be exercisable after the first occurrence of a Triggering Event until such time as the Company’s right of redemption hereunder has expired. The Company may, at its option, pay the Redemption Price in cash, shares of Common Stock (based on the current market price of the Common Stock at the time of redemption as determined pursuant to Section 11(d)(i) hereof) or any other form of consideration deemed appropriate by the Board of Directors.

(b) Immediately upon the action of the Board of Directors ordering the redemption of the Rights (or at such later time as the Board of Directors may establish for the effectiveness of such redemption), and without any further action and without any notice, the right to exercise the Rights will terminate and the only right thereafter of the holders of Rights shall be to receive the Redemption Price. The Company shall promptly give public notice of any such redemption (with prompt written notice thereof to the Rights Agent); provided, however, that the failure to give, or any defect in, any such notice shall not affect the legality or validity of such redemption. Within 10 days after such action of the Board of Directors ordering the redemption of the Rights (or such later time as the Board of Directors may establish for the effectiveness of such redemption), the Company shall mail a notice of redemption to all the holders of the then outstanding Rights at their last addresses as they appear upon the registry books of the Rights Agent or, prior to the Distribution Date, on the registry books of the transfer agent for the Common Stock. Any notice which is mailed in the manner herein provided shall be deemed given, whether or not the holder receives the notice. Each such notice of redemption shall state the method by which the payment of the Redemption Price will be made. The failure to give notice required by this Section 23(b) or any defect therein shall not affect the legality or validity of the action taken by the Company.

(c) In the case of a redemption permitted under Section 23(a) hereof, the Company may, at its option, discharge all of its obligations with respect to the Rights by (i) issuing a press release announcing the manner of redemption of the Rights and (ii) mailing payment of the Redemption Price to the registered holders of the Rights at their last addresses as they appear on the registry books of the Rights Agent or, prior to the Distribution Date, on the registry books of the transfer agent of the Common Stock, and upon such action, all outstanding Right Certificates shall be null and void without any further action by the Company.

24. Exchange of Rights for Common Stock.

(a) The Board of Directors may, at its option, at any time after the occurrence of a Flip-In Event, exchange all or part of the then outstanding and exercisable Rights (which (i) shall not include Rights that have become null and void pursuant to the provisions of Section 11(a)(ii) and (ii) shall include, without limitation, any Rights issued after the Distribution Date in accordance with Section 22 hereof) for shares of Common Stock of the Company at an exchange ratio of one share of Common Stock per Right, appropriately adjusted to reflect any stock split, stock dividend or similar transaction occurring after the date hereof (the “Exchange Ratio”). Notwithstanding the foregoing the Board of Directors shall not be empowered to effect such exchange at any time after any Acquiring Person becomes the Beneficial Owner of shares of Common Stock aggregating 50% or more of the shares of Common Stock then outstanding. From and after the occurrence of an event specified in Section 13(a) hereof, any Rights that theretofore have not been exchanged pursuant to this Section 24(a) shall thereafter be exercisable only in accordance with Section 13 and may not be exchanged pursuant to this Section 24(a). The exchange of the Rights by the Board of Directors may be made effective at such time, on such basis and with such conditions as the Board of Directors in its sole discretion may establish. Prior to effecting an exchange pursuant to this Section 24, the Board of Directors may direct the Company to enter into a Trust Agreement in such form and with such terms as the Board of Directors shall then approve (the “Trust Agreement”). If the Board of Directors so directs, the Company shall enter into the Trust Agreement and shall issue to the trust created by such agreement (the “Trust”) all of the shares of Common Stock issuable pursuant to the exchange, and all stockholders entitled to receive shares pursuant to the exchange shall be entitled to receive such shares (and any dividends or distributions made thereon after the date on which such shares are deposited in the Trust) only from the Trust and solely upon compliance with the relevant terms and provisions of the Trust Agreement.

(b) Immediately upon the action of the Board of Directors ordering the exchange of any Rights pursuant to subsection (a) of this Section 24 and without any further action and without any notice, the right to exercise such Rights shall terminate and the only right thereafter of a holder of such Rights shall be to receive that number of shares of Common Stock equal to the number of such Rights held by such holder multiplied by the Exchange Ratio. The Company shall promptly give public notice of any such exchange (with prompt written notice of such exchange to the Rights Agent); provided, however, that the failure to give, or any defect in, such notice shall not affect the legality or validity of such exchange. The Company promptly shall mail a notice of any such exchange to all of the holders of such Rights at their last addresses as they appear upon the registry books of the Rights Agent. Any notice which is mailed in the manner herein provided shall be deemed given, whether or not the holder receives the notice. Each such notice of exchange will state the method by which the exchange of the shares of Common Stock for Rights will be effected and, in the event of any partial exchange, the number of Rights which will be exchanged. Any partial exchange shall be effected pro rata based on the number of Rights (other than Rights which have become null and void pursuant to the provisions of Section 11(a)(ii) hereof) held by each holder of Rights.

(c) In any exchange pursuant to this Section 24, the Company, at its option, may substitute, and, in the event that there shall not be sufficient shares of Common Stock issued but not outstanding or authorized but unissued to permit any exchange of Rights as contemplated

in accordance with this Section 24, the Company shall substitute to the extent of such insufficiency, for each share of Common Stock that would otherwise be issuable upon exchange of a Right, one one-thousandth of a share of Preferred Stock or Preferred Stock Equivalent or fractions thereof per Right.

(d) In the event that there shall not be sufficient shares of Common Stock nor of Preferred Stock or Preferred Stock Equivalents issued but not outstanding or authorized but unissued to permit any exchange of Rights as contemplated in accordance with this Section 24, the Company shall take all such action as may be necessary to authorize additional shares of Common Stock, Preferred Stock or Preferred Stock Equivalents for issuance upon exchange of the Rights.

(e) The Company shall not be required to issue fractions of shares of Common Stock or to distribute certificates which evidence fractional shares of Common Stock. In lieu of such fractional shares of Common Stock, the Company shall pay to the registered holders of the Right Certificates with regard to which such fractional shares of Common Stock would otherwise be issuable an amount in cash equal to the same fraction of the current market value of a whole share of Common Stock. For the purposes of this paragraph (d), the current market value of a whole share of Common Stock shall be the Current Market Price of a share of Common Stock (as defined in Section 11(d) hereof for the purposes of computations made other than pursuant to Section 11(a)(iii)) for the Trading Day immediately prior to the date of exchange pursuant to this Section 24.

25. Notice of Proposed Actions.

(a) In case the Company, after the Distribution Date, shall propose (i) to effect any of the transactions referred to in Section 11(a)(i) or to pay any dividend to the holders of record of its Preferred Stock payable in stock of any class or to make any other distribution to the holders of record of its Preferred Stock (other than a regular periodic cash dividend), or (ii) to offer to the holders of record of its Preferred Stock or options, warrants, or other rights to subscribe for or to purchase shares of Preferred Stock (including any security convertible into or exchangeable for Preferred Stock) or shares of stock of any other class or any other securities, options, warrants, convertible or exchangeable securities or other rights, or (iii) to effect any reclassification of its Preferred Stock or any recapitalization or reorganization of the Company, or (iv) to effect any consolidation or merger with or into, or to effect any sale or other transfer (or to permit one or more of its Subsidiaries to effect any sale or other transfer), in one or more transactions, of more than 50% of the assets or earning power of the Company and its Subsidiaries (taken as a whole) to, any other Person or Persons, or (v) to effect the liquidation, dissolution or winding up of the Company, then, in each such case, the Company shall give to the Rights Agent and to each holder of record of a Right Certificate, in accordance with Section 26 hereof, notice of such proposed action, which shall specify the record date for the purposes of such transaction referred to in Section 11(a)(i), or such dividend or distribution, or the date on which such reclassification, recapitalization, reorganization, consolidation, merger, sale or transfer of assets, disposition, liquidation, dissolution or winding up is to take place and the record date for determining participation therein by the holders of record of Preferred Stock, if any such date is to be fixed, and such notice shall be so given in the case of any action covered by clause (i) or (ii) above at least 10 days prior to but not including the record date for

determining holders of record of the Preferred Stock for purposes of such action, and in the case of any such other action, at least 10 days prior to the date of the taking of such proposed action or the date of participation therein by the holders of record of Preferred Stock, whichever shall be the earlier.

(b) In case any of the transactions referred to in Section 11(a)(ii)(A) or (C) or Section 13 of this Rights Agreement are proposed, then, in any such case, the Company shall as soon as practicable thereafter give to the Rights Agent and to each holder of Rights, in accordance with Section 26 hereof, notice of the proposal of such transaction at least 10 days prior to consummating such transaction, which notice shall specify the proposed event and the consequences of the event to holders of Rights under Section 11(a)(ii)(A) or (C) or Section 13 hereof, as the case may be, and, upon consummation of such transaction or any transaction contemplated by Section 11(a)(ii)(B), shall similarly give notice thereof to each holder of Rights.

(c) The failure to give notice required by this Section 25 or any defect therein shall not affect the legality or validity of the action taken by the Company or the vote upon any such action.

26. Notices. Notices or demands authorized by this Rights Agreement to be given or made by the Rights Agent or by the holder of record of any Right Certificate or Right to or on behalf of the Company shall be sufficiently given or made if in writing and sent by first-class mail, postage prepaid, addressed (until another address is filed in writing with the Rights Agent) as follows:

PJT Partners Inc.
280 Park Avenue, New York, New York 10017
Attention: Chairman and Chief Executive Officer

Subject to the provisions of Section 21 hereof, any notice or demand authorized by this Rights Agreement to be given or made by the Company or by the holder of record of any Right Certificate or Right to or on the Rights Agent shall be sufficiently given or made if sent by first-class mail, postage prepaid, addressed (until another address is filed in writing with the Company) as follows:

[•]

Notices or demands authorized by this Rights Agreement to be given or made by the Company or the Rights Agent to the holder of record of any Right Certificate or Right shall be sufficiently given or made if sent by first-class mail, postage prepaid, addressed to such holder at the address of such holder as it appears upon the registry books of the Rights Agent or, prior to the Distribution Date, on the registry books of the Transfer Agent.

27. Supplements and Amendments. Except as otherwise provided herein, for so long as the Rights are then redeemable, the Company may in its sole and absolute discretion, and the Rights Agent shall if the Company so directs, supplement or amend any provision of this Rights Agreement in any respect without the approval of any holders of the Rights, any such supplement or amendment to be evidenced by a writing signed by the Company and the Rights

Agent. At any time when the Rights are no longer redeemable, except as provided in this Section 27, the Company may supplement or amend this Rights Agreement, and the Rights Agent shall, if the Company so directs, without the approval of any holders of Right Certificates in order to (i) cure any ambiguity, (ii) correct or supplement any provision contained herein which may be defective or inconsistent with any other provisions herein, (iii) shorten or lengthen any time period hereunder, or (iv) change or supplement the provisions hereunder in any manner which the Company may deem necessary or desirable, any such supplement or amendment to be evidenced by a writing signed by the Company and the Rights Agent; provided that no such supplement or amendment shall adversely affect the interests of the holders of Rights as such (other than an Acquiring Person or an Affiliate or Associate of an Acquiring Person), and no such amendment may cause the Rights again to become redeemable or cause the Rights Agreement again to become amendable other than in accordance with this sentence. Upon the delivery of a certificate from an appropriate officer of the Company that states that the proposed supplement or amendment complies with this Section 27, the Rights Agent shall execute such supplement or amendment. Prior to the Distribution Date, the interests of the holders of Rights shall be deemed coincident with the interests of the holders of Common Stock. Notwithstanding anything contained in this Rights Agreement to the contrary, the Rights Agent may, but shall not be obligated to, enter into any supplement or amendment that affects the Rights Agent's own rights, duties, obligations or immunities under this Rights Agreement.

28. Successors. All of the covenants and provisions of this Rights Agreement by or for the benefit of the Company or the Rights Agent shall bind and inure to the benefit of their respective successors and assigns hereunder.

29. Benefits of this Rights Agreement. Nothing in this Rights Agreement shall be construed to give to any Person other than the Company, the Rights Agent and the registered holders of the Right Certificates (and, prior to the Distribution Date, the Common Stock) any legal or equitable right, remedy or claim under this Rights Agreement; this Rights Agreement shall be for the sole and exclusive benefit of the Company, the Rights Agent and the holders of record of the Right Certificates (and, prior to the Distribution Date, the Common Stock).

30. Determinations and Actions by the Board of Directors. The Board of Directors shall have the exclusive power and authority to administer this Rights Agreement and to exercise the rights and powers specifically granted to the Board of Directors or to the Company, or as may be necessary or advisable in the administration of this Rights Agreement, including, without limitation, the right and power to (i) interpret the provisions of this Rights Agreement and (ii) make all determinations deemed necessary or advisable for the administration of this Rights Agreement (including, without limitation, a determination to redeem or not redeem the Rights or to amend or not amend this Rights Agreement). All such actions, calculations, interpretations and determinations which are done or made by the Board of Directors in good faith, including but not limited to those made under Sections 1 and 11 hereunder, shall be final, conclusive and binding on the Company, the Rights Agent, the holders of the Rights, as such, and all other Persons. The Rights Agent is entitled always to assume the Board of Directors acted in good faith and shall be fully protected and incur no liability in reliance thereon.

31. Governing Law. This Rights Agreement and each Right Certificate issued hereunder shall be deemed to be a contract made under the laws of the State of Delaware and for

all purposes shall be governed by and construed in accordance with the laws of such state applicable to contracts to be made solely by residents of such state and performed entirely within such state.

32. Counterparts. This Rights Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.

33. Descriptive Headings. Descriptive headings of the several sections of this Rights Agreement are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

34. Severability. If any term, provision, covenant or restriction of this Rights Agreement is held by a court of competent jurisdiction or other authority to be invalid, illegal or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Rights Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated; provided, however, that if such excluded provision shall effect the rights, immunities, duties or obligations of the Rights Agent, the Rights Agent shall be entitled to resign immediately.

35. Force Majeure. Notwithstanding anything to the contrary contained herein, the Rights Agent shall not be liable for any delays or failures in performance resulting from acts beyond its reasonable control including, without limitation, acts of God, terrorist acts, shortage of supply, breakdowns or malfunctions, interruptions or malfunctions of computer facilities, or loss of data due to power failures or mechanical difficulties with information storage or retrieval systems, labor difficulties, war or civil unrest.

IN WITNESS WHEREOF, the parties hereto have caused this Rights Agreement to be duly executed and attested, all as of the date and year first above written.

PJT PARTNERS INC.

By: _____

Name:

Title:

[●], as Rights Agent

By: _____

Name:

Title:

CERTIFICATE OF DESIGNATION

OF

SERIES A JUNIOR PARTICIPATING PREFERRED STOCK

OF

PJT PARTNERS INC.

We, _____, [NAME OF OFFICE], and _____, [NAME OF OFFICE], of PJT Partners Inc., a Delaware corporation (the “Corporation”), in accordance with the provisions of Section 151(g) of the General Corporation Law of the State of Delaware, DO HEREBY CERTIFY:

That, pursuant to the authority conferred upon the Board of Directors of the Corporation (the “Board of Directors”) by the Amended and Restated Certificate of Incorporation of the Corporation (as amended, the “Certificate of Incorporation”), the Board of Directors on [●], 2015, adopted the following resolution creating a series of Preferred Stock designated as Series A Junior Participating Preferred Stock:

RESOLVED, that pursuant to the authority vested in the Board of Directors in accordance with the provisions of the Certificate of Incorporation, a series of Preferred Stock of the Corporation be, and it hereby is, created, and that the designation and amount thereof and the powers, preferences and relative, participating, optional and other special rights of the shares of such series, and the qualifications, limitations or restrictions thereof are as follows:

SECTION 1. Designation and Amount. The shares of such series shall be designated as “Series A Junior Participating Preferred Stock,” par value \$0.01 per share (the “Series A Junior Participating Preferred Stock”), and the number of shares constituting such series shall be [●], which number may from time to time be increased or decreased (but not below the number then outstanding) by the Board of Directors.

SECTION 2. Dividends and Distributions. (a) The dividend rate on the shares of Series A Junior Participating Preferred Stock shall be for each quarterly dividend (hereinafter referred to as a “Quarterly Dividend Period”), which Quarterly Dividend Periods shall commence on January 1, April 1, July 1 and October 1 each year (each such date being referred to herein as a “Quarterly Dividend Payment Date”) (or in the case of original issuance, from the date of original issuance) and shall end on and include the day next preceding the first date of the next Quarterly Dividend Period, at a rate per Quarterly Dividend Period (rounded to the nearest cent) subject to the provisions for adjustment hereinafter set forth, equal to the greater of (a) \$1.000 and (b) 1,000 times the aggregate per share amount of all cash dividends, and 1,000 times the aggregate per share amount (payable in cash, based upon the fair market value at the time the non-cash dividend or other distribution is declared as determined in good faith by the Board of Directors) of all non-cash dividends or other distributions other than a dividend payable in shares of common stock or a subdivision of the outstanding shares of common stock (by reclassification or otherwise), declared (but not withdrawn) on the Class A Common Stock, par value \$0.01 per share, of the Corporation (the “Common Stock”) during the immediately preceding quarterly dividend

period, or, with respect to the first quarterly dividend period, since the first issuance of any share or fraction of a share of Series A Junior Participating Preferred Stock. In the event the Corporation shall at any time after [●], 2015 (the “Rights Declaration Date”) (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock, or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the amount to which holders of shares of Series A Junior Participating Preferred Stock were entitled immediately prior to such event under the preceding sentence shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(b) Dividends shall begin to accrue and be cumulative on outstanding shares of Series A Junior Participating Preferred Stock from the Quarterly Dividend Payment Date next preceding the date of issue of such shares of Series A Junior Participating Preferred Stock, unless the date of issue of such shares is prior to the record date for the first Quarterly Dividend Payment Date, in which case dividends on such shares shall begin to accrue from the date of issue of such shares, or unless the date of issue is a Quarterly Dividend Payment Date or is a date after the record date for the determination of holders of shares of Series A Junior Participating Preferred Stock entitled to receive a quarterly dividend and before such Quarterly Dividend Payment Date, in either of which events such dividends shall begin to accrue and be cumulative from such Quarterly Dividend Payment Date. Accrued but unpaid dividends shall not bear interest. Dividends paid on the shares of Series A Junior Participating Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix a record date for the determination of holders of shares of Series A Junior Participating Preferred Stock entitled to receive payment of a dividend or distribution declared thereon, which record date shall be no more than 45 days prior to the date fixed for the payment thereof.

(c) So long as any shares of the Series A Junior Participating Preferred Stock are outstanding, no dividends or other distributions shall be declared, paid or distributed, or set aside for payment or distribution, on the Common Stock unless, in each case, the dividend required by this Section 2 to be declared on the Series A Junior Participating Preferred Stock shall have been declared.

(d) The holders of the shares of Series A Junior Participating Preferred Stock shall not be entitled to receive any dividends or other distributions except as provided herein.

SECTION 3. Voting Rights. The holders of shares of Series A Junior Participating Preferred Stock shall have the following voting rights:

(a) Subject to the provision for adjustment hereinafter set forth, each share of Series A Junior Participating Preferred Stock shall entitle the holder thereof to 1,000 votes on all matters submitted to a vote of the stockholders of the Corporation. In the event the Corporation shall at any time after the Rights Declaration Date (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock, or (iii)

combine the outstanding Common Stock into a smaller number of shares, then in each such case the number of votes per share to which holders of shares of Series A Junior Participating Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(b) Except as otherwise provided herein, in the Certificate of Incorporation or the Amended and Restated Bylaws of the Corporation (the “Bylaws”) or by applicable law, the holders of shares of Series A Junior Participating Preferred Stock and the holders of shares of Common Stock shall vote together as one class for the election of directors of the Corporation and on all other matters submitted to a vote of stockholders of the Corporation.

(c) Except as set forth herein, in the Certificate of Incorporation or the Bylaws or by applicable law, holders of Series A Junior Participating Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for authorizing or taking any corporate action.

(d) If, at the time of any annual meeting of stockholders for the election of directors, the equivalent of six quarterly dividends (whether or not consecutive) payable on any share or shares of Series A Junior Participating Preferred Stock are in default, the number of directors constituting the Board of Directors shall be increased by two. In addition to voting together with the holders of Common Stock for the election of other directors of the Corporation, the holders of record of the Series A Junior Participating Preferred Stock, voting separately as a class to the exclusion of the holders of Common Stock, shall be entitled at said meeting of stockholders (and at each subsequent annual meeting of stockholders), unless all dividends in arrears have been paid or declared and set apart for payment prior thereto, to vote for the election of two directors of the Corporation, the holders of any Series A Junior Participating Preferred Stock being entitled to cast a number of votes per share of Series A Junior Participating Preferred Stock as is specified in paragraph (a) of this Section 3. Until the default in payments of all dividends which permitted the election of said directors shall cease to exist, any director who shall have been so elected pursuant to the preceding sentence may be removed at any time, either with or without cause, only by the affirmative vote of the holders of the shares of Series A Junior Participating Preferred Stock at the time entitled to cast a majority of the votes entitled to be cast for the election of any such director at a special meeting of such holders called for that purpose, and any vacancy thereby created may be filled by the vote of such holders. If and when such default shall cease to exist, the holders of the Series A Junior Participating Preferred Stock shall be divested of the foregoing special voting rights, subject to reversion in the event of each and every subsequent like default in payments of dividends. Upon the termination of the foregoing special voting rights, the terms of office of all persons who may have been elected directors pursuant to said special voting rights shall forthwith terminate, and the number of directors constituting the Board of Directors shall be reduced by two. The voting rights granted by this Section 3(d) shall be in addition to any other voting rights granted to the holders of the Series A Junior Participating Preferred Stock in this Section 3.

SECTION 4. Reacquired Shares. Any shares of Series A Junior Participating Preferred Stock purchased or otherwise acquired by the Corporation in any manner whatsoever

shall be retired and canceled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued shares of Preferred Stock, without designation as to series until such shares are once more designated as part of a particular series by the Board of Directors pursuant to the provisions of the Certificate of Incorporation.

SECTION 5. Liquidation, Dissolution or Winding Up. Upon the liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, no distribution shall be made (1) to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Junior Participating Preferred Stock unless, prior thereto, the holders of shares of Series A Junior Participating Preferred Stock shall have received an amount equal to the accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment, plus an amount per share, subject to the provision for adjustment hereinafter set forth, equal to 1,000 times the aggregate amount to be distributed per share to holders of Common Stock or (2) to the holders of stock ranking on parity (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Junior Participating Preferred Stock except distributions made ratably on the Series A Junior Participating Preferred Stock and all other such parity stock in proportion to the total amounts to which the holders of all such shares are entitled upon such liquidation, dissolution or winding up. In the event the Corporation shall at any time after the Rights Declaration Date (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock, or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the amount to which holders of shares of Series A Junior Participating Preferred Stock were entitled immediately prior to such event pursuant to clause (2) of the preceding sentence shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

SECTION 6. Consolidation, Merger, etc. In case the Corporation shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case the then outstanding shares of Series A Junior Participating Preferred Stock shall at the same time be similarly exchanged or changed into an amount per share (subject to the provision for adjustment hereinafter set forth) equal to 1,000 times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is exchanged or changed. In the event the Corporation shall at any time after the Rights Declaration Date (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock, or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the amount set forth in the preceding sentence with respect to the exchange or change of shares of Series A Junior Participating Preferred Stock shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

SECTION 7. No Redemption; No Sinking Fund. (a) The shares of Series A Junior Participating Preferred Stock shall not be subject to redemption by the Corporation or at the

option of any holder of Series A Junior Participating Preferred Stock; provided, however, that the Corporation may purchase or otherwise acquire outstanding shares of Series A Junior Participating Preferred Stock in the open market or by offer to any holder or holders of shares of Series A Junior Participating Preferred Stock.

(b) The shares of Series A Junior Participating Preferred Stock shall not be subject to or entitled to the operation of a retirement or sinking fund.

SECTION 8. Fractional Shares. The Series A Junior Participating Preferred Stock shall be issuable upon exercise of the Rights issued pursuant to the Rights Agreement in whole shares or in any fraction of a share that is one one-thousandths (1/1,000ths) of a share or any integral multiple of such fraction which shall entitle the holder, in proportion to such holder's fractional shares, to receive dividends, exercise voting rights, participate in distributions and to have the benefit of all other rights of holders of Series A Junior Participating Preferred Stock. In lieu of fractional shares, the Corporation, prior to the first issuance of a share or a fraction of a share of Series A Junior Participating Preferred Stock, may elect (1) to make a cash payment as provided in the Rights Agreement for fractions of a share other than one one-thousandths (1/1,000ths) of a share or any integral multiple thereof or (2) to issue depository receipts evidencing such authorized fraction of a share of Series A Junior Participating Preferred Stock pursuant to an appropriate agreement between the Corporation and a depository selected by the Corporation; provided that such agreement shall provide that the holders of such depository receipts shall have all the rights, privileges and preferences to which they are entitled as holders of the Series A Junior Participating Preferred Stock. All payments made with respect to fractional shares hereunder shall be rounded to the nearest whole cent.

SECTION 9. Certain Restrictions. (a) Whenever quarterly dividends or other dividends or distributions payable on the Series A Junior Participating Preferred Stock as provided in Section 2 are in arrears, thereafter and until all accrued and unpaid dividends and distributions, whether or not declared, on shares of Series A Junior Participating Preferred Stock outstanding shall have been paid in full, the Corporation shall not:

(i) declare or pay dividends on, make any other distributions on, or redeem or purchase or otherwise acquire for consideration any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Junior Participating Preferred Stock;

(ii) declare or pay dividends on or make any other distributions on any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Junior Participating Preferred Stock, except dividends paid ratably on the Series A Junior Participating Preferred Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled;

(iii) redeem or purchase or otherwise acquire for consideration shares of any stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Junior Participating Preferred Stock; provided that the Corporation may at any time redeem, purchase or otherwise acquire shares of any such

parity stock in exchange for shares of any stock of the Corporation ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Junior Participating Preferred Stock; or

(iv) purchase or otherwise acquire for consideration any shares of Series A Junior Participating Preferred Stock, or any shares of stock ranking on a parity with the Series A Junior Participating Preferred Stock, except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of such shares upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(b) The Corporation shall not permit any subsidiary of the Corporation to purchase or otherwise acquire for consideration any shares of stock of the Corporation unless the Corporation could, under paragraph (a) of this Section 9, purchase or otherwise acquire such shares at such time and in such manner.

SECTION 10. Ranking. The Series A Junior Participating Preferred Stock shall rank junior to all other series of Preferred Stock of the Corporation but senior to each of the Class A Common Stock and Class B Common Stock of the Corporation as to dividends and upon liquidation, unless the Board of Directors shall specifically determine otherwise in fixing the powers, preferences and relative, participating, optional and other special rights of the shares of such series and the qualifications, limitations or restrictions thereof.

SECTION 11. Amendment. None of the powers, preferences and relative, participating, optional and other special rights of the Series A Junior Participating Preferred Stock as provided herein or in the Certificate of Incorporation shall be amended in any manner which would alter or change the powers, preferences, rights or privileges of the holders of Series A Junior Participating Preferred Stock so as to affect them adversely without the affirmative vote of the holders of at least two-thirds of the outstanding shares of Series A Junior Participating Preferred Stock, voting together as a single class.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Designation to be duly executed in its corporate name on this day of [●], [●].

PJT PARTNERS INC.

By: _____

Name:

Title:

[Form of Right Certificate]

Certificate No. W-

Rights

NOT EXERCISABLE AFTER [●], [●], OR EARLIER IF REDEEMED OR EXCHANGED. AT THE OPTION OF THE COMPANY, THE RIGHTS MAY BE REDEEMED AT \$0.001 PER RIGHT OR EXCHANGED FOR CLASS A COMMON STOCK ON THE TERMS SET FORTH IN THE STOCKHOLDER RIGHTS AGREEMENT. IN THE EVENT THAT THE RIGHTS REPRESENTED BY THIS CERTIFICATE ARE ISSUED TO A PERSON WHO IS AN ACQUIRING PERSON OR CERTAIN TRANSFEREE OF THE RIGHTS PREVIOUSLY OWNED BY SUCH PERSONS, THIS RIGHT CERTIFICATE AND THE RIGHTS REPRESENTED HEREBY SHALL BE NULL AND VOID AND WILL NO LONGER BE TRANSFERABLE.

RIGHT CERTIFICATE

PJT PARTNERS INC.

This certifies that _____, or registered assigns, is the registered owner of the number of Rights set forth above, each of which entitles the owner thereof, subject to the terms, provisions and conditions of the Stockholder Rights Agreement dated as of [●], 2015 (the “Rights Agreement”) between PJT Partners Inc., a Delaware corporation (the “Company”), and [●] (the “Rights Agent”), to purchase from the Company at any time after the Distribution Date (as such term is defined in the Rights Agreement) and prior to 5:00 p.m. (New York City time) on [●], [●], at the office of the Rights Agent, or of its successors as Rights Agent, designated for such purpose, one one-thousandth of a fully paid and nonassessable share of Series A Junior Participating Preferred Stock of the Company (the “Preferred Stock”) at a purchase price of \$[●] per one one-thousandth of a share, as the same may from time to time be adjusted in accordance with the Rights Agreement (the “Purchase Price”), upon presentation and surrender of this Right Certificate with the Form of Election to Purchase duly executed. Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to such terms in the Rights Agreement.

As provided in the Rights Agreement, the Purchase Price and the number of shares of Preferred Stock or other securities which may be purchased upon the exercise of the Rights evidenced by this Right Certificate are subject to modification and adjustment upon the happening of certain events and, upon the happening of certain events, securities other than shares of Preferred Stock, or other property, may be acquired upon exercise of the Rights evidenced by this Right Certificate, as provided by the Rights Agreement.

Upon the occurrence of a Flip-In Event, if the Rights evidenced by this Rights Certificate are beneficially owned by (i) an Acquiring Person or an Affiliate or Associate of any such Acquiring Person, (ii) a transferee of any such Acquiring Person, Associate or Affiliate, or (iii) under certain circumstances specified in the Rights Agreement, a transferee of a Person who, after such transfer, became an Acquiring Person, or any Affiliate or Associate of an Acquiring Person, such Rights shall be null and void and will no longer be transferable and no holder hereof shall have any right with respect to such Rights from and after the occurrence of such Flip-In Events.

This Right Certificate is subject to all the terms, provisions and conditions of the Rights Agreement, which terms, provisions and conditions are incorporated herein by reference and made a part hereof and to which Rights Agreement reference is hereby made for a full description of the rights, limitations of rights, obligations, duties and immunities of the Rights Agent, the Company and the holders of record of the Right Certificates, which limitation of rights include the temporary suspension of the exercisability of such Rights under the specific circumstances set forth in the Rights Agreement. Copies of the Rights Agreement are on file at the principal executive office of the Company and are available upon written request to the Company.

This Right Certificate, with or without other Right Certificates, upon surrender at the office of the Rights Agent designated for such purpose, may be exchanged for another Right Certificate or Right Certificates of like tenor and date evidencing Rights entitling the holder of record to purchase a like aggregate number of shares of Preferred Stock as the Rights evidenced by the Right Certificate or Right Certificates surrendered shall have entitled such holder to purchase. If this Right Certificate shall be exercised in part, the holder shall be entitled to receive upon surrender hereof, another Right Certificate or Right Certificates for the number of whole Rights not exercised.

Subject to the provisions of the Rights Agreement, at any time prior to the earlier of (i) the occurrence of a Flip-In Event or (ii) the Expiration Date, the Rights evidenced by this Certificate may be redeemed by the Company at its option at a redemption price of \$0.001 per Right. Subject to the provisions of the Rights Agreement, the Company may, at its option, at any time after a Flip-In Event, exchange all or part of the Rights evidenced by this Certificate for shares of the Company's Common Stock or for Preferred Stock (or shares of a class or series of the Company's preferred stock having the same rights, privileges and preferences as the Preferred Stock).

Subject to the provisions of the Rights Agreement, at any time after the occurrence of a Flip-In Event and prior to Acquiring Person becoming the Beneficial Owner of 50% or more of the outstanding shares of Common Stock, the Board of Directors may require all or any portion of the outstanding Rights (other than Rights owned by such Acquiring Person which have become null and void) to be exchanged for Common Stock on a pro rata basis, at an exchange ratio of one share of Common Stock or one one-thousandth of a share of Preferred Stock (or of a share of a class or series of the Company's Preferred Stock having equivalent rights, preferences and privileges), per Right (subject to adjustment).

No fractional shares of Preferred Stock shall be issued upon the exercise of any Right or Rights evidenced hereby (other than fractions which are integral multiples of one one-thousandth of a share of Preferred Stock, which may, at the option of the Company, be evidenced by depositary receipts), and no fractional shares of Common Stock will be issued upon the exchange of any Right or Rights evidenced hereby, and in lieu thereof, as provided in the Rights Agreement, fractions of shares of Preferred Stock or Common Stock shall receive an amount in cash equal to the same fraction of the then Current Market Price of a share of Preferred Stock or Common Stock, as the case may be.

No holder of this Right Certificate, as such, shall be entitled to vote or receive dividends or be deemed for any purpose the holder of Common Stock or of any other securities of the Company which may at any time be issuable on the exercise hereof, nor shall anything contained in the Rights Agreement or herein be construed to confer upon the holder hereof, as such, any of the rights of a stockholder of the Company or any right to vote in the election of directors; or upon any matter submitted to stockholders at any meeting thereof, or to give or withhold consent to any corporate action or to receive notice of meetings or other actions affecting stockholders (other than certain actions specified in the Rights Agreement) or to receive dividends or subscription rights, or otherwise, until the Right or Rights evidenced by this Right Certificate shall have been exercised or exchanged as provided in the Rights Agreement.

This Right Certificate shall not be valid or obligatory for any purpose until it shall have been countersigned by the Rights Agent.

WITNESS the facsimile signature of the proper officers of the Company and its corporate seal. Dated as of _____, [●].

ATTEST:

PJT PARTNERS INC.

Secretary

By: _____

Title: _____

COUNTERSIGNED:

[●], as Rights Agent

By: _____

Title: _____

Form of Reverse Side of Right Certificate

FORM OF ASSIGNMENT

(To be executed by the registered holder if such holder desires to transfer any or all of the Rights represented by this Right Certificate)

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

(Name, address and social security or other identifying number of transferee)

() of the Rights represented by this Right Certificate, together with all right, title and interest in and to said Rights, and hereby irrevocably constitutes and appoints attorney to transfer said Rights on the books of the within-named Company with full power of substitution.

Dated: ,

(Signature)

Signature Guaranteed:

Signatures must be guaranteed by a participant in the Securities Transfer Agent Medallion Program, the Stock Exchanges Medallion Program or the New York Stock Exchange, Inc. Medallion Signature Program.

CERTIFICATE

The undersigned hereby certifies by checking the appropriate boxes that:

(1) the rights evidenced by this Right Certificate are are not being sold, assigned and transferred by or on behalf of a Person who is or was an Acquiring Person (as such capitalized terms are defined in the Rights Agreement);

(2) after due inquiry and to the best knowledge of the undersigned, it did did not acquire the Rights evidenced by this Right Certificate from any Person who is or was an Acquiring Person or an Affiliate or Associate of an Acquiring Person or any transferee of such Persons.

Dated: _____,

(Signature)

Signature Guaranteed:

Signatures must be guaranteed by a participant in the Securities Transfer Agent Medallion Program, the Stock Exchanges Medallion Program or the New York Stock Exchange, Inc. Medallion Signature Program.

NOTICE

The signatures to the foregoing Assignment and the foregoing Certificate, if applicable, must correspond to the name as written upon the face of this Right Certificate in every particular, without alteration or enlargement or any change whatsoever, and must be guaranteed by a participant in a Securities Transfer Association recognized signature program.

In the event that the foregoing Certificate is not duly executed, with signature guaranteed, the Company may deem the Rights represented by this Right Certificate to be Beneficially Owned by an Acquiring Person or an Affiliate or Associate of an Acquiring Person (as such capitalized terms are defined in the Rights Agreement), and not issue any Right Certificate or Right Certificates in exchange for this Right Certificate.

FORM OF ELECTION TO PURCHASE

(To be executed by the registered holder if such holder
desires to exercise any or all of the Rights
represented by this Right Certificate)

To PJT Partners Inc.:

The undersigned hereby irrevocably elects to exercise () of the Rights represented by this Right Certificate to purchase the shares of the Common Stock of the Company, or other securities or property issuable upon the exercise of said number of Rights pursuant to the Rights Agreement.

The undersigned hereby requests that a certificate for any such securities and any such property be issued in the name of and delivered to:

(Name, address and social security or other
identifying number of issuee)

The undersigned hereby further requests that if said number of Rights shall not be all the Rights represented by this Right Certificate, a new Right Certificate for the remaining balance of such Rights be issued in the name of and delivered to:

(Name, address and social security or other
identifying number of issuee)

Dated: ,

(Signature)

Signature Guaranteed:

Signatures must be guaranteed by a participant in the Securities Transfer Agent Medallion Program, the Stock Exchanges Medallion Program or the New York Stock Exchange, Inc. Medallion Signature Program.

CERTIFICATE

The undersigned hereby certifies by checking the appropriate boxes that:

(1) the Rights evidenced by this Right Certificate are are not being exercised by or on behalf of a Person who is or was an Acquiring Person or an Affiliate or Associate of any such Acquiring Person or an Affiliate or Associate of any such Acquiring Person (as such terms are defined pursuant to the Rights Agreement);

(2) after due inquiry and to the best knowledge of the undersigned, it did did not acquire the Rights evidenced by this Right Certificate from any Person who is or was an Acquiring Person or an Affiliate or Associate of an Acquiring Person or any transferee of such Persons.

Dated: _____,

(Signature)

Signature Guaranteed:

Signatures must be guaranteed by a participant in the Securities Transfer Agent Medallion Program, the Stock Exchanges Medallion Program or the New York Stock Exchange, Inc. Medallion Signature Program.

NOTICE

The signature to the foregoing Election to Purchase and the foregoing Certificate, if applicable, must correspond to the name as written upon the face of the this Right Certificate in every particular, without alteration or enlargement or any change whatsoever, and must be guaranteed by a participant in a Securities Transfer Association recognized signature program.

In the event that the foregoing Certificate is not duly executed, with signature guaranteed, the Company may deem the Rights represented by this Right Certificate to be Beneficially Owned by an Acquiring Person or an Affiliate or Associate of an Acquiring Person (as such capitalized terms are defined in the Rights Agreement), and not issue any Right Certificate or Right Certificates in exchange for this Right Certificate.

UNDER CERTAIN CIRCUMSTANCES, AS SET FORTH IN THE STOCKHOLDER RIGHTS AGREEMENT, DATED [●], 2015 (THE “RIGHTS AGREEMENT”) BETWEEN PJT PARTNERS INC. AND [●], RIGHTS ISSUED TO, BENEFICIALLY OWNED BY OR TRANSFERRED TO ANY PERSON WHO IS OR BECOMES AN ACQUIRING PERSON (AS DEFINED IN THE RIGHTS AGREEMENT) OR AN ASSOCIATE OR AFFILIATE (AS DEFINED IN THE RIGHTS AGREEMENT) THEREOF AND CERTAIN TRANSFEREES THEREOF WILL BE NULL AND VOID AND WILL NO LONGER BE TRANSFERABLE.

PJT Partners Inc.

**Summary of Terms of
Stockholder Rights Agreement**

Nature of Right	When exercisable, each Right (a “ <u>Right</u> ”) will initially entitle the holder to purchase at the Purchase Price (as defined below) one one-thousandth of a share of Series A Junior Participating Preferred Stock (“ <u>Preferred Stock</u> ”) of PJT Partners Inc. (the “ <u>Company</u> ”).
Means of Distribution	The Company will distribute the Rights to each holder of outstanding shares of Class A Common Stock of the Company (the “ <u>Common Stock</u> ”) as a dividend of one Right for each share of Common Stock. The Company will also attach Rights to all future issuances of shares of Common Stock prior to the Distribution Date (as defined below).
Exercisability	Rights become exercisable on the earlier of: (i) the tenth business day after the date of public announcement by the Company or by any person or group that such person or group has become the beneficial owner of 15% or more of the outstanding shares of Common Stock (an “ <u>Acquiring Person</u> ”), or (ii) the tenth business day (unless extended by the Board of Directors of the Company (the “ <u>Board</u> ”) following the commencement, or announcement of an intention to commence, by any person or group of a tender or exchange offer, which would result in any person becoming an Acquiring Person (the earlier of such dates is referred to as the “ <u>Distribution Date</u> ”), <u>provided</u> that an Acquiring Person does not include an Exempt Person (as defined in the Rights Agreement) for so long as any such person continues to be an Exempt Person. Rights will trade separately from the Common Stock once the Rights become exercisable.
Purchase Price	\$ [●] per one one-thousandth of a share of Preferred Stock, which is the amount that in the judgment of the Board represents the long-term value of one share of Common Stock over the term of the Rights Agreement (the “ <u>Purchase Price</u> ”).

Term	The Rights will expire upon the earliest of (i) [●], 2018 or (ii) the time at which the Rights are redeemed or exchanged as described below (the earliest of (i) and (ii) being herein referred to as the “ <u>Expiration Date</u> ”).
Redemption of Rights	The Company may redeem Rights at a price of \$0.001 per Right (rounded up to the nearest whole \$0.01 in the case of any holder whose holdings are not in a multiple of ten), subject to the approval of the Board, at any time prior to the earlier of (x) the tenth business day after the first occurrence of a Flip-In Event (or, if such Flip-In Event shall have occurred prior to [●], 2015 (the “ <u>Record Date</u> ”), the 10th business day following the Record Date) or (y) the Expiration Date.
Preferred Stock	The Preferred Stock purchasable upon exercise of the Rights will be nonredeemable and junior to any other series of preferred stock the Company may issue (unless otherwise provided in the terms of such other series). Each share of Preferred Stock will have a preferential cumulative quarterly dividend in an amount equal to 1,000 times the dividend declared on each share of Common Stock. In the event of liquidation, the holders of Preferred Stock will receive a preferred liquidation payment equal to an amount per share equal to 1,000 times the aggregate payment to be distributed per share of Common Stock. Each share of Preferred Stock will have 1,000 votes, voting together with the shares of Common Stock. In the event of any merger, consolidation or other transaction in which shares of Common Stock are exchanged for or changed into other securities, cash and/or other property, each share of Preferred Stock will be entitled to receive 1,000 times the amount and type of consideration received per share of Common Stock. The rights of the Preferred Stock as to dividends, liquidation and voting, and in the event of mergers and consolidations, are protected by customary anti-dilution provisions. Fractional shares (in integral multiples of one one-thousandth) of Preferred Stock will be issuable; however, the Company may elect to distribute depositary receipts in lieu of such fractional shares. In lieu of fractional shares other than fractions that are multiples of one one-thousandth of a share, an adjustment in cash will be made based on the market price of the Preferred Stock on the last trading date prior to the date of exercise. Because of the nature of the Preferred Stock’s dividend, liquidation and voting rights, the value of one one-thousandth of a share of Preferred Stock purchasable upon exercise of each Right should approximate the value of one share of Common Stock.

**Rights in Event of
Acquisition of Substantial
Amount of Common Stock**

In the event that any person or group becomes an Acquiring Person (“Flip-In Event”), a holder of a Right thereafter has the right to purchase, upon payment of the then-current Purchase Price, in lieu of one one-thousandth of a share of Preferred Stock per outstanding Right, such number of shares of Common Stock having a market value at the time of the transaction equal to the Purchase Price divided by one-half the Current Market Price (as defined in the Rights Agreement) of the Common Stock. Notwithstanding the foregoing, Rights held by an Acquiring Person or any Associate or Affiliate thereof or certain transferees will be null and void and no longer be transferable. In the event that there are insufficient authorized but unissued shares of Common Stock to permit the exercise of the Rights in full upon the occurrence of a Flip-In Event, the Company may substitute certain other types of property for Common Stock so long as the total value received by the holder of the Rights is equivalent to the value of the Common Stock that the holder would otherwise have received.

**Rights in Event of
Business Combination**

If, following the occurrence of a Flip-In Event, the Company is acquired by any person in a merger or other business combination transaction in which the securities of the Company are exchanged or converted or in which the Company is not the surviving corporation, or 50% or more of its assets or earnings power are sold to any person (any such event, a “Flip-Over Event”), each holder of a Right (other than an Acquiring Person, or Affiliates or Associates thereof) shall thereafter have the right to purchase, upon payment of the then-current Purchase Price, such number of shares of common stock of the acquiring company having a current market value equal to the Purchase Price divided by one-half the Current Market Price of such common stock.

Exchange Option

In the event any person or group becomes an Acquiring Person, and prior to the acquisition by such person or group of 50% or more of the outstanding shares of Common Stock, the Board may require all or any portion of the outstanding Rights (other than Rights owned by such Acquiring Person that have become void) to be exchanged for Common Stock on a pro rata basis, at an exchange ratio of one share of Common Stock or one one-thousandth of a share of Preferred Stock (or of a share of a class or series of the Company’s preferred stock having equivalent rights, preferences and privileges), per Right (subject to adjustment).

Fractional Shares

The Company will not issue any fractional shares of Common Stock upon exercise of the Rights and, in lieu thereof, the Company will make a payment in cash to the holder of such Rights equal to the same fraction of the current market value of a share of Common Stock.

Adjustment

The Purchase Price payable, and the number of shares of Preferred Stock or other securities or property issuable, upon exercise of the Rights are subject to adjustment from time to time to prevent dilution (i) in the event of a stock dividend on, or a subdivision, combination or reclassification of the Preferred Stock, (ii) upon the grant to holders of the Preferred Stock of certain rights or warrants to subscribe for Preferred Stock or convertible securities at less than the current market price of the Preferred Stock or (iii) upon the distribution to holders of the Preferred Stock of evidences of indebtedness or assets (excluding dividends payable in Preferred Stock) or of subscription rights or warrants (other than those referred to above). The number of Rights associated with each share of Common Stock is also subject to adjustment in the event of a stock split of the Common Stock or a stock dividend on the Common Stock payable in Common Stock or subdivisions, consolidations or combinations of the Common Stock occurring, in any such case, prior to the Distribution Date.

Rights as Stockholder

The Rights themselves do not entitle the holder thereof to any rights as a stockholder, including, without limitation, voting rights or to receive dividends.

Amendment of Rights

Until the Rights become nonredeemable, the Company may amend the Rights Agreement in any manner. After the Rights become nonredeemable, the Company may amend the Rights Agreement to cure any ambiguity, to correct or supplement any provision, which may be defective or inconsistent with any other provisions, to shorten or lengthen any time period under the Rights Agreement, or to change or supplement any provision in any manner the Company may deem necessary or desirable, provided that no such amendment may adversely affect the interests of the holders of the Rights (other than the Acquiring Person or its Affiliates or Associates) or cause the Rights to again be redeemable or the Rights Agreement to again be freely amendable.

A copy of the Rights Agreement is available, free of charge, from the Company, [•], Attention: [Corporate Secretary]. This summary description of the Rights Agreement does not purport to be complete and is qualified in its entirety by reference to the Rights Agreement, as amended from time to time, which is incorporated in this summary description by reference.

FORM OF SECOND AMENDED AND RESTATED

LIMITED PARTNERSHIP AGREEMENT

OF

PJT PARTNERS HOLDINGS LP

Dated as of _____, 2015

THE PARTNERSHIP UNITS OF PJT PARTNERS HOLDINGS LP HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED, THE SECURITIES LAWS OF ANY STATE, PROVINCE OR ANY OTHER APPLICABLE SECURITIES LAWS AND ARE BEING SOLD IN RELIANCE UPON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND SUCH LAWS. SUCH UNITS MUST BE ACQUIRED FOR INVESTMENT ONLY AND MAY NOT BE OFFERED FOR SALE, PLEDGED, HYPOTHECATED, SOLD, ASSIGNED OR TRANSFERRED AT ANY TIME EXCEPT IN COMPLIANCE WITH (I) THE SECURITIES ACT, ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR PROVINCE, AND ANY OTHER APPLICABLE SECURITIES LAWS; (II) THE TERMS AND CONDITIONS OF THIS LIMITED PARTNERSHIP AGREEMENT; AND (III) ANY OTHER TERMS AND CONDITIONS AGREED TO IN WRITING BETWEEN THE GENERAL PARTNER AND THE APPLICABLE LIMITED PARTNER. THE UNITS MAY NOT BE TRANSFERRED OF RECORD EXCEPT IN COMPLIANCE WITH SUCH LAWS; THIS LIMITED PARTNERSHIP AGREEMENT; AND ANY OTHER TERMS AND CONDITIONS AGREED TO IN WRITING BY THE GENERAL PARTNER AND THE APPLICABLE LIMITED PARTNER. THEREFORE, PURCHASERS AND OTHER TRANSFEREES OF SUCH UNITS WILL BE REQUIRED TO BEAR THE RISK OF THEIR INVESTMENT OR ACQUISITION FOR AN INDEFINITE PERIOD OF TIME.

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Schedule I – LTIP Units

Exhibit A – Notice of Election by Partnership of Force Conversion of LTIP Units into Class A Units

SECOND AMENDED AND RESTATED
LIMITED PARTNERSHIP AGREEMENT OF
PJT PARTNERS HOLDINGS LP

This SECOND AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT (this “Agreement”) of PJT Partners Holdings LP (the “Partnership”), is made as of [●], 2015 by and among PJT Partners Inc., a Delaware corporation, as the general partner and the Limited Partners whose names are set forth in the books and records of the Partnership.

R-E-C-I-T-A-L-S

WHEREAS, the Partnership was formed as a limited partnership pursuant to the Act by the filing of a Certificate of Limited Partnership (the “Certificate”) in the office of the Secretary of State of the State of Delaware and the execution of a limited partnership agreement, and is currently governed pursuant to that certain Amended and Restated Agreement of Limited Partnership of the Partnership, dated as of December 16, 2014 (the “Existing Agreement”); and

WHEREAS, substantially concurrently with the execution and delivery of this Agreement, the Former General Partner has transferred and assigned all of its right, title and interest as General Partner (as such term is defined in the Existing Agreement) of the Partnership to PJT Partners Inc., a Delaware corporation (the “General Partner”), and with effect simultaneously with the effectiveness of such assignment and transfer, the General Partner has been admitted as General Partner of the Partnership and the Partnership continued without dissolution; and

WHEREAS, the parties hereto desire to amend and restate the Existing Agreement in its entirety and to enter into this Second Amended and Restated Limited Partnership Agreement of the Partnership.

NOW, THEREFORE, in consideration of the mutual promises and agreements herein made and intending to be legally bound hereby the parties hereto agree to amend and restate the Existing Agreement in its entirety to read as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. Capitalized terms used herein without definition have the following meanings (such meanings being equally applicable to both the singular and plural form of the terms defined):

“Act” means, the Delaware Revised Uniform Limited Partnership Act, 6 Del. C. Section 17-101, et seq., as it may be amended from time to time.

“Additional Credit Amount” has the meaning set forth in Section 4.01(b)(ii).

“Adjusted Capital Account Balance” means, with respect to each Partner, the balance in such Partner’s Capital Account adjusted (i) by taking into account the adjustments, allocations and distributions described in Treasury Regulations

Sections 1.704-1(b)(2)(ii)(d)(4), (5) and (6); and (ii) by adding to such balance such Partner's share of Partnership Minimum Gain and Partner Nonrecourse Debt Minimum Gain, determined pursuant to Treasury Regulations Sections 1.704-2(g) and 1.704-2(i)(5), and any amounts such Partner is obligated to restore pursuant to any provision of this Agreement or by applicable Law. The foregoing definition of Adjusted Capital Account Balance is intended to comply with the provisions of Treasury Regulations Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

“Affiliate” means, with respect to a specified Person, any other Person that directly, or indirectly through one or more intermediaries, Controls, is Controlled by, or is under common Control with, such specified Person.

“Agreement” has the meaning set forth in the preamble of this Agreement.

“Amended Tax Amount” has the meaning set forth in Section 4.01(b)(ii).

“Assignee” has the meaning set forth in Section 8.07.

“Assumed Tax Rate” means 50%.

“Available Cash” means, with respect to any fiscal period, the amount of cash on hand which the General Partner, in its sole discretion, deems available for distribution to the Partners, taking into account all debts, liabilities and obligations of the Partnership then due and amounts which the General Partner, in its sole discretion, deems necessary to expend or retain for working capital or to place into reserves with respect to the Partnership's operations.

“Award Agreement” means any award agreement entered into by the Partnership with a Service Provider to whom the Partnership grants Units in connection with the issuance to such Service Provider of such Units.

“Board Change of Control” means a majority of the members of the Board of Directors of the General Partner ceasing to be Continuing Directors.

“Book-Up Target” means, for an LTIP Unit, (i) initially, the Class A Unit Economic Balance as determined on the date such LTIP Unit was granted assuming the Carrying Value of the Partnership's assets are adjusted pursuant to the first sentence of the definition of Carrying Value at such time, and (ii) thereafter, as of any determination date, the remaining amount required to be allocated to such LTIP Unit for the Economic Capital Account Balance, to the extent attributable to such LTIP Unit, to be equal to the Class A Unit Economic Balance as of such date. Notwithstanding the foregoing, the Book-Up Target shall be zero for any LTIP Unit for which the Economic Capital Account Balance attributable to such LTIP Unit has at any time reached an amount equal to the Class A Unit Economic Balance determined as of such time.

“Capital Account” means the separate capital account maintained for each Partner in accordance with Section 5.02 hereof.

“Capital Contribution” means, with respect to any Partner, the aggregate amount of money contributed to the Partnership and the Carrying Value of any property (other than money), net of any liabilities assumed by the Partnership upon contribution or to which such property is subject, contributed to the Partnership pursuant to Article V.

“Carrying Value” means, with respect to any Partnership asset, the asset’s adjusted basis for U.S. federal income tax purposes, except that the initial carrying value of assets contributed to the Partnership shall be their respective gross fair market values on the date of contribution as determined by the General Partner in its sole discretion, and the Carrying Values of all Partnership assets shall be adjusted to equal their respective fair market values, in accordance with the rules set forth in Treasury Regulation Section 1.704-1(b)(2)(iv)(f), except as otherwise provided herein, as of: (a) the date of the acquisition of any additional interest in the Partnership by any new or existing Partner in exchange for more than a de minimis Capital Contribution; (b) the grant of more than a de minimis interest in the Partnership as consideration for the provision of services to or for the benefit of the Partnership by an existing Partner acting in a partner capacity or by a new Partner acting in a partner capacity or in anticipation of becoming a Partner (c) the date of the distribution of more than a de minimis amount of Partnership assets to a Partner; (d) the date an interest in the Partnership is relinquished to the Partnership; or (e) any other date specified in the Treasury Regulations; provided, however, that adjustments pursuant to clauses (a), (b) (c), (d) and (e) above shall be made only if such adjustments are deemed necessary or appropriate by the General Partner in its sole discretion to reflect the relative economic interests of the Partners. The Carrying Value of any Partnership asset distributed to any Partner shall be adjusted immediately before such distribution to equal its fair market value. In the case of any asset that has a Carrying Value that differs from its adjusted tax basis, Carrying Value shall be adjusted by the amount of depreciation calculated for purposes of the definition of “Profits” and “Losses” rather than the amount of depreciation determined for U.S. federal income tax purposes, and depreciation shall be calculated by reference to Carrying Value rather than tax basis once Carrying Value differs from tax basis.

“Cause” with respect to any particular Limited Partner has the meaning set forth in any effective Award Agreement, employment agreement or other written contract of engagement entered into between the Partnership and such Limited Partner, or if none, then “Cause” means any of the following: (i) (w) any material breach by such Limited Partner of any covenant undertaken in Article VIII herein, any effective Award Agreement, employment agreement or any written non-disclosure, non-competition, or non-solicitation covenant or agreement with the General Partner, the Partnership or any of the Partnership’s subsidiaries, (x) any material breach by such Limited Partner of any material rules or regulations of the General Partner, the Partnership or any of the Partnership’s subsidiaries applicable to such Limited Partner that have been provided to such Limited Partner in writing and has a material adverse effect on the business of the Partnership, or (y) such Limited Partner’s deliberate and repeated failure to perform substantially such Limited Partner’s duties to the General Partner or the Partnership; (ii) any act of fraud, misappropriation, embezzlement or similar conduct by such Limited Partner against the General Partner or the Partnership; or (iii) such Limited Partner’s being convicted (on the basis of a trial or by an accepted plea of guilty or *nolo contendere*) of a felony or crime of moral turpitude, or a determination by a court of competent jurisdiction, by a regulatory

body or by a self-regulatory body having authority with respect to securities laws, rules or regulations, that such Limited Partner individually has violated any securities laws or any rules or regulations thereunder, or any rules of any such self-regulatory body (including, without limitation, any licensing requirement), if such conviction or determination has a material adverse effect on (A) such Limited Partner's ability to perform his or her duties to the General Partner, the Partnership or the Partnership's subsidiaries taking into account the services required of such Limited Partner and the nature of the Partnership's business, or (B) the business of the General Partner or the Partnership.

“Certificate” has the meaning set forth in the preamble of this Agreement.

“Class” means the classes of Units into which the partnership interests in the Partnership may be classified or divided from time to time by the General Partner in its sole discretion pursuant to the provisions of this Agreement. Subclasses within a Class shall not be separate Classes for purposes of this Agreement. For all purposes hereunder and under the Act, only such Classes expressly established under this Agreement, including by the General Partner in accordance with this Agreement, shall be deemed to be a class of partnership interests in the Partnership. For the avoidance of doubt, to the extent that the General Partner holds interests in the Partnership of any Class, the General Partner shall not be deemed to hold a separate Class of such interests from any other Limited Partner because it is the General Partner.

“Class A Unit Economic Balance” means the Capital Account balance of a Partner had such Partner contributed cash on [●], 2015 equal to the fair market value of one Class A Unit on such date in exchange for such Class A Unit, plus the amount of such Partner's share of any Partner Nonrecourse Debt Minimum Gain or Partnership Minimum Gain, in either case to the extent attributable to such Partner's ownership of Class A Units and computed on a hypothetical basis after taking into account all allocations, distributions or other relevant transactions or adjustments through the applicable date.

“Class A Units” means the Units of partnership interest in the Partnership designated as the “Class A Units” herein and having the rights pertaining thereto as are set forth in this Agreement.

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

“Contingencies” has the meaning set forth in Section 9.03(a).

“Continuing Directors” means, as of any date of determination, any member of the Board of Directors of the General Partner who: (i) was a member of such Board of Directors immediately following the consummation by The Blackstone Group L.P. of the distribution to its common unitholders of shares of Class A common stock of the General Partner (as contemplated by the General Partner's Registration Statement on Form 10 (File No. 001-36869); or (ii) was nominated for election or elected or appointed to such Board of Directors with the approval of a majority of the Continuing Directors who were members of such Board of Directors at the time of such nomination, election or appointment, but excluding, for this purpose, any such individual whose initial assumption of office occurs as

a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board of Directors.

“Control” (including the terms “Controlled by” and “under common Control with”) means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, as trustee or executor, by contract or otherwise, including, without limitation, the ownership, directly or indirectly, of securities having the power to elect a majority of the board of directors or similar body governing the affairs of such Person.

“Credit Amount” has the meaning set forth in Section 4.01(b)(ii).

“Disabling Event” means the General Partner ceasing to be the general partner of the Partnership pursuant to Section 17-402 of the Act.

“Dissolution Event” has the meaning set forth in Section 9.02.

“Economic Capital Account Balance” means, with respect to a Partner, an amount equal to its Capital Account balance, plus the amount of its share of any Partner Nonrecourse Debt Minimum Gain or Partnership Minimum Gain.

“Encumbrance” means any mortgage, hypothecation, claim, lien, encumbrance, conditional sales or other title retention agreement, right of first refusal, preemptive right, pledge, option, charge, security interest or other similar interest, easement, judgment or imperfection of title of any nature whatsoever.

“ERISA” means The Employee Retirement Income Security Act of 1974, as amended.

“Exchange Act” means the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

“Exchange Agreement” means the exchange agreement dated as of or about the date hereof among the Partnership, General Partner, the Limited Partners of the Partnership from time to time party thereto, and the other parties thereto, as amended from time to time.

“Exchange Transaction” means an exchange of Units for cash or shares of Class A common stock of the General Partner pursuant to, and in accordance with, the Exchange Agreement.

“Existing Agreement” has the meaning set forth in the preamble of this Agreement.

“Final Tax Amount” has the meaning set forth in Section 4.01(b)(ii).

“Fiscal Year” means, unless otherwise determined by the General Partner in its sole discretion in accordance with Section 11.12, (i) the period commencing upon the formation of the Partnership and ending on December 31, 2015 or (ii) any subsequent twelve-month period commencing on January 1 and ending on December 31.

“Forfeited Units” has the meaning set forth in Section 8.02(c).

“Former General Partner” means New Advisory GP L.L.C., a Delaware limited liability company.

“Founder” means Mr. Paul J. Taubman.

“Founder LTIP Unit” shall mean a Unit which is designated as a Founder LTIP Unit in the relevant Award Agreement or other documentation pursuant to which such Founder LTIP Unit is granted or issued, having the rights, powers, privileges, restrictions, qualifications and limitations set forth in Schedule I hereto or in this Agreement in respect of the holder of such Founder LTIP Unit, as well as the relevant Award Agreement or other documentation pursuant to which such Founder LTIP Unit is granted or issued.

“GAAP” means accounting principles generally accepted in the United States of America as in effect from time to time.

“General Partner” means PJT Partners Inc., a corporation incorporated under the laws of the State of Delaware, or any successor general partner admitted to the Partnership in accordance with the terms of this Agreement.

“Incapacity” means, with respect to any Person, the bankruptcy, dissolution, termination, entry of an order of incompetence, or the insanity, permanent disability or death of such Person.

“Indemnitee” (a) the General Partner, (b) the Former General Partner, (c) any additional or substitute General Partner, (d) any Person who is or was a Tax Matters Partner, officer or director of the General Partner, the Former General Partner or any additional or substitute General Partner, (e) any Person the General Partner in its sole discretion designates as an “Indemnitee” for purposes of this Agreement, (f) any Person that is required to be indemnified by the General Partner in accordance with the By-Laws of the General Partner as in effect from time to time and (g) any heir, executor or administrator with respect to Persons named in clauses (a) through (f).

“Law” means any statute, law, ordinance, regulation, rule, code, executive order, injunction, judgment, decree or other order issued or promulgated by any national, supranational, state, federal, provincial, local or municipal government or any administrative or regulatory body with authority therefrom with jurisdiction over the Partnership or any Partner, as the case may be.

“Limited Partner” means each of the Persons from time to time listed as a limited partner in the books and records of the Partnership, and, for purposes of Sections 8.01, 8.02, 8.03, 8.04, 8.05 and 8.06, any Personal Planning Vehicle of such Limited Partner.

“Liquidating Gains” shall mean any Profits realized in connection with the actual or hypothetical sale of all or substantially all of the assets of the Partnership (including upon the occurrence of any event of liquidation of the Partnership), including but not limited to Profits realized in connection with an adjustment to the book value of Partnership assets under the first sentence of the definition of Carrying Value.

“Liquidating Losses” shall mean any Losses realized in connection with the actual or hypothetical sale of all or substantially all of the assets of the Partnership (including upon the occurrence of any event of liquidation of the Partnership), including but not limited to Losses realized in connection with an adjustment to the book value of Partnership assets under the first sentence of the definition of Carrying Value.

“Liquidation Agent” has the meaning set forth in Section 9.03.

“LTIP Unit Forced Conversion” shall have the meaning set forth in Section 1.7 of Schedule I hereto.

“LTIP Unit” shall mean a Unit which is designated as an LTIP Unit in the relevant Award Agreement or other documentation pursuant to which such LTIP Unit is granted or issued, having the rights, powers, privileges, restrictions, qualifications and limitations set forth in Schedule I hereto or in this Agreement in respect of the holder of such LTIP Unit, as well as the relevant Award Agreement or other documentation pursuant to which such LTIP Unit is granted or issued. For the avoidance of doubt, each Founder LTIP Unit shall constitute an LTIP Unit for the purposes of this Agreement.

“LTIP Unit Limited Partner” shall mean any Person that holds LTIP Units or Class A Units resulting from a conversion of LTIP Units.

“Net Taxable Income” has the meaning set forth in Section 4.01(b)(i).

“Nonrecourse Deductions” has the meaning set forth in Treasury Regulations Section 1.704-2(b)(1). The amount of Nonrecourse Deductions of the Partnership for a Fiscal Year equals the net increase, if any, in the amount of Partnership Minimum Gain of the Partnership during that Fiscal Year, determined according to the provisions of Treasury Regulations Section 1.704-2(c).

“Officer” means each Person designated as an officer of the Partnership by the General Partner pursuant to and in accordance with the provisions of Section 3.04, subject to any resolutions of the General Partner appointing such Person as an officer of the Partnership or relating to such appointment.

“Operating Profits” means Profits determined without taking into account any Liquidating Gains or Liquidating Losses.

“Operating Losses” means Losses determined without taking into account any Liquidating Gains or Liquidating Losses.

“Participating LTIP Unit” shall mean (i) a LTIP Unit that has satisfied the applicable condition or conditions specified in in the relevant Award Agreement (or other documentation pursuant to which such LTIP Unit is granted) for becoming a “Participating LTIP Unit” thereunder, and (ii) each Founder LTIP Unit.

“Partners” means, at any time, each person listed as a Partner (including the General Partner) on the books and records of the Partnership, in each case for so long as he, she or it remains a partner of the Partnership as provided hereunder.

“Partnership” has the meaning set forth in the preamble of this Agreement.

“Partnership Minimum Gain” has the meaning set forth in Treasury Regulations Sections 1.704-2(b)(2) and 1.704-2(d).

“Partner Nonrecourse Debt Minimum Gain” means an amount with respect to each partner nonrecourse debt (as defined in Treasury Regulations Section 1.704-2(b)(4)) equal to the Partnership Minimum Gain that would result if such partner nonrecourse debt were treated as a nonrecourse liability (as defined in Treasury Regulations Section 1.752-1(a)(2)) determined in accordance with Treasury Regulations Section 1.704-2(i)(3).

“Partner Nonrecourse Deductions” has the meaning set forth in Treasury Regulations Section 1.704-2(i)(2).

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

“Personal Planning Vehicle” means, in respect of any Person that is a natural person, any other Person that is not a natural person designated as a “Personal Planning Vehicle” of such natural person in the books and records of the Partnership.

“Preferred Unit Purchase Right” has the meaning set forth in Section 7.01(d).

“Profits” and “Losses” means, for each Fiscal Year or other period, the taxable income or loss of the Partnership, or particular items thereof, determined in accordance with the accounting method used by the Partnership for U.S. federal income tax purposes with the following adjustments: (a) all items of income, gain, loss or deduction allocated pursuant to Section 5.04 shall not be taken into account in computing such taxable income or loss; (b) any income of the Partnership that is exempt from U.S. federal income taxation and not otherwise taken into account in computing Profits and Losses shall be added to such taxable income or loss; (c) if the Carrying Value of any asset differs from its adjusted tax basis for U.S. federal income tax purposes, any gain or loss resulting from a disposition of such asset shall be calculated with reference to such Carrying Value; (d) upon an adjustment to the Carrying Value (other than an adjustment in respect of depreciation) of any asset, pursuant to the definition of Carrying Value, the amount of the adjustment shall be included as gain or loss in computing such taxable income or loss; (e) if the Carrying Value of any asset differs from its adjusted tax basis for U.S. federal income tax purposes, the amount of depreciation, amortization or cost recovery deductions with respect to such asset for

purposes of determining Profits and Losses, if any, shall be an amount which bears the same ratio to such Carrying Value as the U.S. federal income tax depreciation, amortization or other cost recovery deductions bears to such adjusted tax basis (provided that if the U.S. federal income tax depreciation, amortization or other cost recovery deduction is zero, the General Partner may use any reasonable method for purposes of determining depreciation, amortization or other cost recovery deductions in calculating Profits and Losses); and (f) except for items in (a) above, any expenditures of the Partnership not deductible in computing taxable income or loss, not properly capitalizable and not otherwise taken into account in computing Profits and Losses pursuant to this definition shall be treated as deductible items.

“ Service Provider ” means any Limited Partner (in his, her or its individual capacity) or other Person, who at the time in question, is employed by or providing services to the General Partner, the Partnership or any of its subsidiaries.

“ Securities Act ” means the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“ Series A Junior Participating Preferred Units ” has the meaning set forth in Section 7.01(c).

“ Significant Limited Partner ” means any Limited Partner that, together with any Personal Planning Vehicle of such Limited Partner, held, immediately following the consummation of the distribution by The Blackstone Group L.P. to its common unitholders of shares of Class A common stock of the General Partner (as contemplated by the General Partner’s Registration Statement on Form 10 (File No. 001-36869)) and, as of any subsequent date of determination, continues to hold, a number of Units (vested and unvested) equal to not less than five percent (5%) of the total number of Units (vested and unvested) then outstanding.

“ Similar Law ” means any law or regulation that could cause the underlying assets of the Partnership to be treated as assets of the Limited Partner by virtue of its limited partner interest in the Partnership and thereby subject the Partnership and the General Partner (or other persons responsible for the investment and operation of the Partnership’s assets) to laws or regulations that are similar to the fiduciary responsibility or prohibited transaction provisions contained in Title I of ERISA or Section 4975 of the Code.

“ Stockholder Rights Agreement ” means the stockholder rights agreement dated as of or about the date hereof between the General Partner and the rights agent named therein, as amended from time to time.

“ Successor Shares Amount ” has the meaning set forth in Section 3.08(b).

“ Target Balance ” has the meaning set forth in Section 5.03(a)(ii).

“ Tax Advances ” has the meaning set forth in Section 5.06.

“ Tax Amount ” has the meaning set forth in Section 4.01(b)(i).

“Tax Distributions” has the meaning set forth in Section 4.01(b)(i).

“Tax Matters Partner” has the meaning set forth in Section 5.07.

“Tax Receivable Agreement” means the tax receivable agreement dated as of or about the date hereof among the Partnership, General Partner and the other parties thereto, as amended from time to time.

“Termination Transaction” means any direct or indirect Transfer of all or any portion of the General Partner’s interest in the Partnership in connection with, or the other occurrence of, (a) a merger, consolidation or other combination involving the General Partner, on the one hand, and any other Person, on the other, (b) a sale, lease, exchange or other transfer of all or substantially all of the assets of the General Partner not in the ordinary course of its business, whether in a single transaction or a series of related transactions, (c) a reclassification, recapitalization or change of the outstanding shares of Class A common stock of the General Partner (other than a change in par value, or from par value to no par value, or as a result of a stock split, stock dividend or similar subdivision, including in connection with the distribution, exchange, redemption or exercise of preferred stock purchase rights under the Stockholder Rights Agreement or securities issuable in respect of such rights), (d) the adoption of any plan of liquidation or dissolution of the General Partner, or (e) a direct or indirect Transfer of all or any portion of the General Partner’s interest in the Partnership, other than a Transfer effected in accordance with Section 3.08(a) or Section 3.08(b).

“Total Percentage Interest” means, with respect to any Partner, the quotient obtained by dividing (x) the number of Class A Units (vested and unvested) and Participating LTIP Units (vested and unvested) then owned by such Partner by (y) the number of Class A Units (vested and unvested) and Participating LTIP Units (vested and unvested) then owned by all Partners. For the avoidance of doubt, the Total Percentage Interest for each LTIP Unit Limited Partner shall not be affected by the Book-Up Target for any LTIP Unit owned by such Partner.

“Transaction Consideration” has the meaning set forth in Section 3.08(a).

“Transfer” means, in respect of any Unit, property or other asset, any sale, assignment, transfer, distribution, exchange, mortgage, pledge, hypothecation or other disposition thereof, whether voluntarily or by operation of Law, directly or indirectly, in whole or in part, including, without limitation, the exchange of any Unit for any other security.

“Transferee” means any Person that is a permitted transferee of a Partner’s interest in the Partnership, or part thereof.

“Treasury Regulations” means the income tax regulations, including temporary and proposed regulations, promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

“Units” means the Class A Units, LTIP Units and any other Class of Units that is established in accordance with this Agreement, which shall constitute partnership interests in the Partnership as provided in this Agreement and under the Act, entitling the holders thereof to the relative rights, title and interests in the profits, losses, deductions and credits of the Partnership at any particular time as set forth in this Agreement, and any and all other benefits to which a holder thereof may be entitled as a Partner as provided in this Agreement, together with the obligations of such Partner to comply with all terms and provisions of this Agreement.

“Unvested LTIP Units” shall have the meaning set forth in Section 1.2 of Schedule I hereto.

“Unvested Units” means those Units from time to time listed as unvested Units in the books and records of the Partnership.

“Vested LTIP Units” shall have the meaning set forth in Section 1.2 of Schedule I hereto.

“Vested Percentage Interest” means, with respect to any Partner, the quotient obtained by dividing the number of Vested Units then owned by such Partner by the number of Vested Units then owned by all Partners.

“Vested Units” means those Units listed as vested Units in the books and records of the Partnership, as the same may be amended from time to time in accordance with this Agreement.

ARTICLE II

FORMATION, TERM, PURPOSE AND POWERS

Section 2.01. Formation. The Partnership is a limited partnership formed pursuant to the Act and upon the terms and conditions set forth in this Agreement. The Partnership shall continue upon the execution of this Agreement. If requested by the General Partner, the Limited Partners shall promptly execute all certificates and other documents consistent with the terms of this Agreement necessary for the General Partner to accomplish all filing, recording, publishing and other acts as may be appropriate to comply with all requirements for (a) the formation and operation of a limited partnership under the laws of the State of Delaware, (b) if the General Partner in its sole discretion deems it advisable, the operation of the Partnership as a limited partnership, or entity in which the Limited Partners have limited liability, in all jurisdictions where the Partnership proposes to operate and (c) all other filings required to be made by the Partnership. The rights, powers, duties, obligations and liabilities of the Partners shall be determined pursuant to the Act and this Agreement. To the extent that the rights, powers, duties, obligations and liabilities of any Partner are different by reason of any provision of this Agreement than they would be in the absence of such provision, this Agreement shall, to the extent permitted by the Act, control. The execution, delivery and filing of the Certificate and each amendment thereto is hereby ratified, approved and confirmed by the Partners.

Section 2.02. Name. The name of the Partnership shall be, and the business of the Partnership shall be conducted under the name of “PJT Partners Holdings LP” and all Partnership business shall be conducted in that name or in such other names that comply with applicable law as the General Partner in its sole discretion may select from time to time. Subject to the Act, the General Partner in its sole discretion may change the name of the Partnership (and amend this Agreement to reflect such change) at any time and from time to time without the consent of any other Person. Prompt notification of any such change shall be given to all Partners.

Section 2.03. Term. The term of the Partnership commenced on the date of the filing of the Certificate, and the term shall continue until the dissolution of the Partnership in accordance with Article IX. The existence of the Partnership shall continue until cancellation of the Certificate in the manner required by the Act.

Section 2.04. Offices. The Partnership may have offices at such places either within or outside the State of Delaware as the General Partner from time to time may select in its sole discretion. As of the date hereof, the principal place of business and office of the Partnership is located at 280 Park Avenue, New York, New York 10017.

Section 2.05. Agent for Service of Process; Existence and Good Standing; Foreign Qualification.

(a) The registered office of the Partnership in the State of Delaware shall be located at c/o Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, New Castle County, Delaware 19808. The name and address of the registered agent of the Partnership for service of process on the Partnership in the State of Delaware shall be Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, New Castle County, Delaware 19808.

(b) The General Partner in its sole discretion may take all action which may be necessary or appropriate (i) for the continuation of the Partnership’s valid existence as a limited partnership under the laws of the State of Delaware (and of each other jurisdiction in which such existence is necessary to enable the Partnership to conduct the business in which it is engaged) and (ii) for the maintenance, preservation and operation of the business of the Partnership in accordance with the provisions of this Agreement and applicable laws and regulations. The General Partner may file or cause to be filed for recordation in the proper office or offices in each other jurisdiction in which the Partnership is formed or qualified, such certificates (including certificates of limited partnership and fictitious name certificates) and other documents as are required by the applicable statutes, rules or regulations of any such jurisdiction or as are required to reflect the identity of the Partners. The General Partner may cause the Partnership to comply, to the extent procedures are available and those matters are reasonably within the control of the Officers, with all requirements necessary to qualify the Partnership to do business in any jurisdiction other than the State of Delaware.

Section 2.06. Business Purpose. The Partnership was formed for the object and purpose of, and the nature and character of the business to be conducted by the Partnership is, engaging in any lawful act or activity for which limited partnerships may be formed under the Act.

Section 2.07. Powers of the Partnership. Subject to the limitations set forth in this Agreement, the Partnership will possess and may exercise all of the powers and privileges granted to it by the Act including, without limitation, the ownership and operation of the assets and other property contributed to the Partnership by the Partners, by any other Law or this Agreement, together with all powers incidental thereto, so far as such powers are necessary or convenient to the conduct, promotion or attainment of the purpose of the Partnership set forth in Section 2.06.

Section 2.08. Partners; Admission of New Partners. Each of the Persons listed in the books and records of the Partnership, as the same may be amended from time to time in accordance with this Agreement, by virtue of such Person's execution of the Existing Agreement or this Agreement, is admitted as a Partner of the Partnership. The rights, duties and liabilities of the Partners shall be as provided in the Act, except as is otherwise expressly provided herein, and the Partners consent to the variation of such rights, duties and liabilities as provided herein. Subject to Section 8.10 with respect to substitute Limited Partners, a Person may be admitted from time to time as a new Limited Partner with the written consent of the General Partner in its sole discretion. Each new Limited Partner shall execute and deliver to the General Partner an appropriate supplement to this Agreement or other instrument pursuant to which the new Limited Partner agrees to be bound by the terms and conditions of this Agreement, as it may be amended from time to time. A new General Partner or substitute General Partner may be admitted to the Partnership solely in accordance with Section 8.09 or Section 9.02(e) hereof.

Section 2.09. Withdrawal. No Partner shall have the right to withdraw as a Partner of the Partnership other than following the Transfer of all Units owned by such Partner in accordance with Article VIII.

Section 2.10. Investment Representations of Partners. Each Partner hereby represents, warrants and acknowledges to the Partnership that: (a) such Partner has such knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of an investment in the Partnership and is making an informed investment decision with respect thereto; (b) such Partner is acquiring interests in the Partnership for investment only and not with a view to, or for resale in connection with, any distribution to the public or public offering thereof; and (c) the execution, delivery and performance of this Agreement have been duly authorized by such Partner.

ARTICLE III

MANAGEMENT

Section 3.01. General Partner

(a) The business, property and affairs of the Partnership shall be managed under the sole, absolute and exclusive direction of the General Partner, which may from time to time delegate authority to Officers or to others to act on behalf of the Partnership.

(b) Without limiting the foregoing provisions of this Section 3.01, the General Partner shall have the general power to manage or cause the management of the Partnership (which may be delegated to Officers of the Partnership), including, without limitation, the following powers:

(i) to develop and prepare a business plan each year which will set forth the operating goals and plans for the Partnership;

(ii) to execute and deliver or to authorize the execution and delivery of contracts, deeds, leases, licenses, instruments of transfer and other documents on behalf of the Partnership;

(iii) to make any expenditures, to lend or borrow money, to assume or guarantee, or otherwise contract for, indebtedness and other liabilities, to issue evidences of indebtedness and to incur any other obligations;

(iv) to establish and enforce limits of authority and internal controls with respect to all personnel and functions;

(v) to engage attorneys, consultants and accountants for the Partnership;

(vi) to develop or cause to be developed accounting procedures for the maintenance of the Partnership's books of account;
and

(vii) to do all such other acts as shall be authorized in this Agreement or by the Partners in writing from time to time.

Section 3.02. Compensation. The General Partner shall not be entitled to any compensation for services rendered to the Partnership in its capacity as General Partner.

Section 3.03. Expenses. The Partnership shall pay, or cause to be paid, all costs, fees, operating expenses and other expenses of the Partnership (including the costs, fees and expenses of attorneys, accountants or other professionals) incurred in pursuing and conducting, or otherwise related to, the activities of the Partnership. The Partnership shall also, in the sole discretion of the General Partner, bear and/or reimburse the General Partner for (i) any costs, fees or expenses incurred by the General Partner in connection with serving as the General Partner and (ii) all other expenses allocable to the Partnership or otherwise incurred by the General Partner in connection with operating the Partnership's business (including expenses allocated to the General Partner by its Affiliates). To the extent that the General Partner determines in its sole discretion that such expenses are related to the business and affairs of the General Partner that are conducted through the Partnership and/or its subsidiaries (including expenses that relate to the business and affairs of the Partnership and/or its subsidiaries and that also relate to other activities of the General Partner), the General Partner may cause the Partnership to pay or bear all expenses of the General Partner, including, without limitation, compensation and meeting costs of any board of directors or similar body of the General Partner, any salary, bonus, incentive compensation and other amounts paid to any Person including Affiliates of the General Partner to perform services for the Partnership, litigation costs and damages arising from litigation, accounting and legal costs and franchise taxes, provided that the Partnership shall not pay or bear any income tax obligations of the General Partner, or obligations of the General Partner under the Tax Receivable Agreement. Reimbursements pursuant to this Section 3.03 shall be in addition to any reimbursement to the General Partner as a result of indemnification pursuant to Section 10.02.

Section 3.04. Officers. Subject to the direction and oversight of the General Partner, the day-to-day administration of the business of the Partnership may be carried out by persons who may be designated as officers by the General Partner, with titles including but not limited to “assistant secretary,” “assistant treasurer,” “chairman,” “chief executive officer,” “chief financial officer,” “chief operating officer,” “director,” “general counsel,” “managing director,” “partner,” “president,” “principal accounting officer,” “secretary,” “senior chairman,” “senior managing director,” “treasurer,” “vice chairman” or “vice president,” and as and to the extent authorized by the General Partner in its sole discretion. The officers of the Partnership shall have such titles and powers and perform such duties as shall be determined from time to time by the General Partner and otherwise as shall customarily pertain to such offices. Any number of offices may be held by the same person. In its sole discretion, the General Partner may choose not to fill any office for any period as it may deem advisable. All officers and other persons providing services to or for the benefit of the Partnership shall be subject to the supervision and direction of the General Partner and may be removed, with or without cause, from such office by the General Partner and the authority, duties or responsibilities of any employee, agent or officer of the Partnership may be suspended by the General Partner from time to time, in each case in the sole discretion of the General Partner. The General Partner shall not cease to be a general partner of the Partnership as a result of the delegation of any duties hereunder. No officer of the Partnership, in his or her or its capacity as such, shall be considered a general partner of the Partnership by agreement, as a result of the performance of his or her or its duties hereunder or otherwise.

Section 3.05. Authority of Partners. No Limited Partner, in its capacity as such, shall participate in or have any control over the business of the Partnership. Except as expressly provided herein, the Units do not confer any rights upon the Limited Partners to participate in the affairs of the Partnership described in this Agreement. Except as expressly provided herein, no Limited Partner shall have any right to vote on any matter involving the Partnership, including with respect to any merger, consolidation, combination or conversion of the Partnership, or any other matter that a limited partner might otherwise have the ability to vote on or consent with respect to under the Act, at law, in equity or otherwise. Except as expressly provided herein, the conduct, control and management of the Partnership shall be vested exclusively in the General Partner. In all matters relating to or arising out of the conduct of the operation of the Partnership, the decision of the General Partner shall be the decision of the Partnership. Except as required or permitted by Law, or expressly provided in the ultimate sentence of this Section 3.05 or by separate agreement with the Partnership, no Partner who is not also a General Partner (and acting in such capacity) shall take any part in the management or control of the operation or business of the Partnership in its capacity as a Partner, nor shall any Partner who is not also the General Partner (and acting in such capacity) have any right, authority or power to act for or on behalf of or bind the Partnership in his or its capacity as a Partner in any respect or assume any obligation or responsibility of the Partnership or of any other Partner. Notwithstanding the foregoing, the Partnership may from time to time appoint one or more Partners as officers or employ one or more Partners as employees, and such Partners, in their capacity as officers or employees of the Partnership (and not, for clarity, in their capacity as Limited Partners of the Partnership), may take part in the control and management of the business of the Partnership to the extent such authority and power to act for or on behalf of the Partnership has been delegated to them by the General Partner.

Section 3.06. Action by Written Consent or Ratification. Any action required or permitted to be taken by the Partners pursuant to this Agreement shall be taken if all Partners whose consent or ratification is required consent thereto or provide a consent or ratification in writing.

Section 3.07. Restrictions on General Partner's Authority. Notwithstanding any provision to the contrary contained in this Agreement, from and after the occurrence of any Board Change of Control, the General Partner shall not authorize, approve or ratify any of the following actions or undertake or enter into any plan with respect thereto on behalf of itself or on behalf of the Partnership, without the prior approval of Limited Partners holding a majority of the Units (vested and unvested) held by all Limited Partners (excluding any Limited Partners controlled by the General Partner), including each Significant Limited Partner:

(i) any removal or appointment of any "officer" of the General Partner as defined in Rule 16a-1(f) of the Exchange Act, including the Chief Executive Officer;

(ii) the creation, authorization or issuance of any new Class or series of equity interest in the Partnership;

(iii) the incurrence of any indebtedness (other than inter-company indebtedness) by the Partnership or any of its subsidiaries or Controlled Affiliates that would, or is intended to, result in a material increase in the amount of consolidated indebtedness of the Partnership as compared to immediately prior to such Board Change of Control;

(iv) any extraordinary distribution by the Partnership whether payable in cash or other assets or property;

(v) any change in the Partnership's distribution policy as in effect immediately prior to such Board Change of Control that would, or is intended to, result in a material increase in the amount or frequency of distributions of the Partnership as compared to periods prior to such Board Change of Control;

(vi) any change in the Partnership's policy regarding the repurchase of Units, including without limitation from the General Partner, as in effect immediately prior to such Board Change of Control that would, or is intended to, result in a material increase in the amount or frequency of Unit repurchases as compared to periods prior to such Board Change of Control;

(vii) the entry into any merger, consolidation, recapitalization, liquidation, or sale of the Partnership or of all or any significant portion of the assets of the Partnership or consummation of a similar transaction involving the Partnership or entering into any agreement providing therefor;

(viii) voluntarily initiating any liquidation, dissolution or winding up of the Partnership or permitting the commencement of a proceeding for bankruptcy, insolvency, receivership or similar action with respect to the Partnership or any of their subsidiaries or Controlled Affiliates;

(ix) calling any meeting of the Limited Partners of the Partnership or submitting any matter for the vote or consent of the Limited Partners of the Partnership;

(x) any settlement or compromise of any litigation directly against or otherwise relating to indemnification of the General Partner or its directors or officers or their Affiliates or representatives or any litigation regarding tax matters; or

(xi) any amendment to this Agreement.

Section 3.08. Restrictions on Termination Transactions. The General Partner shall not engage in, or cause or permit, a Termination Transaction, unless either (x) the Termination Transaction has been approved by Limited Partners holding a majority of the Class A Units held by all Limited Partners (excluding any Limited Partners controlled by the General Partner), including each Significant Limited Partner, or (y) the following conditions are satisfied:

(a) in connection with any such Termination Transaction, (i) each holder of Class A Units (other than the General Partner and its wholly owned Subsidiaries) will receive, or will have the right to elect to receive, for each Class A Unit an amount of cash, securities or other property equal to the product of (x) the number of shares of Class A common stock of the General Partner into which a Class A Unit is then exchangeable pursuant to the Exchange Agreement and (y) the greatest amount of cash, securities or other property paid to a holder of one share of Class A common stock of the General Partner in consideration of one share of Class A common stock of the General Partner pursuant to the terms of such Termination Transaction *provided*, that the condition set forth in this Section 3.08(a)(i) shall be deemed to have been satisfied if, in connection with such Termination Transaction, a purchase, tender or exchange offer shall have been made to and accepted by the holders of a majority of the outstanding shares of Class A common stock of the General Partner, each holder of Class A Units (other than the General Partner and its wholly owned subsidiaries) will receive, or will have the right to elect to receive, the greatest amount of cash, securities or other property which such holder of Class A Units would have received had such Class A Units been exchanged for shares of Class A common stock of the General Partner in an Exchange Transaction immediately prior to the expiration of such purchase, tender or exchange offer and had thereupon accepted such purchase, tender or exchange offer and then such Termination Transaction shall have been consummated (the fair market value, at the time of the Termination Transaction, of the amount specified herein with respect to each Class A Unit is referred to as the “Transaction Consideration”); and (ii) the Partnership receives an opinion from nationally recognized tax counsel to the effect that such Termination Transaction will be tax-free to each holder of Class A Units (other than the General Partner and its wholly owned Subsidiaries) for U.S. federal income tax purposes of (except to the extent of cash, marketable securities or other property received); or

(b) all of the following conditions are met: (i) substantially all of the assets directly or indirectly owned by the Partnership prior to the announcement of the Termination Transaction are, immediately after the Termination Transaction, owned directly or indirectly by (x) the Partnership or (y) another limited partnership or limited liability company organized or existing under the laws of the United States, any state thereof, the District of Columbia, or any territory thereof, which is the survivor of a merger, consolidation or combination of assets with the Partnership (in each case, the “Surviving Partnership”); (ii) the Surviving Partnership is classified as a partnership for U.S. Federal income tax purposes; (iii) the Limited Partners (other than entities controlled by the General Partner) that held Class A Units immediately prior to the consummation of such Termination Transaction own a percentage interest of the Surviving Partnership based on

the relative fair market value of the net assets of the Partnership and the other net assets of the Surviving Partnership immediately prior to the consummation of such transaction; (iv) the rights of such Limited Partners with respect to the Surviving Partnership are at least as favorable as those of Limited Partners holding Class A Units (including any rights under the Tax Receivable Agreement, unless such Termination Transaction constitutes a “Change of Control” for purposes of the Tax Receivable Agreement or otherwise results in payments of cash to holders of Class A Units equivalent to (and in lieu of) the payments that would be required to be made to such holders pursuant to the Tax Receivable Agreement if such Termination Transaction did constitute a “Change of Control” for such purposes) immediately prior to the consummation of such transaction (except to the extent that any such rights are consistent with clause (v) below) and as those applicable to any other limited partners or non-managing members of the Surviving Partnership; and (v) such rights include: (A) if the General Partner or its successor has a single class of publicly traded common equity securities, the right, to the same extent provided to holders of Class A Units pursuant to the Exchange Agreement, to exchange their interests in the Surviving Partnership for: (1) a number of such publicly traded common equity securities with a fair market value, as of the date of consummation of such Termination Transaction, equal to the Transaction Consideration, subject to antidilution adjustments comparable to those set forth in Section 2.5 of the Exchange Agreement (the “Successor Shares Amount”); and/or (2) cash in an amount equal to the fair market value of the Successor Shares Amount at the time of such exchange, determined in a manner consistent with the definition of “Value” as set forth in the Exchange Agreement; or (B) if the General Partner or its successor does not have any class of publicly traded common equity securities, the right to exchange their interests in the Surviving Partnership on a quarterly basis for cash in an amount equal to the fair market value of such interest at the time of exchange, as determined at least once every calendar quarter by an independent appraisal firm of recognized national standing retained by the Surviving Partnership.

(c) In connection with any Termination Transaction permitted by Section 3.08(b) hereof, the relative fair market values shall be reasonably determined by the General Partner as of the time of such transaction and, to the extent applicable, shall be no less favorable to the Limited Partners than the relative values reflected in the terms of such transaction.

ARTICLE IV

DISTRIBUTIONS

Section 4.01. Distributions

(a) The General Partner, in its sole discretion, may authorize distributions by the Partnership to the Partners, which distributions shall (subject to Section 9.03) be made *pro rata* in accordance with the Partners’ respective Total Percentage Interests.

(b) (i) In addition to the foregoing, if the General Partner reasonably determines that the taxable income of the Partnership for a Fiscal Year will give rise to taxable income for the Partners (“Net Taxable Income”), the General Partner shall cause the Partnership to distribute Available Cash in respect of income tax liabilities (the “Tax Distributions”) to the extent that other distributions made by the Partnership for such year were otherwise less than the Tax Amount. The aggregate Tax Distributions payable with respect to any Fiscal Year shall be

computed based upon the General Partner's estimate of the allocable Net Taxable Income in accordance with Article V, multiplied by the Assumed Tax Rate (the "Tax Amount") and shall be made to Partners pro rata in accordance with the number of Units held by the Partners. For purposes of computing the Tax Amount, the Net Taxable Income shall be determined without regard to any special adjustments of tax items required as a result of any election under Section 754 of the Code, including adjustments required by Sections 734 and 743 of the Code.

(ii) Tax Distributions shall be calculated and paid no later than one day prior to each quarterly due date for the payment by corporations on a calendar year of estimated taxes under the Code in the following manner (A) for the first quarterly period, 25% of the Tax Amount, (B) for the second quarterly period, 50% of the Tax Amount, less the prior Tax Distributions for the Fiscal Year, (C) for the third quarterly period, 75% of the Tax Amount, less the prior Tax Distributions for the Fiscal Year and (D) for the fourth quarterly period, 100% of the Tax Amount, less the prior Tax Distributions for the Fiscal Year. Following each Fiscal Year, and no later than one day prior to the due date for the payment by corporations of income taxes for such Fiscal Year, the General Partner shall make an amended calculation of the Tax Amount for such Fiscal Year (the "Amended Tax Amount"), and shall cause the Partnership to distribute a Tax Distribution, out of Available Cash, to the extent that the Amended Tax Amount so calculated exceeds the cumulative Tax Distributions previously made by the Partnership in respect of such Fiscal Year. If the Amended Tax Amount is less than the cumulative Tax Distributions previously made by the Partnership in respect of the relevant Fiscal Year, then the difference (the "Credit Amount") shall be applied against, and shall reduce, the amount of Tax Distributions made for subsequent Fiscal Years. Within 30 days following the date on which the Partnership files a tax return on Form 1065, the General Partner shall make a final calculation of the Tax Amount of such Fiscal Year (the "Final Tax Amount") and shall cause the Partnership to distribute a Tax Distribution, out of Available Cash, to the extent that the Final Tax Amount so calculated exceeds the Amended Tax Amount. If the Final Tax Amount is less than the Amended Tax Amount in respect of the relevant Fiscal Year, then the difference ("Additional Credit Amount") shall be applied against, and shall reduce, the amount of Tax Distributions made for subsequent Fiscal Years. Any Credit Amount and Additional Credit Amount applied against future Tax Distributions shall be treated as an amount actually distributed pursuant to this Section 4.01(b) for purposes of the computations herein.

Section 4.02. Liquidation Distribution. Distributions made upon dissolution of the Partnership shall be made as provided in Section 9.03.

Section 4.03. Limitations on Distribution. Notwithstanding any provision to the contrary contained in this Agreement, the General Partner shall not make a distribution to any Partner if such distribution would violate Section 17-607 of the Act or other applicable Law.

ARTICLE V

CAPITAL CONTRIBUTIONS; CAPITAL ACCOUNTS; TAX ALLOCATIONS; TAX MATTERS

Section 5.01. No Additional Capital Contributions. Except as otherwise provided in this Article V, no Partner shall be required to make additional Capital Contributions to the

Partnership without the consent of such Partner or permitted to make additional capital contributions to the Partnership without the consent of the General Partner, which may be granted or withheld in its sole discretion.

Section 5.02. Capital Accounts. A separate capital account (a “Capital Account”) shall be established and maintained for each Partner in accordance with the provisions of Treasury Regulations Section 1.704-1(b)(2)(iv). The Capital Account of each Partner shall be credited with such Partner’s Capital Contributions, if any, all Profits allocated to such Partner pursuant to Section 5.03 and any items of income or gain which are specially allocated pursuant to Section 5.04; and shall be debited with all Losses allocated to such Partner pursuant to Section 5.03, any items of loss or deduction of the Partnership specially allocated to such Partner pursuant to Section 5.04, and all cash and the Carrying Value of any property (net of liabilities assumed by such Partner and the liabilities to which such property is subject) distributed by the Partnership to such Partner. Any references in any section of this Agreement to the Capital Account of a Partner shall be deemed to refer to such Capital Account as the same may be credited or debited from time to time as set forth above. In the event of any transfer of any interest in the Partnership in accordance with the terms of this Agreement, the Transferee shall succeed to the Capital Account of the transferor to the extent it relates to the transferred interest.

Section 5.03. Allocations of Profits and Losses.

(a) Except as otherwise provided in this Agreement, Operating Profits and Liquidating Gains of the Partnership shall be allocated as follows:

(i) First, Operating Profits and Liquidating Gains shall be allocated to the General Partner to the extent the cumulative Operating Losses and Liquidating Losses allocated to the General Partner under Section 5.03(b)(iii) below exceeds the cumulative Operating Profits and Liquidating Gains allocated to the General Partner under this Section 5.03(a)(i), provided that the allocation under this Section shall first be made out of Operating Profits to the extent of available Operating Profits as of the time any allocation is being made, and thereafter to the extent of any available Liquidating Gains as of such time;

(ii)

(A) Next, Liquidating Gains shall first be allocated to the Partners holding LTIP Units until the Economic Capital Account Balances of such Partners, to the extent attributable to their ownership of LTIP Units, are equal to (1) the Class A Unit Economic Balance, multiplied by (2) the number of their LTIP Units (with respect to each Partner holding LTIP Units, the “Target Balance”). For the avoidance of doubt, Liquidating Gains allocated with respect to an LTIP Unit pursuant to this subparagraph (A) shall reduce (but not below zero) the Book-Up Target for such LTIP Unit. Any such allocations shall be made (i) first, among the holders of LTIP Founder Units in proportion to the aggregate amounts required to be allocated to each under this subparagraph and

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- (ii) second, among the holders of LTIP Units that are not Founder LTIP Units in proportion to the aggregate amounts required to be allocated to each under this subparagraph, unless the relevant Award Agreement or other documentation pursuant to which an LTIP Unit is granted provides for a reduced allocation with respect to such LTIP Unit.
- (B) Liquidating Gains allocated to a Partner under this Section 5.03(a)(ii) will be attributed to specific LTIP Units of such Partner for purposes of determining (1) allocations under this Article V, (2) the effect of the forfeiture or conversion of specific LTIP Units on such Partner's Capital Account and (3) the ability of such Partner to convert specific LTIP Units into Class A Units. Such Liquidating Gains will generally be attributed in the following order: (1) first, to Vested LTIP Units held for more than two years, (2) second, to Vested LTIP Units held for two years or less, (3) third, to Unvested LTIP Units that have remaining vesting conditions that only require continued employment or service to the Partnership, the General Partner or their Affiliates for a certain period of time (with such Liquidating Gains being attributed in order of vesting from soonest vesting to latest vesting), and (4) fourth, to other Unvested LTIP Units (with such Liquidating Gains being attributed in order of issuance from earliest issued to latest issued). Within each category, Liquidating Gains will be allocated seriatim (i.e., entirely to the first unit in a set, then entirely to the next unit in the set, and so on, until a full allocation is made to the last unit in the set) in the order of smallest Book-Up Target to largest Book-Up Target.
- (C) After giving effect to the special allocations set forth above, if, due to distributions with respect to Class A Units in which the LTIP Units do not participate, forfeitures or otherwise, the Economic Capital Account Balance of any Partner attributable to such Partner's LTIP Units exceeds the Target Balance, then Liquidating Losses shall be allocated to such Partner to eliminate the disparity; provided, however, that if Liquidating Losses are insufficient to completely eliminate all such disparities, such losses shall be allocated among LTIP Units in a manner reasonably determined by the General Partner.
- (D) The parties agree that the intent of this Section 5.03(a)(ii) is (1) to the extent possible to make the liquidation value associated with each LTIP Unit the same as the liquidation value of a Class A Unit, and (2) to allow conversion of a LTIP Unit (assuming it is a Vested LTIP Unit) when sufficient Liquidating Gains have been allocated to such LTIP Unit

pursuant to this clause (ii) or Losses, Operating Losses and/or Liquidating Losses have been allocated to Class A Units under Section 5.03(b)(i) so that either an LTIP Unit's initial Book-Up Target has been reduced to zero or the parity described in subclause (1) above has been achieved. The General Partner shall be permitted to interpret this Section and to amend this Agreement to the extent necessary and consistent with this intention.

- (E) If a Partner forfeits any LTIP Units to which Liquidating Gains has previously been allocated under Section 5.03(a)(ii)(A) above, (1) the portion of such Partner's Capital Account attributable to such Liquidating Gains allocated to such forfeited LTIP Units will be re-allocated to that Partner's remaining LTIP Units that were outstanding on the date of the initial allocation of such Liquidating Gain, using a methodology similar to that described in clause (B) above as reasonably determined by the General Partner, to the extent necessary to cause such Partner's Economic Capital Account Balance attributable to each such LTIP Unit to equal the Class A Unit Economic Balance and (2) such Partner's Capital Account will be reduced by the amount of any such Liquidating Gains not re-allocated pursuant to the foregoing subclause (1) above. Any such reductions in Capital Accounts pursuant to the foregoing subclause (2) shall be reallocated to the LTIP Units in accordance with the rules for allocations set forth in this Section 5.03(a)(ii), provided that the General Partner shall have the discretion to limit reallocations to LTIP Units in any manner the General Partner reasonably determines is necessary to prevent such LTIP Units from participating in Liquidating Gains realized prior to the issuance of such LTIP Units; and

(iii) Thereafter, Operating Profits to the holders of Class A Units and LTIP Units pro rata in proportion to the Class A Units and LTIP Units held by such Partners and any remaining Liquidating Gains after the special allocation provided in Section 5.03(a)(ii) to the holders of Class A Units and LTIP Units in proportion to the Class A Units and LTIP Units held by such Partners.

(b) Except as otherwise provided herein, Operating Losses and Liquidating Losses of the Partnership for each Fiscal Year or other applicable period shall be allocated as follows:

(i) First, Operating Losses shall be allocated with respect to each Class A Unit and LTIP Unit in proportion to and to the extent that Operating Profits were allocated with respect to such Unit in previous periods in excess of the sum of Operating Losses allocated with respect to such Unit in previous periods and distributions made with respect to such Unit in all periods;

(ii) Subject to the prior application of Section 5.03(a)(ii)(C), first, Operating Losses shall be allocated to the holders of Class A Units and LTIP Units in proportion to the Class A Units and LTIP Units held by such Partners, and Liquidating Losses shall be allocated to the holders of Class A Units and LTIP Units in proportion to the Class A Units and LTIP Units held by such Partners; provided that the Losses allocated in respect of a Class A Unit and LTIP Unit pursuant to this subparagraph (ii) shall not exceed the maximum amount of Losses that could be allocated in respect of such Unit without causing a holder of such Unit to have a deficit Adjusted Capital Account Balance determined as if the holder held only that Unit, provided further that (A) in the event the first proviso of this subparagraph (ii) applies to limit an allocation of Losses in respect of an LTIP Unit, the Losses allocable to the LTIP Unit shall first be made out of Operating Loss to the extent the cumulative Operating Profits in excess of cumulative Operating Losses allocated to that LTIP Unit exceeds cumulative distributions in respect of that LTIP Unit, and any remaining allocation of Losses to that LTIP Unit shall be made proportionately out of Operating Losses and Liquidating Losses, and (B) in the event the first proviso of this subparagraph (ii) applies to limit an allocation of Losses in respect of a Class A Unit, the Losses allocable to the Class A Unit shall be made proportionately out of Operating Losses and Liquidating Losses remaining after the allocation of Losses in respect of LTIP Units as provided in clause (A) of this subparagraph (ii);

(iii) Thereafter, Operating Losses and Liquidating Losses shall be allocated to the General Partner.

Section 5.04. Special Allocations. Notwithstanding any other provision in this Article V:

(a) Minimum Gain Chargeback. If there is a net decrease in Partnership Minimum Gain or Partner Nonrecourse Debt Minimum Gain (determined in accordance with the principles of Treasury Regulations Sections 1.704-2(d) and 1.704-2(i)) during any Partnership taxable year, the Partners shall be specially allocated items of Partnership income and gain for such year (and, if necessary, subsequent years) in an amount equal to their respective shares of such net decrease during such year, determined pursuant to Treasury Regulations Sections 1.704-2(g) and 1.704-2(i)(5). The items to be so allocated shall be determined in accordance with Treasury Regulations Section 1.704-2(f). This Section 5.04(a) is intended to comply with the minimum gain chargeback requirements in such Treasury Regulations Sections and shall be interpreted consistently therewith; including that no chargeback shall be required to the extent of the exceptions provided in Treasury Regulations Sections 1.704-2(f) and 1.704-2(i)(4).

(b) Qualified Income Offset. If any Partner unexpectedly receives any adjustments, allocations, or distributions described in Treasury Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5) or (6), items of Partnership income and gain shall be specially allocated to such Partner in an amount and manner sufficient to eliminate the deficit balance in such Partner's Adjusted Capital Account Balance created by such adjustments, allocations or distributions as promptly as possible; provided that an allocation pursuant to this Section 5.04(b) shall be made only to the extent that a Partner would have a deficit Adjusted Capital Account Balance in excess of

such sum after all other allocations provided for in this Article V have been tentatively made as if this Section 5.04(b) were not in this Agreement. This Section 5.04(b) is intended to comply with the “qualified income offset” requirement of the Treasury Regulations and shall be interpreted consistently therewith.

(c) Special Allocation to LTIP Units. Items of gross income of the Partnership shall be specially allocated to a Partner in an amount necessary to eliminate any deficit Adjusted Capital Account Balance attributable to an LTIP Unit of such Partner. Any such allocations shall be made first from items of income constituting Operating Profits or Operating Losses, and only thereafter from items of income constituting Liquidating Gains or Liquidating Losses. For purposes of determining the amount of gross income that must be specially allocated under this Section, the Partnership shall initially allocate all items amongst the Partners in accordance with the provisions of this Agreement, and only if a Partner has an deficit Adjusted Capital Account Balance after such initial allocation shall a special allocation be made pursuant to this Section and only in an amount equal to the gross income allocation needed to eliminate such deficit Adjusted Capital Account Balance taking into account the remaining Profits that will be allocated to such Partner after applying the other provisions of this Article V.

(d) Special Allocation upon LTIP Unit Forced Conversion. After an LTIP Unit Forced Conversion, the Partnership will specially allocate Liquidating Gains and Liquidating Losses to the Partners until and in a manner that causes, as promptly as practicable, the portion of such Partner’s Economic Capital Account Balance attributable to the Class A Unit (or fraction thereof) received upon such conversion to equal the Class A Unit Economic Balance (or in the case where a fractional Class A Unit is received on such conversion, the Class A Unit Economic Balance multiplied by a fraction equal to the fraction of the Class A Unit issued in such conversion).

(e) Gross Income Allocation. If any Partner has a deficit Capital Account at the end of any Fiscal Year which is in excess of the sum of (i) the amount such Partner is obligated to restore, if any, pursuant to any provision of this Agreement, and (ii) the amount such Partner is deemed to be obligated to restore pursuant to the penultimate sentences of Treasury Regulations Section 1.704-2(g)(1) and 1.704-2(i)(5), each such Partner shall be specially allocated items of Partnership income and gain in the amount of such excess as quickly as possible; provided that an allocation pursuant to this Section 5.04(e) shall be made only if and to the extent that a Partner would have a deficit Capital Account in excess of such sum after all other allocations provided for in this Article V have been tentatively made as if Section 5.04(b) and this Section 5.04(e) were not in this Agreement.

(f) Nonrecourse Deductions. Nonrecourse Deductions shall be allocated to the Partners in accordance with their respective Total Percentage Interests.

(g) Partner Nonrecourse Deductions. Partner Nonrecourse Deductions for any taxable period shall be allocated to the Partner who bears the economic risk of loss with respect to the liability to which such Partner Nonrecourse Deductions are attributable in accordance with Treasury Regulations Section 1.704-2(j).

(h) Ameliorative Allocations. Any special allocations of income or gain pursuant to Sections 5.04(b) or 5.04(c) hereof shall be taken into account in computing subsequent allocations pursuant to Section 5.03 and this Section 5.04(h), so that the net amount of any items so allocated and all other items allocated to each Partner shall, to the extent possible, be equal to the net amount that would have been allocated to each Partner if such allocations pursuant to Sections 5.04(b) or 5.04(c) had not occurred.

(i) Section 751 Allocation. Any gain or loss from items described in Section 751(c) or (d) that were previously held by Blackstone Holdings I L.P. or Blackstone Holdings II L.P. will be allocated in a manner that is consistent with Blackstone Holdings I L.P.'s and Blackstone Holdings II L.P.'s partners' shares of such gain or loss immediately before the distribution of the Partnership by Blackstone Holdings I L.P. or Blackstone Holdings II L.P. Any gain or loss from items described in Section 751(c) or (d) that were previously held by PJT Capital LP will be allocated in a manner that is consistent with PJT Capital LP's partners' shares of such gain or loss immediately before the acquisition of PJT Capital LP by the Partnership.

Section 5.05. Tax Allocations. For income tax purposes, each item of income, gain, loss and deduction of the Partnership shall be allocated among the Partners in the same manner as the corresponding items of Profits and Losses and specially allocated items are allocated for Capital Account purposes; provided that in the case of any asset the Carrying Value of which differs from its adjusted tax basis for U.S. federal income tax purposes, income, gain, loss and deduction with respect to such asset shall be allocated solely for income tax purposes in accordance with the principles of Sections 704(b) and (c) of the Code (in any manner determined by the General Partner and permitted by the Code and Treasury Regulations) so as to take account of the difference between Carrying Value and adjusted basis of such asset; provided further that the Partnership shall use the traditional method (as provided in Treasury Regulations Section 1.704-3(b)) for all Section 704(c) allocations, limited to allocations of income or gain from the disposition of Partnership property where allocations of depreciation deductions have been limited by the ceiling rule throughout the term of the Partnership). Notwithstanding the foregoing, the General Partner shall make such allocations for tax purposes as it determines in its sole discretion to be appropriate to ensure allocations are made in accordance with a Partner's interest in the Partnership.

Section 5.06. Tax Advances. To the extent the General Partner reasonably believes that the Partnership is required by law to withhold or to make tax payments on behalf of or with respect to any Partner or the Partnership is subjected to tax itself by reason of the status of any Partner ("Tax Advances"), the General Partner may cause the Partnership to withhold such amounts and cause the Partnership to make such tax payments as so required. All Tax Advances made on behalf of a Partner shall be repaid by reducing the amount of the current or next succeeding distribution or distributions which would otherwise have been made to such Partner or, if such distributions are not sufficient for that purpose, by so reducing the proceeds of liquidation otherwise payable to such Partner. For all purposes of this Agreement such Partner shall be treated as having received the amount of the distribution that is equal to the Tax Advance. Each Partner hereby agrees to indemnify and hold harmless the Partnership and the other Partners from and against any liability (including, without limitation, any liability for taxes, penalties, additions to tax or interest other than any penalties, additions to tax or interest imposed as a result of the Partnership's failure to withhold or make a tax payment on behalf of such Partner which withholding or payment is required pursuant to applicable Law) with respect to income attributable to or distributions or other payments to such Partner.

Section 5.07. Tax Matters. The General Partner shall be the initial “tax matters partner” within the meaning of Section 6231(a)(7) of the Code (the “Tax Matters Partner”). The Partnership shall file as a partnership for federal, state, provincial and local income tax purposes, except where otherwise required by Law. All elections required or permitted to be made by the Partnership, and all other tax decisions and determinations relating to federal, state, provincial or local tax matters of the Partnership, shall be made by the Tax Matters Partner, in consultation with the Partnership’s attorneys and/or accountants. Tax audits, controversies and litigations shall be conducted under the direction of the Tax Matters Partner. The Tax Matters Partner shall keep the other Partners reasonably informed as to any material tax actions, examinations or proceedings relating to the Partnership. As soon as reasonably practicable after the end of each Fiscal Year, the Partnership shall use commercially reasonable efforts to send to each Partner a copy of U.S. Internal Revenue Service Schedule K-1, and any comparable statements required by applicable U.S. state or local income tax Law as a result of the Partnership’s activities or investments, with respect to such Fiscal Year. The Partnership also shall provide the Partners with such other information as may be reasonably requested for purposes of allowing the Partners to prepare and file their own tax returns, provided that any costs or expenses with respect to the foregoing shall be borne by the requesting Partner.

Section 5.08. Other Allocation Provisions. Certain of the foregoing provisions and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Treasury Regulations Section 1.704-1(b) and shall be interpreted and applied in a manner consistent with such regulations. In addition to amendments effected in accordance with Section 11.12 or otherwise in accordance with this Agreement, Sections 5.02, 5.03 and 5.04 may also, so long as any such amendment does not materially change the relative economic interests of the Partners, be amended at any time by the General Partner if necessary, in the opinion of tax counsel to the Partnership, to comply with such regulations or any applicable Law.

Section 5.09. Allocations upon Final Liquidation. With respect to the Fiscal Year in which the final liquidation of the Partnership occurs in accordance with Article IX of the Agreement, and notwithstanding any other provision of Article V hereof, items of Partnership income, gain, loss and deduction shall be specially allocated to the Partners in such amounts and priorities as are necessary so that the positive Capital Accounts of the Partners shall, as closely as possible, equal the amounts that will be distributed to the Partners pursuant to Section 9.03.

ARTICLE VI

BOOKS AND RECORDS; REPORTS

Section 6.01. Books and Records

(a) At all times during the continuance of the Partnership, the Partnership shall prepare and maintain separate books of account for the Partnership in accordance with GAAP.

(b) Except as limited by Section 6.01(c), each Limited Partner shall have the right to receive, for a purpose reasonably related to such Limited Partner's interest as a Limited Partner in the Partnership, upon reasonable written demand stating the purpose of such demand and at such Limited Partner's own expense:

(i) a copy of the Certificate and this Agreement and all amendments thereto, together with a copy of the executed copies of all powers of attorney pursuant to which the Certificate and this Agreement and all amendments thereto have been executed; and

(ii) promptly after their becoming available, copies of the Partnership's U.S. federal income tax returns for the three most recent years.

(c) The General Partner may keep confidential from the Limited Partners, for such period of time as the General Partner determines in its sole discretion, (i) any information that the General Partner reasonably believes to be in the nature of trade secrets or (ii) other information the disclosure of which the General Partner believes is not in the best interests of the Partnership, could damage the Partnership or its business or that the Partnership is required by law or by agreement with any third party to keep confidential.

ARTICLE VII

PARTNERSHIP UNITS

Section 7.01. Units.

(a) Interests in the Partnership shall be represented by Units. At the execution of this Agreement, the Units are comprised of two Classes: (x) a Class of Units in the Partnership designated as "Class A Units" and (y) a Class of Units in the Partnership designated as "LTIP Units." The designations, preferences rights, powers and duties applicable to the LTIP Units are as provided in this Agreement and Schedule I hereto, which is hereby adopted by the General Partner and incorporated by reference herein.

(b) The General Partner in its sole discretion may establish and issue, from time to time in accordance with such procedures as the General Partner shall determine from time to time, additional Units, in one or more additional Classes or series of Units, or other Partnership securities, at such price, and with such designations, preferences and relative, participating, optional or other special rights, powers and duties (which may be senior to existing Units, Classes and series of Units or other Partnership securities), as shall be determined by the General Partner without the approval of any Partner or any other Person who may acquire an interest in any of the Units, including (i) the right of such Units to share in Profits and Losses or items thereof; (ii) the right of such Units to share in Partnership distributions; (iii) the rights of such Units upon dissolution and liquidation of the Partnership; (iv) whether, and the terms and conditions upon which, the Partnership may or shall be required to exchange or redeem such Units (including sinking fund provisions); (v) whether such Units are issued with the privilege of conversion or exchange and, if so, the terms and conditions of such conversion or exchange; (vi) the terms and conditions upon which such Units will be issued, evidenced by certificates and assigned or transferred; (vii) the method for determining the Total Percentage Interest as to such Units; (viii) the terms and

conditions of the issuance of such Units (including, without limitation, the amount and form of consideration, if any, to be received by the Partnership in respect thereof, the General Partner being expressly authorized, in its sole discretion, to cause the Partnership to issue such Units for less than fair market value); and (ix) the right, if any, of the holder of such Units to vote on Partnership matters, including matters relating to the relative designations, preferences, rights, powers and duties of such Units. The General Partner in its sole discretion, without the approval of any Partner or any other Person, is authorized (i) to issue Units or other Partnership securities of any newly established Class or any existing Class to Partners or other Persons who may acquire an interest in the Partnership and (ii) to amend this Agreement to reflect the creation of any such new Class, the issuance of Units or other Partnership securities of such Class, and the admission of any Person as a Partner which has received Units or other Partnership securities. Except as expressly provided in this Agreement to the contrary, any reference to “Units” shall include the Class A Units, LTIP Units and Units of any other Class or series that may be established in accordance with this Agreement. All Units of a particular Class shall have identical rights in all respects as all other Units of such Class, except in each case as otherwise specified in this Agreement.

(c) As soon as practicable following the occurrence of any event that causes the preferred stock purchase rights attached to shares of Class A common stock of the General Partner to become exercisable pursuant to the Stockholder Rights Agreement, the General Partner shall pursuant to its authority under Section 7.01(b) establish in accordance with this Agreement a Class of Units (“Series A Junior Participating Preferred Units”) that has substantially the same rights and preferences with respect to distributions of the Partnership in relation to Class A Units as shares of Series A Junior Participating Preferred Stock of the General Partner are entitled with respect to dividends and distributions of the General Partner in relation to shares of Class A common stock of the General Partner.

(d) Each Class A Unit (including, for the avoidance of doubt, Class A Units held by the General Partner) and each LTIP Unit has attached to it a right (each a “Preferred Unit Purchase Right”) that entitles the holder of such Class A Unit or such LTIP Unit, as the case may be, to purchase Series A Junior Participating Preferred Units of the Partnership as provided in this Section 7.01(d). Such Preferred Unit Purchase Rights will become exercisable, if at all, at such time and to the same extent as the preferred stock purchase rights attached to shares of Class A common stock of the General Partner shall become exercisable pursuant to the Stockholder Rights Agreement; *provided* that no Preferred Unit Purchase Right shall be exercisable by any holder of Class A Units or LTIP Units to the extent such holder is an “Acquiring Person” as such term is defined in the Stockholder Rights Agreement and the General Partner shall take such action as it may determine in its sole discretion to be necessary or advisable to give effect to this proviso. Each Preferred Unit Purchase Right will entitle its holder to purchase at an exercise price per Preferred Unit equal to the exercise price per share of Series A Junior Participating Preferred Stock of the General Partner determined in accordance with the Stockholder Rights Agreement (1) Series A Junior Participating Preferred Units, or (2) in lieu of such Series A Junior Participating Preferred Units, a number of Class A Units equal to the number of shares of Class A common stock of the General Partner that a holder of a preferred stock purchase right attached to a share of Class A common stock of the General Partner would be entitled to purchase pursuant to the Stockholder Rights Agreement. In the event that holders of Class A common stock of the General Partner exercise or exchange the preferred stock purchase rights attached thereto for shares of Series A Junior Participating Preferred Stock of the General Partner, the General Partner shall exercise or

exchange Preferred Unit Purchase Rights attached to Class A Units held by the General Partner for a corresponding number of Series A Junior Participating Preferred Units. In the event that holders of Class A common stock of the General Partner exercise or exchange the preferred stock purchase rights attached thereto for additional shares of Class A common stock of the General Partner, the General Partner shall exercise or exchange Preferred Unit Purchase Rights for a corresponding number of additional Class A Units of the Partnership. If at any time the ratio at which Class A Units are exchangeable for shares of Class A common stock of the General Partner pursuant to the Exchange Agreement changes from one-for-one, the General Partner shall make corresponding adjustments to the number of Series A Junior Participating Preferred Units or Class A Units, as the case may be, that a holder of Class A Units is entitled to receive upon exercise of or in exchange for a Preferred Unit Purchase Right as the General Partner shall determine in its sole discretion.

Section 7.02. Register. The books and records of the Partnership shall be the definitive record of ownership of each Unit and all relevant information with respect to each Partner. Unless the General Partner in its sole discretion shall determine otherwise, Units shall be uncertificated and recorded in the books and records of the Partnership.

Section 7.03. Registered Partners. The Partnership shall be entitled to recognize the exclusive right of a Person registered on its records as the owner of Units for all purposes and shall not be bound to recognize any equitable or other claim to or interest in Units on the part of any other Person, whether or not it shall have express or other notice thereof, except as otherwise provided by the Act or other applicable Law.

ARTICLE VIII

VESTING; FORFEITURE OF INTERESTS; TRANSFER RESTRICTIONS

Section 8.01. Vesting of Unvested Units.

(a) Unvested Units shall vest and shall thereafter be Vested Units for all purposes of this Agreement as agreed to in writing between the General Partner and the applicable Limited Partner and reflected in the books and records of the Partnership.

(b) The General Partner in its sole discretion may authorize the earlier vesting of all or a portion of Unvested Units owned by any one or more Limited Partners at any time and from time to time, and in such event, such Unvested Units shall vest and thereafter be Vested Units for all purposes of this Agreement. Any such determination in the General Partner's discretion in respect of Unvested Units shall be final and binding. Such determinations need not be uniform and may be made selectively among Limited Partners, whether or not such Limited Partners are similarly situated, and shall not constitute the breach of any duty hereunder or otherwise existing at law, in equity or otherwise.

(c) Upon the vesting of any Unvested Units in accordance with this Section 8.01, the General Partner shall modify the books and records of the Partnership to reflect such vesting.

Section 8.02. Forfeiture of Units

(a) Except as otherwise agreed to in writing between the General Partner and the applicable Person, if a Person that is a Service Provider ceases to be a Service Provider for any reason, all Unvested Units held by such Person (or any Personal Planning Vehicle of such Person), and/or in which such Person (or any Personal Planning Vehicle of such Person) has an indirect interest, as set forth in the books and records of the Partnership, shall be immediately forfeited without any consideration, and any such Person (or any such Personal Planning Vehicle) shall cease to own or have any rights, directly or indirectly, with respect to such forfeited Unvested Units.

(b) Except as otherwise agreed to in writing between the General Partner and the applicable Person, if the General Partner determines in good faith that Cause exists with respect to any Person that is or was at any time a Service Provider, the Units (whether or not vested) held by such Person (or any Personal Planning Vehicle of such Person), and/or in which such Person (or any Personal Planning Vehicle of such Person) has an indirect interest, as set forth in the books and records of the Partnership, shall be immediately forfeited without any consideration, and any such Person (or any such Personal Planning Vehicle) shall cease to own or have any rights, directly or indirectly, with respect to such forfeited Units. Such determinations need not be uniform and may be made selectively among such Persons, whether or not such Persons are similarly situated, and shall not constitute the breach by the General Partner or any of its directors, managers, officers or members of any duty (including any fiduciary duty) hereunder or otherwise existing at law, in equity or otherwise.

(c) The Founder shall have the right to reallocate to one or more other Partners any (i) Class A Units granted as a “Founder Unit Issuance” under an Award Agreement, (ii) LTIP Units granted as an “Earn-Out Unit Grant” under an Award Agreement and (iii) Founder LTIP Units that in any of the foregoing cases expire, fail to become vested or are canceled, forfeited, terminated, or repurchased for nominal consideration (“Forfeited Units”) to one or more other Partners. Notwithstanding the foregoing, if the Founder has ceased to provide services to the Partnership, then Forfeited Units shall be reallocated to holders of like Units *pro rata* in accordance with their respective holdings of such like Units; provided, however, that for purposes of applying such *pro rata* reallocation, Founder LTIP Units shall be deemed to be Founder Units. Any Unit that is reallocated in accordance with this Section 8.02(c) shall be subject to terms that are no more favorable than if such reallocated Units were deemed granted on the original date of grant as the underlying Forfeited Units.

(d) Upon the forfeiture of any Units in accordance with this Section 8.02, such Units shall be cancelled and the General Partner shall modify the books and records of the Partnership to reflect such forfeiture and cancellation or reallocation, as applicable.

Section 8.03. Limited Partner Transfers

(a) Except as otherwise agreed to in writing between the General Partner and the applicable Limited Partner and reflected in the books and records of the Partnership, no Limited Partner or Assignee thereof may Transfer (including pursuant to an Exchange Transaction) all or any portion of its Units or other interest in the Partnership (or beneficial interest therein) without the prior consent of the General Partner, which consent may be given or withheld, or made subject

to such conditions (including, without limitation, the receipt of such legal opinions and other documents that the General Partner may require) as are determined by the General Partner, in each case in the General Partner's sole discretion, and which consent may be in the form of a plan or program entered into or approved by the General Partner, in its sole discretion. Any such determination in the General Partner's discretion in respect of Units shall be final and binding. Such determinations need not be uniform and may be made selectively among Limited Partners, whether or not such Limited Partners are similarly situated, and shall not constitute the breach of any duty hereunder or otherwise existing at law, in equity or otherwise. Any purported Transfer of Units that is not in accordance with, or subsequently violates, this Agreement shall be, to the fullest extent permitted by law, null and void. Notwithstanding anything otherwise to the contrary, the General Partner shall not unreasonably withhold, condition or delay its consent to any Transfer of Units by any Significant Limited Partner to any organization that is described in Section 170(c) (determined without reference to Section 170(c)(2)(A)), Section 2055(a) or Section 2522(a) of the Code (or any successor provisions) or to a member or members of such Significant Limited Partner's family (it being understood that "family" shall mean any relationship by blood, marriage or adoption, not more remote than first cousin; descendants of any degree of such Significant Limited Partner, or of such Significant Limited Partner's spouse or siblings; and charitable organizations, such as private foundations, established by such Significant Limited Partner and controlled by "family") or to a trust, the beneficiaries of which are exclusively such Significant Limited Partner or a member or members of such Limited Partner's family or to any other entity that is wholly owned by such persons.

(b) Notwithstanding the foregoing, the parties hereto agree that the General Partner shall not unreasonably withhold, condition or delay its consent to any Transfer of Vested Units by any Limited Partner or any Assignee thereof who is not a current or former Service Provider to a member or members of such Limited Partner's or any such Assignee's family (it being understood that "family" shall mean any relationship by blood, marriage or adoption, not more remote than first cousin; descendants of any degree of such Limited Partner or any such Assignee, or of such Limited Partner's or any such Assignee's spouse or siblings; and charitable organizations, such as private foundations, established by such Limited Partner or any such Assignee and controlled by "family") or to a trust, the beneficiaries of which are exclusively such Limited Partner or any such Assignee or a member or members of such Limited Partner's or any such Assignee's family or to any other entity that is wholly owned by such persons.

(c) Notwithstanding anything otherwise to the contrary in this Section 8.03, each Limited Partner may Transfer Units in an Exchange Transaction pursuant to, and in accordance with, the Exchange Agreement. Notwithstanding Section 17-702(d) of the Act, any Class A Unit acquired by the Partnership (x) in exchange for a share of Class A common stock of the General Partner pursuant to an Exchange Transaction or (y) for cash pursuant to an Exchange Transaction that the General Partner elects to fund with the new issuance of a share of Class A common stock, in each case, shall not be cancelled and automatically shall be deemed re-issued to the General Partner by the Partnership.

(d) Notwithstanding anything otherwise to the contrary in this Section 8.03, a Personal Planning Vehicle of a Limited Partner may Transfer Units: (i) to the donor thereof; (ii) if the Personal Planning Vehicle is a grantor retained annuity trust and the trustee(s) of such grantor retained annuity trust is obligated to make one or more distributions to the donor of the grantor retained annuity trust, the estate of the donor of the grantor retained annuity trust, the spouse of the donor of the grantor retained annuity trust or the estate of the spouse of the donor of the grantor retained annuity trust, to any such Persons; or (iii) upon the death of such Limited Partner, to the spouse of such Limited Partner or a trust for which a deduction under Section 2056 or 2056A (or any successor provisions) of the Code may be sought.

Section 8.04. Mandatory Exchanges. The General Partner may in its sole discretion at any time and from time to time, without the consent of any Limited Partner or other Person, cause to be Transferred in an Exchange Transaction any and all Units, except for Units held by any Person that is a Service Provider at the time in question and/or in which a Person that is a Service Provider at the time in question has an indirect interest as set forth in the books and records of the Partnership. Any such determinations by the General Partner need not be uniform and may be made selectively among Limited Partners, whether or not such Limited Partners are similarly situated. In addition, the General Partner may, with the consent of Partners whose Vested Percentage Interests exceed 75% of the Vested Percentage Interests of all Partners in the aggregate, require all Limited Partners to Transfer in an Exchange Transaction all Units held by them.

Section 8.05. Encumbrances. No Limited Partner or Assignee may create an Encumbrance with respect to all or any portion of its Units (or any beneficial interest therein) other than Encumbrances that run in favor of the Limited Partner unless the General Partner consents in writing thereto, which consent may be given or withheld, or made subject to such conditions as are determined by the General Partner, in the General Partner's sole discretion. Consent of the General Partner shall be withheld until the holder of the Encumbrance acknowledges the terms and conditions of this Agreement. Any purported Encumbrance that is not in accordance with this Agreement shall be, to the fullest extent permitted by law, null and void.

Section 8.06. Further Restrictions.

(a) Notwithstanding any contrary provision in this Agreement, the General Partner may impose such vesting requirements, forfeiture provisions, Transfer restrictions, minimum retained ownership requirements or other similar provisions with respect to any Units that are outstanding as of the date of this Agreement or are created thereafter, with the consent of the holder of such Units. Such requirements, provisions and restrictions need not be uniform and may be waived or released by the General Partner in its sole discretion with respect to all or a portion of the Units owned by any one or more Limited Partners at any time and from time to time, and shall not constitute the breach of any duty hereunder or otherwise existing at law, in equity or otherwise.

(b) Notwithstanding any contrary provision in this Agreement, in no event may any Transfer of a Unit be made by any Limited Partner or Assignee if:

(i) such Transfer is made to any Person who lacks the legal right, power or capacity to own such Unit;

(ii) such Transfer would require the registration of such transferred Unit or of any Class of Unit pursuant to any applicable U.S. federal or state securities laws (including, without limitation, the Securities Act or the Exchange Act) or other non-U.S. securities laws (including Canadian provincial or territorial securities laws) or would constitute a non-exempt distribution pursuant to applicable provincial or state securities laws;

(iii) such Transfer would cause (i) all or any portion of the assets of the Partnership to (A) constitute "plan assets" (under ERISA, the Code or any applicable Similar Law) of any existing or contemplated Limited Partner, or (B) be subject to the provisions of ERISA,

Section 4975 of the Code or any applicable Similar Law, or (ii) the General Partner to become a fiduciary with respect to any existing or contemplated Limited Partner, pursuant to ERISA, any applicable Similar Law, or otherwise; or

(iv) to the extent requested by the General Partner, the Partnership does not receive such legal and/or tax opinions and written instruments (including, without limitation, copies of any instruments of Transfer and such Assignee's consent to be bound by this Agreement as an Assignee) that are in a form satisfactory to the General Partner, as determined in the General Partner's sole discretion.

(c) In addition, notwithstanding anything to the contrary herein, if the board of directors of the General Partner shall determine in good faith that additional restrictions on Transfers are necessary so that the Partnership is not treated as a "publicly traded partnership" under Section 7704 of the Code, the General Partner may impose such additional restrictions on Transfers as the board of directors of the General Partner has determined in good faith to be so necessary.

(d) To the fullest extent permitted by law, any Transfer in violation of this Article VIII shall be deemed null and void *ab initio* and of no effect.

Section 8.07. Rights of Assignees . Subject to Section 8.06(b), the Transferee of any permitted Transfer pursuant to this Article VIII will be an assignee only (" Assignee "), and only will receive, to the extent transferred, the distributions and allocations of income, gain, loss, deduction, credit or similar item to which the Partner which transferred its Units would be entitled, and such Assignee will not be entitled or enabled to exercise any other rights or powers of a Partner, such other rights, and all obligations relating to, or in connection with, such interest remaining with the transferring Partner. The transferring Partner will remain a Partner even if it has transferred all of its Units to one or more Assignees until such time as the Assignee(s) is admitted to the Partnership as a Partner pursuant to Section 8.10.

Section 8.08. Allocation of Profits and Losses Upon Transfer . If a Partner sells or exchanges Units or if a Partner is otherwise is admitted as a substitute Partner, Profits and Losses shall be allocated between the transferor and the transferee by taking into account their varying Units during the Fiscal Year in accordance with Section 706(d) of the Code, using the interim closing of the books method described in proposed Treasury Regulations Section 1.706-4(c) to the extent reasonably practicable or, to the extent such method is not reasonably practicable, any other permissible method (as determined by the General Partner).

Section 8.09. Admissions, Withdrawals and Removals

(a) No Person may be admitted to the Partnership as an additional General Partner or substitute General Partner without the prior written consent of each incumbent General Partner, which consent may be given or withheld, or made subject to such conditions as are determined by each incumbent General Partner, in each case in the sole discretion of each incumbent General Partner. A General Partner will not be entitled to Transfer all of its Units or to withdraw from being a General Partner of the Partnership unless another General Partner shall have been admitted hereunder (and not have previously been removed or withdrawn). Any additional

General Partner or substitute general partner admitted as a General Partner of the Partnership pursuant to this Section 8.09 is hereby authorized to, and shall, continue the Partnership without dissolution.

(b) No Limited Partner will be removed or entitled to withdraw from being a Partner of the Partnership except in accordance with Section 8.11 hereof.

(c) Except as otherwise provided in Article IX or the Act, no admission, substitution, withdrawal or removal of a Partner will cause the dissolution of the Partnership. To the fullest extent permitted by law, any purported admission, withdrawal or removal that is not in accordance with this Agreement shall be null and void.

Section 8.10. Admission of Assignees as Substitute Limited Partners. An Assignee will become a substitute Limited Partner as of a specified effective date only upon the satisfaction or waiver of each of the following conditions:

(a) the General Partner consents in writing to such admission, which consent may be given or withheld, or made subject to such conditions as are determined by the General Partner, in each case in the General Partner's sole discretion;

(b) if required by the General Partner, the General Partner receives written instruments (including, without limitation, copies of any instruments of Transfer and such Assignee's consent to be bound by this Agreement as a substitute Limited Partner) that are in a form satisfactory to the General Partner (as determined in its sole discretion);

(c) if required by the General Partner, the General Partner receives an opinion of counsel satisfactory to the General Partner to the effect that such Transfer is in compliance with this Agreement and all applicable Law; and

(d) if required by the General Partner, the parties to the Transfer, or any one of them, pays all of the Partnership's reasonable expenses connected with such Transfer (including, but not limited to, the reasonable legal and accounting fees of the Partnership).

Section 8.11. Withdrawal and Removal of Limited Partners. Subject to Section 8.07, if a Limited Partner ceases to hold any Units, including as a result of a forfeiture of Units pursuant to Section 8.02, then such Limited Partner shall cease to be a Limited Partner and to have the power to exercise any rights or powers of a Limited Partner, and shall be deemed to have withdrawn from the Partnership.

ARTICLE IX

DISSOLUTION, LIQUIDATION AND TERMINATION

Section 9.01. No Dissolution. Except as required by the Act, the Partnership shall not be dissolved by the admission of additional Partners or withdrawal of Partners in accordance with the terms of this Agreement. The Partnership may be dissolved, liquidated, wound up and terminated only pursuant to the provisions of this Article IX, and the Partners hereby irrevocably waive any and all other rights they may have to cause a dissolution of the Partnership or a sale or partition of any or all of the Partnership assets.

Section 9.02. Events Causing Dissolution. The Partnership shall be dissolved and its affairs shall be wound up upon the occurrence of any of the following events (each, a “Dissolution Event”):

(a) the entry of a decree of judicial dissolution of the Partnership under Section 17-802 of the Act upon the finding by a court of competent jurisdiction that it is not reasonably practicable to carry on the business of the Partnership in conformity with this Agreement;

(b) any event which makes it unlawful for the business of the Partnership to be carried on by the Partners;

(c) the written consent of all Partners;

(d) at any time there are no limited partners, unless the Partnership is continued in accordance with the Act;

(e) the Incapacity or removal of the General Partner or the occurrence of a Disabling Event with respect to the General Partner; provided that the Partnership will not be dissolved or required to be wound up in connection with any of the events specified in this Section 9.02 (e) if: (i) at the time of the occurrence of such event there is at least one other general partner of the Partnership who is hereby authorized to, and elects to, carry on the business of the Partnership; or (ii) all remaining Limited Partners consent to or ratify the continuation of the business of the Partnership and the appointment of another general partner of the Partnership, effective as of the event that caused the General Partner to cease to be a general partner of the Partnership, within 120 days following the occurrence of any such event, which consent shall be deemed (and if requested each Limited Partner shall provide a written consent or ratification) to have been given for all Limited Partners if the holders of more than 50% of the Vested Units then outstanding agree in writing to so continue the business of the Partnership; or

(f) the determination of the General Partner in its sole discretion; provided that in the event of a dissolution pursuant to this clause (f), the relative economic rights of each Class of Units immediately prior to such dissolution shall be preserved to the greatest extent practicable with respect to distributions made to Partners pursuant to Section 9.03 below in connection with the winding up of the Partnership, taking into consideration tax and other legal constraints that may adversely affect one or more parties hereto and subject to compliance with applicable laws and regulations, unless, and to the extent that, with respect to any Class of Units, holders of not less than 90% of the Units of such Class consent in writing to a treatment other than as described above.

Section 9.03. Distribution upon Dissolution. Upon dissolution, the Partnership shall not be terminated and shall continue until the winding up of the affairs of the Partnership is completed. Upon the winding up of the Partnership, the General Partner, or any other Person designated by the General Partner (the “Liquidation Agent”), shall take full account of the assets and liabilities of the Partnership and shall, unless the General Partner determines otherwise, liquidate the assets of the Partnership as promptly as is consistent with obtaining the fair value thereof. The proceeds of any liquidation shall be applied and distributed in the following order:

(a) First, to the satisfaction of debts and liabilities of the Partnership (including satisfaction of all indebtedness to Partners and/or their Affiliates to the extent otherwise permitted by law) including the expenses of liquidation, and including the establishment of any reserve which the Liquidation Agent shall deem reasonably necessary for any contingent, conditional or unmatured contractual liabilities or obligations of the Partnership (“Contingencies”). Any such reserve may be paid over by the Liquidation Agent to any attorney-at-law, or acceptable party, as escrow agent, to be held for disbursement in payment of any Contingencies and, at the expiration of such period as shall be deemed advisable by the Liquidation Agent for distribution of the balance in the manner hereinafter provided in this Section 9.03; and

(b) The balance, if any, to the Partners in proportion to the Class A Units and LTIP Units held by them; provided that (i) distributions to a Partner in respect of an LTIP Unit shall be limited to the Partner’s Economic Capital Account Balance attributable to such LTIP Unit as of the date of the final distribution (and after taking into account any allocations pursuant to the dissolution) and (ii) amounts that otherwise would have been distributed to such Partners in respect of LTIP Units in the absence of clause (i) shall be distributed to the Partners holding Class A Units or LTIP Units in proportion to the Class A Units and LTIP Units held by them (excluding for this purpose all LTIP Units that are not eligible to participate in any further distributions as a result of the foregoing clause (i) of this Section 9.03(b)).

Section 9.04. Time for Liquidation. A reasonable amount of time shall be allowed for the orderly liquidation of the assets of the Partnership and the discharge of liabilities to creditors so as to enable the Liquidation Agent to minimize the losses attendant upon such liquidation.

Section 9.05. Termination. The Partnership shall terminate when all of the assets of the Partnership, after payment of or due provision for all debts, liabilities and obligations of the Partnership, shall have been distributed to the holders of Units in the manner provided for in this Article IX, and the Certificate shall have been cancelled in the manner required by the Act.

Section 9.06. Claims of the Partners. The Partners shall look solely to the Partnership’s assets for the return of their Capital Contributions, and if the assets of the Partnership remaining after payment of or due provision for all debts, liabilities and obligations of the Partnership are insufficient to return such Capital Contributions, the Partners shall have no recourse against the Partnership or any other Partner or any other Person. No Partner with a negative balance in such Partner’s Capital Account shall have any obligation to the Partnership or to the other Partners or to any creditor or other Person to restore such negative balance during the existence of the Partnership, upon dissolution or termination of the Partnership or otherwise, except to the extent required by the Act.

Section 9.07. Survival of Certain Provisions. Notwithstanding anything to the contrary in this Agreement, the provisions of Sections 5.06, 10.02, 11.09 and 11.10 shall survive the termination of the Partnership.

ARTICLE X

LIABILITY AND INDEMNIFICATION

Section 10.01. Liability of Partners

(a) No Limited Partner and no Affiliate, manager, member, employee or agent of a Limited Partner shall be liable for any debt, obligation or liability of the Partnership or of any other Partner or have any obligation to restore any deficit balance in its Capital Account solely by reason of being a Partner of the Partnership, except to the extent required by the Act.

(b) This Agreement is not intended to, and does not, create or impose any duty (including any fiduciary duty) on any of the Partners (including without limitation, the General Partner) hereto or on their respective Affiliates. Further, notwithstanding any other provision of this Agreement or any duty otherwise existing at law or in equity, the parties hereto agree that no Limited Partner or General Partner shall, to the fullest extent permitted by law, have duties (including fiduciary duties) to any other Partner or to the Partnership or to any other Person who is a party to or is bound by this Agreement, and in doing so, recognize, acknowledge and agree that their duties and obligations to one another and to the Partnership are only as expressly set forth in this Agreement; provided, however, that each Partner shall have the duty to act in accordance with the implied contractual covenant of good faith and fair dealing.

(c) To the extent that, at law or in equity, any Partner (including without limitation, the General Partner) has duties (including fiduciary duties) and liabilities relating thereto to the Partnership, to another Partner or to another Person who is a party to or is otherwise bound by this Agreement, the Partners (including without limitation, the General Partner) acting under this Agreement will not be liable to the Partnership, to any such other Partner or to any such other Person who is a party to or is otherwise bound by this Agreement, for their good faith reliance on the provisions of this Agreement. The provisions of this Agreement, to the extent that they restrict or eliminate the duties and liabilities relating thereto of any Partner (including without limitation, the General Partner) otherwise existing at law or in equity, are agreed by the Partners to replace to that extent such other duties and liabilities of the Partners relating thereto (including without limitation, the General Partner).

(d) The General Partner may consult with legal counsel, accountants and financial or other advisors selected by it, and any act or omission taken by the General Partner on behalf of the Partnership or in furtherance of the interests of the Partnership in good faith in reliance upon and in accordance with the advice of such Person as to matters the General Partner reasonably believes to be within such Person's professional or expert competence shall be conclusively presumed to have been done or omitted in good faith and in accordance with such opinion or advice, and the General Partner will be fully protected in so acting or omitting to act so long as such counsel or accountants or financial or other advisors were selected with reasonable care.

(e) Notwithstanding any other provision of this Agreement or otherwise applicable provision of law or equity, whenever in this Agreement the General Partner is permitted or required to make a decision (i) in its "sole discretion" or "discretion" or under a grant of similar

authority or latitude, such General Partner shall be entitled to consider only such interests and factors as it desires, including its own interests, and shall, to the fullest extent permitted by applicable Law, have no duty or obligation to give any consideration to any interest of or factors affecting the Partnership or the Limited Partners, or (ii) in its “good faith” or under another expressed standard, such General Partner shall act under such express standard and shall not be subject to any other or different standards. For all purposes of this Agreement and notwithstanding any applicable provision of law or in equity, a determination or other action or failure to act by the General Partner, will be deemed to be made, taken or omitted to be made or taken in “good faith”, and shall not be a breach of this Agreement, unless the General Partner subjectively believed such determination, action or failure to act was opposed to the best interests of the Partnership. The belief of a majority of the directors of the Board of Directors of the General Partner or a duly appointed committee thereof shall be deemed to be the belief of the General Partner.

Section 10.02. Indemnification.

(a) Exculpation and Indemnification. Notwithstanding any other provision of this Agreement, whether express or implied, to the fullest extent permitted by law, no Indemnitee shall be liable to the Partnership or any Partner for any act or omission in relation to the Partnership or this Agreement or any transaction contemplated hereby taken or omitted by an Indemnitee unless such Indemnitee’s conduct constituted fraud, bad faith or willful misconduct. To the fullest extent permitted by law, as the same exists or hereafter be amended (but in the case of any such amendment, only to the extent that such amendment permits the Partnership to provide broader indemnification rights than such law permitted the Partnership to provide prior to such amendment), the Partnership shall indemnify any Indemnitee who was or is made or is threatened to be made a party to or is otherwise involved in any threatened, pending or completed action, suit or proceeding (brought in the right of the Partnership or otherwise), whether civil, criminal, administrative, arbitrative or investigative, and whether formal or informal, including appeals, by reason of his or her or its status as an Indemnitee or by reason of any action alleged to have been taken or omitted to be taken by Indemnitee in such capacity, for and against all loss and liability suffered and expenses (including attorneys’ fees), judgments, fines and amounts paid in settlement reasonably incurred by such Indemnitee in connection with such action, suit or proceeding, including appeals; provided that such Indemnitee shall not be entitled to indemnification hereunder if, but only to the extent that, such Indemnitee’s conduct constituted fraud, bad faith or willful misconduct. Notwithstanding the preceding sentence, except as otherwise provided in Section 10.02(c), the Partnership shall be required to indemnify an Indemnitee in connection with any action, suit or proceeding (or part thereof) (i) commenced by such Indemnitee only if the commencement of such action, suit or proceeding (or part thereof) by such Indemnitee was authorized by the General Partner and (ii) by or in the right of the Partnership only if the General Partner has provided its prior written consent. The indemnification of any Indemnitee shall, to the extent not in conflict with such policy, be secondary to any and all payment to which such Indemnitee is entitled from any relevant insurance policy issued to or for the benefit of the Partnership or any Indemnitee.

(b) Advancement of Expenses. To the fullest extent permitted by law, the Partnership shall promptly pay expenses (including attorneys’ fees) incurred by any Indemnitee in appearing at, participating in or defending any action, suit or proceeding in advance of the final disposition of such action, suit or proceeding, including appeals, upon presentation of an

undertaking on behalf of such Indemnitee to repay such amount if it shall ultimately be determined that such Indemnitee is not entitled to be indemnified under this Section 10.02 or otherwise. Notwithstanding the preceding sentence, except as otherwise provided in Section 10.02(c), the Partnership shall be required to pay expenses of an Indemnitee in connection with any action, suit or proceeding (or part thereof) (i) commenced by such Indemnitee only if the commencement of such action, suit or proceeding (or part thereof) by such Indemnitee was authorized by the General Partner and (ii) by or in the right of the Partnership only if the General Partner has provided its prior written consent.

(c) Unpaid Claims. If a claim for indemnification (following the final disposition of such action, suit or proceeding) or advancement of expenses under this Section 10.02 is not paid in full within 30 days after a written claim therefor by any Indemnitee has been received by the Partnership, such Indemnitee may file proceedings to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled to be paid the expense of prosecuting such claim. In any such action the Partnership shall have the burden of proving that such Indemnitee is not entitled to the requested indemnification or advancement of expenses under applicable Law.

(d) Insurance. (i) To the fullest extent permitted by law, the Partnership may purchase and maintain insurance on behalf of any person described in Section 10.02(a) against any liability asserted against such person, whether or not the Partnership would have the power to indemnify such person against such liability under the provisions of this Section 10.02 or otherwise.

(ii) In the event of any payment by the Partnership under this Section 10.02, the Partnership shall be subrogated to the extent of such payment to all of the rights of recovery of the Indemnitee from any relevant other Person or under any insurance policy issued to or for the benefit of the Partnership, such relevant other Person, or any Indemnitee. Each Indemnitee agrees to execute all papers required and take all action necessary to secure such rights, including the execution of such documents as are necessary to enable the Partnership to bring suit to enforce any such rights in accordance with the terms of such insurance policy or other relevant document. The Partnership shall pay or reimburse all expenses actually and reasonably incurred by the Indemnitee in connection with such subrogation.

(iii) The Partnership shall not be liable under this Section 10.02 to make any payment of amounts otherwise indemnifiable hereunder (including, but not limited to, judgments, fines and amounts paid in settlement, and excise taxes with respect to an employee benefit plan or penalties) if and to the extent that the applicable Indemnitee has otherwise actually received such payment under this Section 10.02 or any insurance policy, contract, agreement or otherwise.

(e) Non-Exclusivity of Rights. The provisions of this Section 10.02 shall be applicable to all actions, claims, suits or proceedings made or commenced after the date of this Agreement, whether arising from acts or omissions to act occurring before or after its adoption. The provisions of this Section 10.02 shall be deemed to be a contract between the Partnership and each person entitled to indemnification under this Section 10.02 (or legal representative thereof) who serves in such capacity at any time while this Section 10.02 and the relevant provisions of

applicable Law, if any, are in effect, and any amendment, modification or repeal hereof shall not affect any rights or obligations then existing with respect to any state of facts or any action, suit or proceeding then or theretofore existing, or any action, suit or proceeding thereafter brought or threatened based in whole or in part on any such state of facts. If any provision of this Section 10.02 shall be found to be invalid or limited in application by reason of any law or regulation, it shall not affect the validity of the remaining provisions hereof. The rights of indemnification provided in this Section 10.02 shall neither be exclusive of, nor be deemed in limitation of, any rights to which any person may otherwise be or become entitled or permitted by contract, this Agreement or as a matter of law, both as to actions in such person's official capacity and actions in any other capacity, it being the policy of the Partnership that indemnification of any person whom the Partnership is obligated to indemnify pursuant to Section 10.02(a) shall be made to the fullest extent permitted by law.

For purposes of this Section 10.02, references to "other enterprises" shall include employee benefit plans; references to "fines" shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to "serving at the request of the Partnership" shall include any service as a director, officer, employee or agent of the Partnership which imposes duties on, or involves services by, such director, officer, employee, or agent with respect to an employee benefit plan, its participants, or beneficiaries.

This Section 10.02 shall not limit the right of the Partnership, to the extent and in the manner permitted by law, to indemnify and to advance expenses to, and purchase and maintain insurance on behalf of, persons other than persons described in Section 10.02(a).

ARTICLE XI

MISCELLANEOUS

Section 11.01. Severability. If any term or other provision of this Agreement is held to be invalid, illegal or incapable of being enforced by any rule of Law, or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions is not affected in any manner materially adverse to any party. Upon a determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the fullest extent possible.

Section 11.02. Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given (and shall be deemed to have been duly given upon receipt) by delivery in person, by courier service (delivery receipt requested), by fax, by electronic mail or by registered or certified mail (postage prepaid, return receipt requested) to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 11.02):

- (a) If to the General Partner, to:

PJT Partners Inc.
280 Park Avenue, New York, New York 10017
Attention: Chairman and Chief Executive Officer
Fax: [●]
Email: [●]

(b) If to the Partnership, to:
PJT Partners Holdings LP
280 Park Avenue, New York, New York 10017
Attention: Chairman and Chief Executive Officer
Fax: [●]
Email: [●]

with a copy to:

PJT Partners Inc.
280 Park Avenue, New York, New York 10017
Attention: Chairman and Chief Executive Officer
Fax: [●]
Email: [●]

(c) If to any Limited Partner, to:
c/o PJT Partners Inc.
280 Park Avenue, New York, New York 10017
Attention: Chairman and Chief Executive Officer
Fax: [●]
Email: [●]

The General Partner shall use commercially reasonable efforts to forward any such communication to the applicable Partner's address, email address or facsimile number as shown in the Partnership's books and records.

Section 11.03. Cumulative Remedies. The rights and remedies provided by this Agreement are cumulative and the use of any one right or remedy by any party shall not preclude or waive its right to use any or all other remedies. Said rights and remedies are given in addition to any other rights the parties may have by Law.

Section 11.04. Binding Effect. This Agreement shall be binding upon and inure to the benefit of all of the parties and, to the extent permitted by this Agreement, their successors, executors, administrators, heirs, legal representatives and assigns.

Section 11.05. Interpretation. Throughout this Agreement, nouns, pronouns and verbs shall be construed as masculine, feminine, neuter, singular or plural, whichever shall be applicable. Unless otherwise specified, all references herein to “Articles,” “Sections” and paragraphs shall refer to corresponding provisions of this Agreement.

Each party hereto acknowledges and agrees that the parties hereto have participated collectively in the negotiation and drafting of this Agreement and that he or she or it has had the opportunity to draft, review and edit the language of this Agreement; accordingly, it is the intention of the parties that no presumption for or against any party arising out of drafting all or any part of this Agreement will be applied in any dispute relating to, in connection with or involving this Agreement. Accordingly, the parties hereby waive to the fullest extent permitted by law the benefit of any rule of law or any legal decision that would require that in cases of uncertainty that the language of a contract should be interpreted most strongly against the party who drafted such language.

Section 11.06. Counterparts. This Agreement may be executed and delivered (including by facsimile transmission) in one or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed and delivered shall be deemed to be an original but all of which taken together shall constitute one and the same agreement. Copies of executed counterparts transmitted by telecopy or other electronic transmission service shall be considered original executed counterparts for purposes of this Section 11.06.

Section 11.07. Further Assurances. Each Partner shall perform all other acts and execute and deliver all other documents as may be necessary or appropriate to carry out the purposes and intent of this Agreement.

Section 11.08. Entire Agreement. This Agreement constitutes the entire agreement among the parties hereto pertaining to the subject matter hereof and supersedes all prior agreements and understandings pertaining thereto.

Section 11.09. Governing Law. This Agreement shall be governed by, and construed in accordance with, the law of the State of Delaware.

Section 11.10. Submission to Jurisdiction; Waiver of Jury Trial.

(a) Any and all disputes which cannot be settled amicably, including any ancillary claims of any party, arising out of, relating to or in connection with the validity, negotiation, execution, interpretation, performance or non-performance of this Agreement (including the validity, scope and enforceability of this arbitration provision) shall be finally settled by arbitration conducted by a single arbitrator in New York in accordance with the then-existing Rules of Arbitration of the International Chamber of Commerce. If the parties to the dispute fail to agree on the selection of an arbitrator within thirty (30) days of the receipt of the request for arbitration, the International Chamber of Commerce shall make the appointment. The arbitrator shall be a lawyer and shall conduct the proceedings in the English language. Performance under this Agreement shall continue if reasonably possible during any arbitration proceedings.

(b) Notwithstanding the provisions of paragraph (a), the parties hereto may bring an action or special proceeding in any court of competent jurisdiction for the purpose of compelling

a party to arbitrate, seeking temporary or preliminary relief in aid of an arbitration hereunder, and/or enforcing an arbitration award and, for the purposes of this paragraph (b), each party hereto (i) expressly consents to the application of paragraph (c) of this Section 11.10 to any such action or proceeding and (ii) agrees that proof shall not be required that monetary damages for breach of the provisions of this Agreement would be difficult to calculate and that remedies at law would be inadequate.

(c) (i) EACH PARTY HERETO IRREVOCABLY SUBMITS TO THE JURISDICTION OF COURTS LOCATED IN NEW YORK, NEW YORK FOR THE PURPOSE OF ANY JUDICIAL PROCEEDING BROUGHT IN ACCORDANCE WITH THE PROVISIONS OF THIS SECTION 11.10, OR ANY JUDICIAL PROCEEDING ANCILLARY TO AN ARBITRATION OR CONTEMPLATED ARBITRATION ARISING OUT OF OR RELATING TO OR CONCERNING THIS AGREEMENT. Such ancillary judicial proceedings include any suit, action or proceeding to compel arbitration, to obtain temporary or preliminary judicial relief in aid of arbitration, or to confirm an arbitration award. The parties acknowledge that the fora designated by this paragraph (c) have a reasonable relation to this Agreement, and to the parties' relationship with one another.

(ii) The parties hereby waive, to the fullest extent permitted by applicable law, any objection which they now or hereafter may have to personal jurisdiction or to the laying of venue of any such ancillary suit, action or proceeding brought in any court referred to in the preceding paragraph of this Section 11.10 and such parties agree not to plead or claim the same.

Section 11.11. Expenses. Except as otherwise specified in this Agreement, the Partnership shall be responsible for all costs and expenses, including, without limitation, fees and disbursements of counsel, financial advisors and accountants, incurred in connection with its operation.

Section 11.12. Amendments and Waivers

(a) Except as otherwise required by this Agreement (including Section 3.7), this Agreement (including any annexes, schedules or supplements hereto) may be amended, supplemented, waived or modified by the General Partner in its sole discretion without the approval of any Limited Partner or other Person; provided that (1) no amendment, including any amendment effected by way of merger, consolidation or transfer of all or substantially all the assets of the Partnership, may materially and adversely affect (A) the rights of a holder of Units, as such, other than on a pro rata basis with other holders of Units of the same Class without the consent of such holder (or, if there is more than one such holder that is so affected, without the consent of a majority in interest of such affected holders in accordance with their holdings of such Class of Units) or (B) the rights of any Significant Limited Partner without the prior written consent of each Significant Limited Partner so affected; and (2) the General Partner may not amend, supplement, waive or modify, including by way of merger, consolidation or transfer of all or substantially all the assets of the Partnership, (A) the provisions of Section 3.07 hereof or this Section 11.12 without the approval by Limited Partners holding a majority of the Units held by all Limited Partners (excluding any

Limited Partners controlled by the General Partner), including each Significant Limited Partner or (B) the provisions of Section 3.08 hereof without the approval by Limited Partners holding a majority of the Class A Units held by all Limited Partners (excluding any Limited Partners controlled by the General Partner), including each Significant Limited Partner; provided further, however, that notwithstanding the foregoing, the General Partner may, without the written consent of any Limited Partner or any other Person, amend, supplement, waive or modify any provision of this Agreement and execute, swear to, acknowledge, deliver, file and record whatever documents may be required in connection therewith, to reflect: (1) any amendment, supplement, waiver or modification that the General Partner determines in its sole discretion to be necessary or appropriate in connection with the creation, authorization or issuance of Units or any Class or series of equity interest in the Partnership pursuant to Section 7.01 hereof; (2) the admission, substitution, withdrawal or removal of Partners in accordance with this Agreement, including pursuant to Section 7.01 hereof; (3) a change in the name of the Partnership, the location of the principal place of business of the Partnership, the registered agent of the Partnership or the registered office of the Partnership; (4) any amendment, supplement, waiver or modification that the General Partner determines in its sole discretion to be necessary or appropriate to address changes in U.S. federal income tax regulations, legislation or interpretation; and/or (5) a change in the Fiscal Year or taxable year of the Partnership and any other changes that the General Partner determines to be necessary or appropriate as a result of a change in the Fiscal Year or taxable year of the Partnership including a change in the dates on which distributions are to be made by the Partnership. If an amendment has been approved in accordance with this agreement, such amendment shall be adopted and effective with respect to all Partners. Upon obtaining such approvals as may be required by this Agreement, and without further action or execution on the part of any other Partner or other Person, any amendment to this Agreement may be implemented and reflected in a writing executed solely by the General Partner and the Limited Partners shall be deemed a party to and bound by such amendment.

(b) No failure or delay by any party in exercising any right, power or privilege hereunder (other than a failure or delay beyond a period of time specified herein) shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by Law.

(c) The General Partner may, in its sole discretion, unilaterally amend this Agreement on or before the effective date of the final regulations to provide for (i) the election of a safe harbor under Proposed Treasury Regulation Section 1.83-3(l) (or any similar provision) under which the fair market value of a partnership interest in the Partnership (or interest in an entity treated as a partnership for U.S. federal income tax purposes) that is transferred is treated as being equal to the liquidation value of that interest, (ii) an agreement by the Partnership and each of its Partners to comply with all of the requirements set forth in such regulations and Notice 2005-43 (and any other guidance provided by the Internal Revenue Service with respect to such election) with respect to all partnership interests in the Partnership (or interest in an entity treated as a partnership for U.S. federal income tax purposes) transferred in connection with the performance of services while the election remains effective, (iii) the allocation of items of income, gains, deductions and losses required by the final regulations similar to Proposed Treasury Regulation Section 1.704-1(b)(4)(xii)(b) and (c), 1.704-1(b)(2)(iv)(b)(1) and any other related amendments.

(d) Except as may be otherwise required by law in connection with the winding-up, liquidation, or dissolution of the Partnership, each Partner hereby irrevocably waives any and all rights that it may have to maintain an action for judicial accounting or for partition of any of the Partnership's property.

Section 11.13. No Third Party Beneficiaries. This Agreement shall be binding upon and inure solely to the benefit of the parties hereto and their permitted assigns and successors and nothing herein, express or implied, is intended to or shall confer upon any other Person or entity, any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement (other than pursuant to Section 10.02 hereof); provided, however that each employee, officer, director, agent or indemnitee of any Person who is bound by this Agreement or its Affiliates is an intended third party beneficiary of Section 11.10 and shall be entitled to enforce its rights thereunder.

Section 11.14. Headings. The headings and subheadings in this Agreement are included for convenience and identification only and are in no way intended to describe, interpret, define or limit the scope, extent or intent of this Agreement or any provision hereof.

Section 11.15. Power of Attorney. Each Limited Partner, by its execution hereof, hereby makes, constitutes and appoints the General Partner as its true and lawful agent and attorney in fact, with full power of substitution and full power and authority in its name, place and stead, to make, execute, sign, acknowledge, swear to, record and file (a) this Agreement and any amendment to this Agreement that has been adopted as herein provided; (b) the original certificate of limited partnership of the Partnership and all amendments thereto required or permitted by law or the provisions of this Agreement; (c) all certificates and other instruments (including consents and ratifications which the Limited Partners have agreed to provide upon a matter receiving the agreed support of Limited Partner) deemed advisable by the General Partner to carry out the provisions of this Agreement (including the provisions of Section 8.05) and Law or to permit the Partnership to become or to continue as a limited partnership or entity wherein the Limited Partners have limited liability in each jurisdiction where the Partnership may be doing business; (d) all instruments that the General Partner deems appropriate to reflect a change or modification of this Agreement or the Partnership in accordance with this Agreement, including, without limitation, the admission of additional Partners or substituted Partners pursuant to the provisions of this Agreement; (e) all conveyances and other instruments or papers deemed advisable by the General Partner to effect the liquidation and termination of the Partnership; and (f) all fictitious or assumed name certificates required or permitted (in light of the Partnership's activities) to be filed on behalf of the Partnership.

Section 11.16. Separate Agreements; Schedules. Notwithstanding any other provision of this Agreement, including Section 11.12, the General Partner in its sole discretion may, or may cause the Partnership to, without the approval of any Limited Partner or other Person, enter into separate subscription, letter or other agreements with individual Limited Partner with respect to any matter, which have the effect of establishing rights under, or altering, supplementing or amending the terms of, this Agreement, in each case, with respect to such Limited Partner. The parties hereto agree that any terms contained in any such separate agreement shall govern with respect to such Limited Partner(s) party thereto notwithstanding the provisions of this Agreement. The General Partner in its sole discretion may from time to time execute and deliver to the Limited Partners schedules which set forth information contained in the books and records of the Partnership and any other matters deemed appropriate by the General Partner. Such schedules shall

be for information purposes only and shall not be deemed to be part of this Agreement for any purpose whatsoever. Notwithstanding anything to the contrary, solely for U.S. federal income tax purposes, this Agreement, the Exchange Agreement, the Tax Receivable Agreement, and any other separate agreement described in this Section 11.16 shall constitute a “partnership agreement” within the meaning of Section 761 of the Code.

Section 11.17. Partnership Status. The parties intend to treat the Partnership as a partnership for U.S. federal income tax purposes and notwithstanding anything to the contrary herein, no election to the contrary shall be made.

Section 11.18. Delivery by Facsimile or Email. This Agreement, the agreements referred to herein, and each other agreement or instrument entered into in connection herewith or therewith or contemplated hereby or thereby, and any amendments hereto or thereto, to the extent signed and delivered by means of a facsimile machine or email with scan or facsimile attachment, shall be treated in all manner and respects as an original agreement or instrument and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person. No party hereto or to any such agreement or instrument shall raise the use of a facsimile machine or email to deliver a signature or the fact that any signature or agreement or instrument was transmitted or communicated through the use of a facsimile machine or email as a defense to the formation or enforceability of a contract, and each such party forever waives any such defense.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have entered into this Agreement or have caused this Agreement to be duly executed by their respective authorized officers, in each case as of the date first above stated.

GENERAL PARTNER:

PJT PARTNERS INC.

By: _____
Name:
Title:

[Signature page – Limited Partnership Agreement of PJT Partners Holdings LP]

LIMITED PARTNERS

Name: _____

[Signature page – Limited Partnership Agreement of PJT Partners Holdings LP]

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. 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. The terms of any Award Agreement 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 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, 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 . 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 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) 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. 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) 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) 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 re 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.

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) 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 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.

EXHIBIT A

Notice of Election by Partnership of Force 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 [●], 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:

FORM OF EXCHANGE AGREEMENT

EXCHANGE AGREEMENT (this “Agreement”), dated as of _____, 2015, among PJT Partners Inc., a Delaware corporation, PJT Partners Holdings LP, a Delaware limited partnership, and the Partnership Unitholders (as defined herein) from time to time party hereto.

WHEREAS, the parties hereto desire to provide for the exchange of Partnership Units (as defined herein) on the terms and subject to the conditions set forth herein;

NOW, THEREFORE, in consideration of the mutual covenants and undertakings contained herein and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE I

SECTION 1.1. Definitions

The following definitions shall be for all purposes, unless otherwise clearly indicated to the contrary, applied to the terms used in this Agreement.

“Business Day” means any day except a Saturday, Sunday or other day on which commercial banks in New York, New York are authorized or required by law to close.

“Cash Amount” means, for each Partnership Unit that is Exchanged for the Cash Amount, an amount of cash equal to the product of (i) the Value of a share of Class A Common Stock multiplied by (ii) the Exchange Rate.

“Cash Amount Settlement Date” means the third Business Day following the applicable Quarterly Exchange Date, or, to the extent any Primary Issuance Funding is not settled on a Quarterly Exchange Date, the third Business Day following the applicable settlement date of a Primary Issuance Funding. For the avoidance of doubt, the final settlement date of any Permitted ATM Funding shall be no later than the third Business Day following the last day of the applicable Permitted ATM Distribution Period.

“Class A Common Stock” means the Class A common stock, par value \$0.01 per share, of the Corporation.

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

“Corporation” means PJT Partners Inc., a Delaware corporation, and any successor thereto.

“Cut-Off Date” has the meaning given to such term in Section 2.3(a) of this Agreement.

“Election of Exchange” has the meaning given to such term in Section 2.1(b) of this Agreement.

“Exchange” has the meaning set forth in Section 2.1(a) of this Agreement.

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“Exchange Rate” means one (1), subject to adjustment pursuant to Section 2.5 of this Agreement.

“Ineligible Partnership Unit” means any Partnership Unit that, as of the applicable Quarterly Exchange Date, has not been both outstanding and fully vested for at least six months, as reflected in the books and records of the Partnership.

“Partnership” means PJT Partners Holdings LP, a Delaware limited partnership, and any successor thereto.

“Partnership Agreement” means the Second Amended and Restated Limited Partnership Agreement of PJT Partners Holdings LP, dated on or about the date hereof, as such agreement may be amended and/or restated from time to time.

“Partnership Unit” means (i) each Class A Unit (as such term is defined in the Partnership Agreement) issued as of the date hereof and (ii) each Class A Unit or other interest in the Partnership that may be issued by the Partnership in the future that is designated by the Corporation and the Partnership as a “Partnership Unit” for purposes of this Agreement.

“Partnership Unitholder” means each holder of one or more Partnership Units that may from time to time be a party to this Agreement.

“Permitted ATM Distribution Period” means, with respect to any Permitted ATM Funding, the period commencing on the applicable Quarterly Exchange Date and ending on the earlier of (x) the date when all Primary Issuance Shares in respect of the applicable Primary Issuance Funding have been sold and (y) the 20th Trading Day after such Quarterly Exchange Date.

“Permitted ATM Funding” means any Primary Issuance Funding that satisfies each of the following requirements: (i) sales of the applicable Primary Issuance Shares in respect of such Primary Issuance Funding are made through one or more sales agents of the Corporation by means of ordinary brokers’ transactions on the New York Stock Exchange or another national securities exchange, or any successor to any of the foregoing, or otherwise at market prices prevailing at the time of the applicable sale; (ii) the fees or commissions payable to such sales agents are determined pursuant to an equity distribution or similar agreement negotiated in good faith by the Corporation and entered into on arms’ length terms; (iii) sales of the applicable Primary Issuance Shares in respect of such Primary Issuance Funding are executed during the applicable Permitted ATM Distribution Period; and (iv) to the extent any Primary Issuance Shares remain unsold at the end of the applicable Permitted ATM Distribution Period, a corresponding number of Primary Issuance Units are deemed withdrawn from the applicable Quarterly Exchange and may be tendered for exchange in respect of any subsequent Quarterly Exchange Date.

“Permitted Transferee” has the meaning given to such term in Section 3.1 of this Agreement.

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

“Primary Issuance Funding” has the meaning given to such term in Section 2.2(b)(i) of this Agreement.

“Primary Issuance Shares” has the meaning given to such term in Section 2.2(b)(i) of this Agreement.

“Primary Issuance Units” has the meaning given to such term in Section 2.2(b)(i) of this Agreement.

“Publicly Traded” means listed or admitted to trading on the New York Stock Exchange or another national securities exchange, or any successor to any of the foregoing.

“Quarter” means, unless the context requires otherwise, a fiscal quarter of the Corporation.

“Quarterly Exchange Date” means the date each Quarter that is the later to occur of either: (1) the second Trading Day after the date on which the Corporation makes a public news release of its quarterly earnings for the prior Quarter or (2) the first day of such Quarter that directors and executive officers of the Corporation are permitted to trade under the applicable policies of the Corporation relating to trading by directors and executive officers; *provided* that there shall be no Quarterly Exchange Date for any party prior to the first anniversary of the date that the Spin-Off is completed.

“Securities Act” means the U.S. Securities Act of 1933, as amended.

“Significant Limited Partner” has the meaning given to such term in the Partnership Agreement.

“Spin-Off” means the separation of PJT Partners Inc. and its consolidated subsidiaries from The Blackstone Group L.P., including the pro rata distribution by The Blackstone Group L.P. to its common unitholders of shares of Class A Common Stock (as contemplated by the Corporation’s Registration Statement on Form 10 (File No. 001-36869).

“Stock Amount” means, for each Partnership Unit that is Exchanged for the Stock Amount, a number of shares of Class A Common Stock that is equal to the Exchange Rate.

“Stock Settlement Notice” has the meaning set forth in Section 2.3(a) of this Agreement.

“Subject Partnership Unitholder” has the meaning set forth in Section 2.10 of this Agreement.

“Trading Day” means a day on which shares of the Class A Common Stock (i) are not suspended from trading at the close of business on the New York Stock Exchange or such other national securities exchange where the Class A Common Stock has been listed or admitted for

trading or any successor to any such exchange and (ii) have traded at least once on the New York Stock Exchange or such other national securities exchange where the Class A Common Stock has been listed or admitted for trading or any successor to any such exchange. If the Class A Common Stock is not listed or admitted for trading on the New York Stock Exchange or another national securities exchange, or any successor to any of the foregoing, "Trading Day" means a Business Day.

"Value" means, with respect to any outstanding share of Class A Common Stock that is Publicly Traded, the volume weighted average price per share on the Quarterly Exchange Date. If the shares of Class A Common Stock are not Publicly Traded, the Value of a share of Class A Common Stock means the amount that a holder of a share of Class A Common Stock would receive if each of the assets of the Corporation were to be sold for its fair market value on the Quarterly Exchange Date, the Corporation were to pay all of its outstanding liabilities, and the remaining proceeds were to be distributed to the holders of the Corporation's equity. Such Value shall be determined by the Corporation, acting in good faith and based upon a commercially reasonable estimate of the amount that would be realized by the Corporation if each asset of the Corporation (and each asset of each partnership, limited liability company, trust, joint venture or other entity in which the Corporation owns a direct or indirect interest) were sold to an unrelated purchaser in an arms' length transaction where neither the purchaser nor the seller were under economic compulsion to enter into the transaction (without regard to any discount in value as a result of the Corporation's minority interest in any property or any illiquidity of the Corporation's interest in any property).

Notwithstanding the foregoing, in the event that the Corporation elects to settle an Exchange of Partnership Units with the proceeds of a Primary Issuance Funding pursuant to Section 2.2(b), "Value" shall mean an amount per share of Class A Common Stock equal to the net proceeds per share of Class A Common Stock received by the Corporation from such Primary Issuance Funding, determined after deduction of any discounts and commissions or similar costs payable to any underwriters, broker/dealers or placement or selling agents, but not of any other expenses of the Corporation or any other Partnership Unitholder related thereto, including without limitation, legal and accounting fees and expenses, Securities and Exchange Commission registration fees, state blue sky and securities laws fees and expenses, printing expenses, FINRA filing fees, exchange listing fees and other out of pocket expenses. For the avoidance of doubt, to the extent the Primary Issuance Shares for a given Primary Issuance Funding are sold in multiple transactions rather than a single transaction or block, "Value" shall be determined by reference to the volume weighted average price per share received by the Corporation across all sales in respect of such Primary Issuance Funding and otherwise in accordance with this paragraph.

"Withdrawing Partner" has the meaning given to such term in Section 2.2(b)(iii) of this Agreement.

ARTICLE II

SECTION 2.1. Exchange of Partnership Units.

(a) In respect of each Quarterly Exchange Date, each Partnership Unitholder shall be entitled, upon the terms and subject to the conditions hereof, to surrender Partnership Units (other than Ineligible Partnership Units) in exchange for the delivery to such exchanging Partnership Unitholder for each Partnership Unit so surrendered of the Cash Amount or, in the sole and absolute discretion of the Corporation, the Stock Amount (such exchange, an “Exchange”); provided that any such Exchange is for a minimum of the lesser of 1,000 Partnership Units or all of the Partnership Units (other than Ineligible Partnership Units) held by such Partnership Unitholder.

(b) The Corporation will provide notice thereof to each Partnership Unitholder eligible to Exchange Partnership Units on a Quarterly Exchange Date at least seventy-five (75) days prior to the anticipated date of such Quarterly Exchange Date. A Partnership Unitholder shall exercise its right to Exchange Partnership Units as set forth in Section 2.1(a) above by delivering to the Corporation and to the Partnership a written election of exchange at least sixty (60) days prior to the anticipated Quarterly Exchange Date substantially in the form of Exhibit A hereto (an “Election of Exchange”), duly executed by such holder or such holder’s duly authorized attorney in respect of the Partnership Units to be Exchanged, delivered during normal business hours at the principal executive offices of the Corporation and of the Partnership. Except as provided in Section 2.2(b)(iii) below with respect to applicable Primary Issuance Fundings, a Partnership Unitholder may not revoke an Election of Exchange delivered pursuant to this Section 2.1(b) without the consent of the Corporation, which consent may be provided or withheld, or made subject to such conditions, limitations or restrictions, as determined by the Corporation in its sole discretion. Such determinations need not be uniform and may be made selectively among Partnership Unitholders, whether or not such Partnership Unitholders are similarly situated.

SECTION 2.2. Exchange for Cash Amount.

(a) On or prior to the applicable Cash Amount Settlement Date, the Partnership shall deposit or cause to be deposited in the account of each applicable exchanging Partnership Unitholder, as specified in such Partnership Unitholder’s Election of Exchange, the applicable Cash Amount with respect to the Partnership Units to be settled on such Cash Amount Settlement Date that are the subject of an Election of Exchange for the applicable Quarterly Exchange Date (and which has not been validly withdrawn in accordance Section 2.2(b)(iii) below, if applicable), other than any Partnership Unit in respect of which the Corporation has provided a Stock Settlement Notice on or prior to the applicable Cut-Off Date, against delivery to the Partnership of such Partnership Units.

(b) (i) Notwithstanding anything otherwise to the contrary herein, the Corporation may cause the Partnership to settle the Exchange of Partnership Units that are the subject of an Election of Exchange in respect of any Quarterly Exchange Date (such Partnership Units, the “Primary Issuance Units”) with the proceeds of a primary issuance of shares of Class A Common Stock (“Primary Issuance Shares”), whether registered under the Securities Act or exempt from such registration, underwritten, sold directly to investors or through agents or other intermediaries, or otherwise distributed (a “Primary Issuance Funding”) pursuant to the terms of this Section 2.2(b).

(ii) Except as provided in Section 2.2(b)(iv) below with respect to Permitted ATM Fundings, the Corporation must provide notice (a “Primary Issuance Funding Notice”) of the exercise of its election described in Section 2.2(b)(i)

above to settle an Exchange of Partnership Units with the proceeds of a Primary Issuance Funding on or prior to the applicable Cut-Off Date. The Primary Issuance Funding Notice shall set forth:

(1) the anticipated settlement date of the Primary Issuance Funding;

(2) the estimated discounts and commissions or similar costs payable to any underwriters, broker/dealers or placement or selling agents in connection with such Primary Issuance Funding; and

(3) reasonably detailed information concerning the manner of distribution, including (x) whether the Primary Issuance Shares will be sold at market prices prevailing at the time of sale, at prices related to market prices, at a fixed price or prices subject to change or at negotiated prices; and (y) whether the Primary Issuance Shares will be sold on the New York Stock Exchange (including through at the market offerings); in the over-the-counter market; in a privately negotiated transaction; through broker/dealers, who may act as agents or principals; through one or more underwriters on a firm commitment or best-efforts basis; in a block trade; directly to one or more purchasers; through agents; and/or any combination of the foregoing.

(iii) Except as provided in Section 2.2(b)(iv) below with respect to Permitted ATM Fundings, each exchanging Partnership Unitholder shall have the right to elect to withdraw its Election of Exchange with respect to Primary Issuance Units (an exchanging Partnership Unitholder making such an election being a “Withdrawing Partner”) by providing notice of such election to the Corporation on or before 5:00 p.m. (New York City Time) on the next Business Day following the Corporation’s delivery of the Primary Issuance Funding Notice (as such time may be extended by the Corporation in its sole discretion), whereupon the Partnership Units of such Withdrawing Partner shall be considered to be withdrawn from the related Exchange in respect of such Quarterly Exchange Date and the number of Primary Issuance Shares and Primary Issuance Units shall be reduced accordingly. If an exchanging Partnership Unitholder, within such time period, fails to notify the Corporation of such Partnership Unitholder’s election to become a Withdrawing Partner, then such Partnership Unitholder shall be deemed not to have withdrawn from the Exchange.

(iv) Notwithstanding anything otherwise to the contrary herein, the Corporation shall not be required to provide a Primary Issuance Funding Notice and Partnership Unitholders shall not have the withdrawal rights set forth in Section 2.2(b)(iii) with respect to any Primary Issuance Funding to the extent it qualifies as a “Permitted ATM Funding” in accordance with the definition thereof.

(v) If the Corporation elects a Primary Issuance Funding pursuant to this Section 2.2(b), the Partnership shall settle the Exchange of each Primary Issuance Unit, other than any Primary Issuance Unit that has been withdrawn

pursuant to Section 2.2(b)(iii) above, to the extent applicable, for the Cash Amount, which shall be payable on or prior to the applicable Cash Amount Settlement Date, which may not be later than 30 days after the applicable Quarterly Exchange Date, or in the case of a Permitted ATM Funding, the fourth Business Day following the expiration of the applicable Permitted ATM Distribution Period.

SECTION 2.3. Exchange for Stock Amount

(a) Notwithstanding anything to the contrary in this Article II, the Corporation may, in its sole and absolute discretion, by means of delivery of a written notice to such effect (a “Stock Settlement Notice”) by 5:00 p.m. (New York City time) on the third Business Day prior to the applicable Quarterly Exchange Date (such date and time the “Cut-Off Date”), elect to Exchange all or any portion (as specified in such notice) of the Partnership Units that are the subject of Elections of Exchange for such Quarterly Exchange Date by delivery of the Stock Amount against delivery to the Corporation of such Partnership Units. The Partnership shall be required to settle by paying the Cash Amount for the Exchange of all Partnership Units that are the subject of Elections of Exchange for such Quarterly Exchange Date (and which have not been validly withdrawn in accordance Section 2.2(b)(iii) above, if applicable) other than those in respect of which the Corporation has provided a Stock Settlement Notice on or prior to the applicable Cut-Off Date.

(b) In such event, on the Quarterly Exchange Date, upon the surrender for exchange of the applicable Partnership Units in the manner provided in this Article II, the Corporation shall deliver or cause to be delivered at the offices of the then-acting registrar and transfer agent of the Class A Common Stock or, if there is no then-acting registrar and transfer agent of the Class A Common Stock, at the principal executive offices of the Corporation, the number of shares of Class A Common Stock deliverable upon such Exchange, registered in the name of the relevant exchanging Partnership Unitholder or its designee. Notwithstanding the foregoing, if the Class A Common Stock is eligible for the depository and book-entry services of The Depository Trust Company, the Corporation will, subject to Section 2.6 below, upon the written instruction of an exchanging Partnership Unitholder, use its best efforts to deliver the shares of Class A Common Stock deliverable to such exchanging Partnership Unitholder, through the facilities of The Depository Trust Company, to the account of the participant of The Depository Trust Company designated by such exchanging Partnership Unitholder.

SECTION 2.4. Class A Common Stock to be Issued

(a) The Corporation shall at all times reserve and keep available out of its authorized but unissued Class A Common Stock, solely for the purpose of issuance upon an Exchange, such number of shares of Class A Common Stock as shall be deliverable upon any such Exchange where the Corporation has elected to pay the Stock Amount; provided that nothing contained herein shall be construed to preclude the Corporation from satisfying its obligations in respect of the Exchange of the Partnership Units where the Corporation has elected to pay the Stock Amount by delivery of shares of Class A Common Stock which are held in the treasury of the Corporation or any of its subsidiaries or by delivery of purchased shares of Class A Common Stock (which may or may not be held in the treasury of the Corporation or any subsidiary thereof). The Corporation covenants that all Class A Common Stock issued upon an Exchange will, upon issuance, be validly issued, fully paid and non-assessable.

(b) The Partnership and the Corporation shall use their best efforts to ensure that the execution and delivery of this Agreement by each of the Partnership and the Corporation and the consummation by each of the Partnership and the Corporation of the transactions contemplated hereby (including without limitation, the issuance of the Class A Common Stock) have been duly authorized by all necessary partnership or corporate action, as the case may be, on the part of the Partnership and the Corporation, including, but not limited to, all actions necessary to ensure that the acquisition of shares of Class A Common Stock pursuant to the transactions contemplated hereby, to the fullest extent of the Corporation's board of directors' power and authority and to the extent permitted by law, shall not be subject to any "moratorium," "control share acquisition," "business combination," "fair price" or other form of anti-takeover laws and regulations of any jurisdiction that may purport to be applicable to this Agreement or the transactions contemplated hereby.

(c) The Corporation and the Partnership covenant and agree that, to the extent that a registration statement under the Securities Act is effective and available for shares of Class A Common Stock to be delivered with respect to any Exchange (and to the extent that the Corporation has elected to exchange such Partnership Units for the Stock Amount), the Corporation shall register under the Securities Act the delivery of shares of Class A Common Stock in respect of such Exchange. In the event that any Exchange in accordance with this Agreement is to be effected at a time when any required registration has not become effective or otherwise is unavailable (and to the extent that the Corporation has elected to exchange such Partnership Units for the Stock Amount), upon the request and with the reasonable cooperation of the Partnership Unitholder requesting such Exchange, the Corporation and the Partnership shall use best efforts to promptly facilitate such Exchange pursuant to any reasonably available exemption from such registration requirements. The Corporation and the Partnership shall use best efforts to list the Class A Common Stock to be delivered upon an Exchange prior to such delivery upon each national securities exchange upon which the outstanding Class A Common Stock may be listed or traded at the time of such delivery.

SECTION 2.5. Adjustment. The Exchange Rate shall be adjusted accordingly if there is: (a) any subdivision (by any unit split, unit distribution, reclassification, reorganization, recapitalization or otherwise) or combination (by reverse unit split, reclassification, reorganization, recapitalization or otherwise) of the Partnership Units that is not accompanied by an identical subdivision or combination of the Class A Common Stock; or (b) any subdivision (by any stock split, stock dividend or distribution, reclassification, reorganization, recapitalization or otherwise) or combination (by reverse stock split, reclassification, reorganization, recapitalization or otherwise) of the Class A Common Stock that is not accompanied by an identical subdivision or combination of the Partnership Units. If there is any reclassification, reorganization, recapitalization or other similar transaction in which the Class A Common Stock is converted or changed into another security, securities or other property, then upon any subsequent Exchange where the Corporation has elected to pay the Stock Amount, an exchanging Partnership Unitholder shall be entitled to receive the amount of such security, securities or other property that such exchanging Partnership Unitholder would have received if such Exchange had occurred immediately prior to the effective date of such reclassification,

reorganization, recapitalization or other similar transaction, taking into account any adjustment as a result of any subdivision (by any split, distribution or dividend, reclassification, reorganization, recapitalization or otherwise) or combination (by reverse split, reclassification, recapitalization or otherwise) of such security, securities or other property that occurs after the effective time of such reclassification, reorganization, recapitalization or other similar transaction, and upon any subsequent Exchange where the Partnership is obligated to pay the Cash Amount, an exchanging Partnership Unitholder shall be entitled to receive the cash value of such security, securities or other property determined in a manner similar to the determination of the Cash Amount with respect to shares of Class A Common Stock as provided herein.

SECTION 2.6. Expenses. The Corporation, the Partnership and each exchanging Partnership Unitholder shall bear their own expenses in connection with the consummation of any Exchange, whether or not any such Exchange is ultimately consummated, except that the Corporation or Partnership, as the case may be, shall bear any transfer taxes, stamp taxes or duties, or other similar taxes in connection with, or arising by reason of, any Exchange; *provided*, however, that if any shares of Class A Common Stock are to be delivered in a name other than that of the Partnership Unitholder that elected the Exchange, then such Partnership Unitholder and/or the person in whose name such shares are to be delivered shall pay to the Corporation the amount of any transfer taxes, stamp taxes or duties, or other similar taxes in connection with, or arising by reason of, such Exchange or shall establish to the reasonable satisfaction of the Corporation that such tax has been paid or is not payable.

SECTION 2.7. Conflicts. For the avoidance of doubt, and notwithstanding anything to the contrary herein, a Partnership Unitholder shall not be entitled to exchange Partnership Units to the extent the Corporation determines that such Exchange (i) would be prohibited by law, (ii) would result in any breach of any debt agreement or other material contract of the Partnership or the Corporation or (iii) would cause unreasonable financial burden on the Partnership, as reasonably determined by the board of directors of the Corporation acting in good faith; *provided*, that in the event that the Corporation cancels any Quarterly Exchange Date in reliance on clause (iii) of this Section 2.7, the Corporation shall not be entitled to cancel the Quarterly Exchange Date next succeeding such canceled Quarterly Exchange Date ; *provided, further*, that nothing in this Agreement shall be construed to limit the rights and remedies of any Partnership Unitholder pursuant to the Registration Rights Agreement. For the avoidance of doubt, no Exchange shall be deemed to be prohibited by law pertaining to the registration of securities if such securities have been so registered or if any exemption from such registration requirements is reasonably available.

SECTION 2.8. Other Exchange Procedures.

(a) The Partnership and the Corporation may adopt reasonable procedures for the implementation of the exchange provisions set forth in this Article II, including, without limitation, procedures requiring the use of designated administrators or brokers with respect to the sale of any shares of Class A Common Stock received in an Exchange and procedures for the delivery of an Election of Exchange.

(b) Notwithstanding anything to the contrary herein, if the board of directors of the Corporation shall determine in good faith that additional restrictions on Exchange are necessary so that the Partnership is not treated as a “publicly traded partnership” under Section 7704 of the Code, the Corporation or the Partnership may impose such additional restrictions on Exchange as the board of directors of the Corporation has determined in good faith to be so necessary.

SECTION 2.9. Pro Rata Treatment of Exchanging Partnership Unitholders. Notwithstanding anything otherwise to the contrary herein, the Corporation and the Partnership may settle the Exchange of Partnership Units that are the subject of Elections of Exchange in respect of any Quarterly Exchange Date for the Cash Amount (whether funded in whole or in part with one or more Primary Issuance Fundings, including Permitted ATM Fundings, or otherwise), the Stock Amount or any combination of the foregoing; *provided*, that each such method shall be applied to settle a portion of the Partnership Units of each exchanging Partnership Unitholder *pro rata* according to the respective number of Partnership Units each exchanging Partnership Unitholder has tendered for exchange (and not validly withdrawn in accordance Section 2.2(b)(iii), if applicable).

SECTION 2.10. Agreements of Certain Partnership Unitholders. Each Partnership Unitholder that, as of the date hereof, is a member of the Board of Directors of Blackstone Group Management L.L.C (each a “Subject Partnership Unitholder”) agrees that until the [●] anniversary of the completion of the Spin-Off or such earlier time as such Subject Partnership Unitholder shall cease to be employed by or provide services to Blackstone Group Management L.L.C., The Blackstone Group L.P., or any of their respective subsidiaries, such Subject Partnership Unitholder will (a) consult with the Chief Executive Officer of the Corporation prior to submitting any Election of Exchange and (b) use commercially reasonable efforts to ensure that dispositions (if any) of the Partnership Units or Class A Common Stock that such Subject Partnership Unitholder received in connection with the Spin-Off be effected through a plan of distribution that mitigates any sustained adverse effect on the market price of the Class A Common Stock.

ARTICLE III

SECTION 3.1. Additional Partnership Unitholders. To the extent a Partnership Unitholder validly transfers any or all of such holder’s Partnership Units to another person in a transaction in accordance with, and not in contravention of, the Partnership Agreement or any other agreement or agreements with the Corporation or any of its subsidiaries to which a transferring Partnership Unitholder may be party, then such transferee (each, a “Permitted Transferee”) shall have the right to execute and deliver a joinder to this Agreement, substantially in the form of Exhibit B hereto, whereupon such Permitted Transferee shall become a Partnership Unitholder hereunder. To the extent the Partnership issues Partnership Units in the future, the Corporation and the Partnership shall be entitled, in their sole discretion, to make any holder of such Partnership Units a Partnership Unitholder hereunder through such holder’s execution and delivery of a joinder to this Agreement, substantially in the form of Exhibit B hereto.

SECTION 3.2. Addresses and Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given (and shall be deemed to have been duly given upon receipt) by delivery in person, by courier service, by fax, by electronic mail (delivery receipt requested) or by registered or certified mail (postage prepaid, return receipt requested) to the respective parties at the following addresses (or at such other address for a party as shall be as specified in a notice given in accordance with this Section 3.2):

(a) If to the Corporation, to:

PJT Partners Inc.
280 Park Avenue, New York, New York 10017
Attention: Chairman and Chief Executive Officer
Fax: [●]
Email: [●]

(b) If to the Partnership, to:

PJT Partners Holdings LP,
c/o PJT Partners Inc.
280 Park Avenue, New York, New York 10017
Attention: Chairman and Chief Executive Officer
Fax: [●]
Email: [●]

(c) If to any Partnership Unitholder, to the address and other contact information set forth in the records of the Partnership from time to time.

SECTION 3.3. Further Action. The parties shall execute and deliver all documents, provide all information and take or refrain from taking action as may be necessary or appropriate to achieve the purposes of this Agreement.

SECTION 3.4. Binding Effect. This Agreement shall be binding upon and inure to the benefit of all of the parties and, to the extent permitted by this Agreement, their successors, executors, administrators, heirs, legal representatives and assigns.

SECTION 3.5. Severability. If any term or other provision of this Agreement is held to be invalid, illegal or incapable of being enforced by any rule of law, or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions is not affected in any manner materially adverse to any party. Upon a determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the fullest extent possible.

SECTION 3.6. Amendment. This Agreement (including any annexes, schedules or supplements hereto) may be amended, supplemented, waived or modified by the Partnership

in its sole discretion without the approval of any Partnership Unitholder or other Person; provided that no amendment may materially and adversely affect the rights of a Partnership Unitholder (other than the Corporation and its subsidiaries) without the consent of such Partnership Unitholder (or, if there is more than one such Partnership Unitholder that is so affected, without the consent of a majority in interest of such affected Partnership Unitholders (other than the Corporation and its subsidiaries) in accordance with their holdings of Partnership Units, including each so affected Significant Limited Partner).

SECTION 3.7. Waiver. No failure by any party to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof shall constitute waiver of any such breach of any other covenant, duty, agreement or condition.

SECTION 3.8. Submission to Jurisdiction; Waiver of Jury Trial.

(a) Any and all disputes which cannot be settled amicably, including any ancillary claims of any party, arising out of, relating to or in connection with the validity, negotiation, execution, interpretation, performance or non-performance of this Agreement (including the validity, scope and enforceability of this arbitration provision) shall be finally settled by arbitration conducted by a single arbitrator in New York in accordance with the then-existing Rules of Arbitration of the International Chamber of Commerce. If the parties to the dispute fail to agree on the selection of an arbitrator within thirty (30) days of the receipt of the request for arbitration, the International Chamber of Commerce shall make the appointment. The arbitrator shall be a lawyer and shall conduct the proceedings in the English language. Performance under this Agreement shall continue if reasonably possible during any arbitration proceedings.

(b) Notwithstanding the provisions of paragraph (a), the parties hereto may bring an action or special proceeding in any court of competent jurisdiction for the purpose of compelling a party to arbitrate, seeking temporary or preliminary relief in aid of an arbitration hereunder, and/or enforcing an arbitration award and, for the purposes of this paragraph (b), each party hereto (i) expressly consents to the application of paragraph (c) of this Section 3.8 to any such action or proceeding and (ii) agrees that proof shall not be required that monetary damages for breach of the provisions of this Agreement would be difficult to calculate and that remedies at law would be inadequate.

(c) (i) EACH PARTY HERETO IRREVOCABLY SUBMITS TO THE JURISDICTION OF COURTS LOCATED IN NEW YORK, NEW YORK FOR THE PURPOSE OF ANY JUDICIAL PROCEEDING BROUGHT IN ACCORDANCE WITH THE PROVISIONS OF THIS SECTION 3.8, OR ANY JUDICIAL PROCEEDING ANCILLARY TO AN ARBITRATION OR CONTEMPLATED ARBITRATION ARISING OUT OF OR RELATING TO OR CONCERNING THIS AGREEMENT. Such ancillary judicial proceedings include any suit, action or proceeding to compel arbitration, to obtain temporary or preliminary judicial relief in aid of arbitration, or to confirm an arbitration award. The parties acknowledge that the fora designated by this paragraph (c) have a reasonable relation to this Agreement, and to the parties' relationship with one another.

(ii) The parties hereby waive, to the fullest extent permitted by applicable law, any objection which they now or hereafter may have to personal jurisdiction or to the laying of venue of any such ancillary suit, action or proceeding brought in any court referred to in the preceding paragraph of this Section 3.8 and such parties agree not to plead or claim the same.

SECTION 3.9. Counterparts. This Agreement may be executed and delivered (including by facsimile transmission or by e-mail delivery of a “.pdf” format data file) in one or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed and delivered shall be deemed to be an original but all of which taken together shall constitute one and the same agreement. Copies of executed counterparts transmitted by telecopy, by e-mail delivery of a “.pdf” format data file or other electronic transmission service shall be considered original executed counterparts for purposes of this Section 3.9.

SECTION 3.10. Tax Treatment. This Agreement shall be treated as part of the partnership agreement of the Partnership as described in Section 761(c) of the Code and Sections 1.704-1(b)(2)(ii)(h) and 1.761-1(c) of the Treasury Regulations promulgated thereunder. As required by the Code and the Treasury Regulations, the parties shall report any Exchange consummated hereunder as a taxable sale of the Partnership Units by a Partnership Unitholder to the Corporation, other than any Exchange where the Partnership has elected to pay the Cash Amount with available cash of the Partnership (rather than the proceeds of a Primary Issuance Funding), and no party shall take a contrary position on any income tax return, amendment thereof or communication with a taxing authority unless an alternate position is permitted under the Code and Treasury Regulations and the Corporation consents in writing.

SECTION 3.11. Specific Performance. The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to specific performance of the terms and provisions hereof, in addition to any other remedy to which they are entitled at law or in equity.

SECTION 3.12. Independent Nature of Partnership Unitholders' Rights and Obligations. The obligations of each Partnership Unitholder hereunder are several and not joint with the obligations of any other Partnership Unitholder, and no Partnership Unitholder shall be responsible in any way for the performance of the obligations of any other Partnership Unitholder hereunder. The decision of each Partnership Unitholder to enter into this Agreement has been made by such Partnership Unitholder independently of any other Partnership Unitholder. Nothing contained herein, and no action taken by any Partnership Unitholder pursuant hereto, shall be deemed to constitute the Partnership Unitholders as a partnership, an association, a joint venture or any other kind of entity, or create a presumption that the Partnership Unitholders are in any way acting in concert or as a group with respect to such obligations or the transactions contemplated hereby and the Corporation acknowledges that the Partnership Unitholders are not acting in concert or as a group, and the Corporation will not assert any such claim, with respect to such obligations or the transactions contemplated hereby.

SECTION 3.13. Other Agreements. Neither the Corporation nor the Partnership shall enter into any contract, mortgage, loan or other agreement that prohibits or restricts (a) the

Corporation or the Partnership from performing their specific obligations under this Agreement or (b) a Partnership Unitholder from exercising its rights under this Agreement to effect an Exchange, except, in either case, with the written consent of each such Partnership Unitholder affected by the prohibition or restriction, or to the extent such prohibition or restriction affects all Partnership Unitholders (other than the Corporation and its subsidiaries) on a pro rata basis, with the written consent of a majority in interest of such affected Partnership Unitholders (other than the Corporation and its subsidiaries) in accordance with their holdings of Partnership Units, including each Significant Limited Partner.

SECTION 3.14. Applicable Law. This Agreement shall be governed by, and construed in accordance with, the law of the State of Delaware.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed and delivered, all as of the date first set forth above.

PJT PARTNERS INC.

By: _____
Name:
Title:

PJT PARTNERS HOLDINGS LP

By: PJT Partners Inc., its general partner

By: _____
Name:
Title:

PARTNERSHIP UNITHOLDERS

Name:

Name:

Name:

Name:

Name:

[Signature Page – Exchange Agreement]

EXHIBIT A

[FORM OF]
ELECTION OF EXCHANGE

PJT Partners Inc.
280 Park Avenue, New York, New York 10017
Attention: [●]

PJT Partners Holdings LP
c/o PJT Partners Inc.
280 Park Avenue, New York, New York 10017
Attention: [●]

Reference is hereby made to the Exchange Agreement, dated as of _____ (the “Exchange Agreement”), among PJT Partners Inc., a Delaware corporation, PJT Partners Holdings LP, a Delaware limited partnership (the “Partnership”), and the holders of Partnership Units (as defined herein) from time to time party thereto. Capitalized terms used but not defined herein shall have the meanings given to them in the Exchange Agreement.

The undersigned Partnership Unitholder hereby transfers to the Partnership or the Corporation (as specified in the Exchange Agreement) the number of Partnership Units set forth below in exchange for cash or, at the election of the Corporation in its sole and absolute discretion, shares of Class A Common Stock to be issued in its name as set forth below (or in the name of a designee as may be set forth below), pursuant to the terms and conditions of the Exchange Agreement.

Legal Name of Partnership Unitholder:

Address: _____

Number of Partnership Units to be Exchanged: _____

Account information for deposit of Cash Amount, if applicable:

Bank Name: _____

ABA No.: _____

Account No.: _____

Account Name: _____

The undersigned hereby represents and warrants that (i) the undersigned has full legal capacity to execute and deliver this Election of Exchange and to perform the undersigned’s obligations hereunder; (ii) this Election of Exchange has been duly executed and delivered by the undersigned and is the legal, valid and binding obligation of the undersigned enforceable against it in accordance with the terms thereof or hereof, as the case may be, subject to applicable bankruptcy, insolvency and similar laws affecting creditors’ rights generally and the availability

of equitable remedies; (iii) the Partnership Units subject to this Election of Exchange are being transferred free and clear of any pledge, lien, security interest, encumbrance, equities or claim; and (iv) no consent, approval, authorization, order, registration or qualification of any third party or with any court or governmental agency or body having jurisdiction over the undersigned or the Partnership Units subject to this Election of Exchange is required to be obtained by the undersigned for the transfer of such Partnership Units.

The undersigned hereby irrevocably constitutes and appoints any officer of the Corporation or of the Partnership as the attorney of the undersigned, with full power of substitution and resubstitution in the premises, to do any and all things and to take any and all actions that may be necessary to exchange the Partnership Units subject to this Election of Exchange for cash or shares of Class A Common Stock on the books of the Corporation.

IN WITNESS WHEREOF the undersigned, by authority duly given, has caused this Election of Exchange to be executed and delivered by the undersigned or by its duly authorized attorney.

Name: _____

Dated: _____

EXHIBIT B

[FORM OF]
JOINDER AGREEMENT

This Joinder Agreement (“Joinder Agreement”) is a joinder to the Exchange Agreement, dated as of _____ (the “Agreement”), among PJT Partners Inc., a Delaware corporation (the “Corporation”), PJT Partners Holdings LP, a Delaware limited partnership, and each of the Partnership Unitholders from time to time party thereto. Capitalized terms used but not defined in this Joinder Agreement shall have their meanings given to them in the Agreement. This Joinder Agreement shall be governed by, and construed in accordance with, the law of the State of Delaware. In the event of any conflict between this Joinder Agreement and the Agreement, the terms of this Joinder Agreement shall control.

The undersigned hereby joins and enters into the Agreement having acquired Partnership Units in the Partnership. By signing and returning this Joinder Agreement to the Corporation, the undersigned accepts and agrees to be bound by and subject to all of the terms and conditions of and agreements of a Partnership Unitholder contained in the Agreement, with all attendant rights, duties and obligations of a Partnership Unitholder thereunder. The parties to the Agreement shall treat the execution and delivery hereof by the undersigned as the execution and delivery of the Agreement by the undersigned and, upon receipt of this Joinder Agreement by the Corporation and by the Partnership, the signature of the undersigned set forth below shall constitute a counterpart signature to the signature page of the Agreement.

Name: _____

Address for Notices:

With copies to:

Attention: _____

FORM OF
TAX RECEIVABLE AGREEMENT

dated as of

, 2015

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This TAX RECEIVABLE AGREEMENT (as amended from time to time, this “Agreement”), dated as of _____, 2015, is hereby entered into by and among PJT Partners Inc., a Delaware corporation (the “Corporate Taxpayer”), PJT Partners Holdings LP, a Delaware limited partnership (the “Partnership”), and each of the undersigned parties hereto identified as “Limited Partners.”

RECITALS

WHEREAS, the Limited Partners hold limited partnership interests (“Partnership Units”) in the Partnership, which is treated as a partnership for U.S. federal income tax purposes;

WHEREAS, the Corporate Taxpayer is the general partner of the Partnership;

WHEREAS, the Limited Partners have the right to redeem all or part of their Partnership Units for cash or, at the election of the Corporate Taxpayer, to exchange their Partnership Units for shares of the Corporate Taxpayer’s Class A common stock (the “Class A Shares”), subject to the provisions of the Partnership Agreement (as defined below) and the Exchange Agreement (as defined below);

WHEREAS, the Partnership, and each of its direct and indirect subsidiaries that is a partnership for U.S. federal income tax purposes (each, a “Subsidiary Partnership”) will have in effect an election under Section 754 of the Internal Revenue Code of 1986, as amended (the “Code”), for each Taxable Year (as defined below) in which an exchange of Partnership Units for Class A Shares that the Corporate Taxpayer is party to or redemption of Partnership Units for cash or other consideration occurs, which elections are intended generally to result in an adjustment to the tax basis of the assets (including interests in any Subsidiary Partnerships) owned (or treated as owned) by the Partnership or any Subsidiary Partnerships at the time of such an exchange of Partnership Units for Class A Shares or redemption of Partnership Units for cash or other consideration (collectively, an “Exchange”) (such time, the “Exchange Date”) (such assets and any asset whose tax basis is determined, in whole or in part, by reference to the adjusted basis of any such asset, the “Original Assets”) by reason of such Exchange and the receipt of payments under this Agreement;

WHEREAS, the income, gain, loss, expense and other Tax (as defined below) items of (i) the Partnership may be affected by the Basis Adjustment (as defined below) and (ii) the Corporate Taxpayer may be affected by the Imputed Interest (as defined below);

WHEREAS, the parties to this Agreement desire to make certain arrangements with respect to the effect of the Basis Adjustment and Imputed Interest on the actual liability for Taxes of the Corporate Taxpayer;

NOW, THEREFORE, in consideration of the foregoing and the respective covenants and agreements set forth herein, and intending to be legally bound hereby, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. As used in this Agreement, the terms set forth in this Article I shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined).

“Acceleration Event” means each of the following:

(i) the Corporate Taxpayer’s default in any required payment under this Agreement when due, continued for 90 days;

(ii) the Corporate Taxpayer’s failure to comply with any other material obligation under this Agreement, which failure continues for 120 days after the Corporate Taxpayer’s first becoming aware of such failure to comply (including as a result of notice of such failure to comply provided by any Limited Partner);

(iii) the Corporate Taxpayer or the Partnership, pursuant to or within the meaning of any Bankruptcy Law:

(A) commences proceedings to be adjudicated bankrupt or insolvent;

(B) consents to the institution of bankruptcy or insolvency proceedings against it, or the filing by it of a petition or answer or consent seeking an arrangement of debt, reorganization, dissolution, winding up or relief under applicable Bankruptcy Law;

(C) consents to the appointment of a receiver, interim receiver, receiver and manager, liquidator, assignee, trustee, sequestrator or other similar official of it or for all or substantially all of its property;

(D) makes a general assignment for the benefit of its creditors; or

(E) generally is not paying its debts as they become due; or

(iv) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(A) is for relief against the Corporate Taxpayer or the Partnership in a proceeding in which the Corporate Taxpayer or the Partnership is to be adjudicated bankrupt or insolvent;

(B) appoints a receiver, interim receiver, receiver and manager, liquidator, assignee, trustee, sequestrator or other similar official of the Corporate Taxpayer or the Partnership, or for all or substantially all of the property of the Corporate Taxpayer or the Partnership; or

(C) orders the liquidation, dissolution or winding up of the Corporate Taxpayer or the Partnership;

and the order or decree remains unstayed and in effect for 60 consecutive days.

Notwithstanding anything in this Agreement otherwise to the contrary, it shall not be an “Acceleration Event” if the Corporate Taxpayer fails to make any Tax Benefit Payment when due to the extent that the Corporate Taxpayer has insufficient funds to make such payment in the reasonable judgment of the board of directors of the Corporate Taxpayer exercised in good faith; provided that the interest provisions of Section 5.02 shall apply to such late payment.

“Affiliate” means, with respect to any Person at any point in time or during an period (including any future time or period), any other Person that directly or indirectly, through one or more intermediaries, Controls, is Controlled by, or is under common Control with, such first Person as of such time or during such period.

“Agreed Rate” means LIBOR plus 100 basis points.

“Agreement” is defined in the Recitals of this Agreement.

“Amended Schedule” is defined in Section 2.04(b) of this Agreement.

“Bankruptcy Law” means Title 11, U.S. Code, as amended, or any similar federal, state or foreign law for the relief of debtors.

“Basis Adjustment” means the adjustment to the tax basis of an Original Asset under Sections 732, 1012, 734(b), 743(b) and/or 754 of the Code (in situations where, as a result of one or more Exchanges, the Partnership becomes an entity that is disregarded as separate from its owner for tax purposes) or Sections 734(b), 743(b) and/or 754 of the Code (in situations where, following an Exchange, the Partnership remains in existence as an entity for tax purposes) and, in each case, comparable sections of state, local and foreign tax laws (as calculated under Section 2.01 of this Agreement) as a result of an Exchange and the payments made pursuant to this Agreement. Notwithstanding any other provision of this Agreement, the amount of any Basis Adjustment resulting from an Exchange of one or more Partnership Units shall be determined without regard to any Pre-Exchange Transfer of such Partnership Units and as if any such Pre-Exchange Transfer had not occurred.

A “Beneficial Owner” of a security is a Person who directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares: (i) voting power, which includes the power to vote, or to direct the voting of, such security and/or (ii) investment power, which includes the power to dispose of, or to direct the disposition of, such security. The terms “Beneficially Own” and “Beneficial Ownership” shall have correlative meanings.

“Board” means the board of directors of the Corporate Taxpayer.

“Business Day” means Monday through Friday of each week, except that a legal holiday recognized as such by the government of the United States of America or the State of New York shall not be regarded as a Business Day.

“Change of Control” means the occurrence of any of the following events:

(i) any Person or any group of Persons acting together which would constitute a “group” for purposes of Section 13(d) of the Securities and Exchange Act of 1934, or any successor provisions thereto (excluding (a) an entity owned, directly or indirectly, by the shareholders of the Corporate Taxpayer in substantially the same proportions as their ownership of stock of the Corporate Taxpayer or (b) The Blackstone Group L.P. or any of its Affiliates, any “group” for purposes of Section 13(d) of the Securities Act of 1934 or any successor provisions thereto that includes The Blackstone Group L.P. or any of its Affiliates or any Person more than 50% of the combined voting power of then outstanding voting securities of which are owned by The Blackstone Group L.P. or any of its Affiliates or any such “group”) is or becomes the Beneficial Owner, directly or indirectly, of securities of the Corporate Taxpayer representing more than 50% of the combined voting power of the Corporate Taxpayer’s then outstanding voting securities; or

(ii) Continuing Directors cease for any reason to constitute a majority of the number of directors of the Corporate Taxpayer then serving; or

(iii) there is consummated a merger or consolidation of the Corporate Taxpayer with any other corporation or other entity, and, immediately after the consummation of such merger or consolidation, either (x) the Board immediately prior to the merger or consolidation does not constitute at least a majority of the board of directors of the company surviving the merger or, if the surviving company is a Subsidiary, the ultimate parent thereof, or (y) the voting securities of the Corporate Taxpayer immediately prior to such merger or consolidation do not continue to represent or are not converted into more than 50% of the combined voting power of the then outstanding voting securities of the Person resulting from such merger or consolidation or, if the surviving company is a Subsidiary, the ultimate parent thereof; or

(iv) the shareholders of the Corporate Taxpayer approve a plan of complete liquidation or dissolution of the Corporate Taxpayer or there is consummated an agreement or series of related agreements for the sale, lease or other disposition, directly or indirectly, by the Corporate Taxpayer of all or substantially all of the Corporate Taxpayer’s assets, other than such sale or other disposition by the Corporate Taxpayer of all or substantially all of the Corporate Taxpayer’s assets to an entity, at least 50% of the combined voting power of the voting securities of which are owned by shareholders of the Corporate Taxpayer in substantially the same proportions as their ownership of the Corporate Taxpayer immediately prior to such sale.

Notwithstanding the foregoing, except with respect to clause (ii) and clause (iii)(x) above, a “Change of Control” shall not be deemed to have occurred by virtue of the consummation of any transaction or series of integrated transactions immediately following which the record holders of the shares of the Corporate Taxpayer immediately prior to such transaction or series of transactions continue to have substantially the same proportionate

ownership in, and own substantially all of the shares of, an entity which owns all or substantially all of the assets of the Corporate Taxpayer immediately following such transaction or series of transactions.

“Class A Shares” is defined in the Recitals of this Agreement.

“Code” is defined in the Recitals of this Agreement.

“Continuing Directors” means, as of any date of determination, any member of the board of directors of the Corporate Taxpayer who: (i) was a member of such board of directors immediately following the consummation by The Blackstone Group L.P. of the distribution to its common unitholders of Class A Shares shares (as contemplated by the Corporate Taxpayer’s Registration Statement on Form 10 (File No. 001-3689); or (ii) was nominated for election or elected or appointed to such board of directors with the approval of a majority of the Continuing Directors who were members of such board of directors at the time of such nomination, election or appointment, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the board of Directors.

“Control” means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise.

“Corporate Taxpayer” is defined in the Recitals of this Agreement.

“Corporate Taxpayer Return” means the federal Tax Return and/or state and/or local and/or foreign Tax Return, as applicable, of the Corporate Taxpayer filed with respect to Taxes of any Taxable Year (which may include a consolidated Tax Return).

“Date of Receipt” is defined in Section 2.04(a) of this Agreement.

“Default Rate” means LIBOR plus 500 basis points.

“Determination” shall have the meaning ascribed to such term in Section 1313(a) of the Code or similar provision of state, local and foreign tax law, as applicable, or any other event (including the execution of a Form 870-AD) that finally and conclusively establishes the amount of any liability for Tax.

“Early Termination Date” means the date of an Early Termination Notice for purposes of determining the Early Termination Payment.

“Early Termination Notice” is defined in Section 4.02 of this Agreement.

“Early Termination Schedule” is defined in Section 4.02 of this Agreement.

“Early Termination Payment” is defined in Section 4.03(b) of this Agreement.

“Early Termination Rate” means LIBOR plus 100 basis points.

“Exchange” is defined in the Recitals of this Agreement. The term “Exchanged” shall have a correlative meaning.

“Exchange Agreement” means the Exchange Agreement, dated as of the date hereof, among the Partnership, the Corporate Taxpayer and the Limited Partners.

“Exchange Basis Schedule” is defined in Section 2.02 of this Agreement.

“Exchange Date” is defined in the Recitals of this Agreement.

“Exchange Payment” is defined in Section 5.01 of this Agreement.

“Expert” is defined in Section 7.09 of this Agreement.

“Imputed Interest” shall mean any interest imputed under Section 1272, 1274 or 483 or other provision of the Code and any similar provision of state, local and foreign tax law with respect to the Corporate Taxpayer’s payment obligations under this Agreement.

“Interest Amount” is defined in Section 3.01(b) of this Agreement.

“LIBOR” means during any period, an interest rate per annum equal to the one-year LIBOR reported, on the date two days prior to the first day of such period, on the Telerate Page 3750 (or if such screen shall cease to be publicly available, as reported on Reuters Screen page “LIBOR01” or by any other publicly available source of such market rate) for London interbank offered rates for U.S. dollar deposits for such period.

“Limited Partner” means the parties hereto (other than the Corporate Taxpayer and the Partnership) and each other individual who from time to time executes a joinder agreement.

“Market Value” shall mean the closing price of the Class A Shares on the applicable Exchange Date on the principal national securities exchange or interdealer quotation system on which such Class A Shares are then traded or listed, as reported by the Wall Street Journal; provided that if the closing price is not reported by the Wall Street Journal for the applicable Exchange Date, then the Market Value shall mean the closing price of the Class A Shares on the Business Day immediately preceding such Exchange Date on the principal national securities exchange or interdealer quotation system on which such Class A Shares are then traded or listed, as reported by the Wall Street Journal; provided further, that if the Class A Shares are not then listed on a national securities exchange or interdealer quotation system, “Market Value” shall mean the cash consideration paid for Class A Shares, or the fair market value of the other property delivered for Class A Shares, as determined by the board of directors of the Corporate Taxpayer in good faith.

“Material Objection Notice” has the meaning set forth in Section 4.02 of this Agreement.

“Net Tax Benefit” is defined in Section 3.01(b) of this Agreement.

“Non-Stepped Up Tax Basis” means, with respect to any asset at any time, the tax basis that such asset would have had at such time if no Basis Adjustment had been made.

“Non-Stepped Up Tax Liability” means, with respect to any Taxable Year, the liability for Taxes of (i) the Corporate Taxpayer or the other members of the consolidated group of which the Corporate Taxpayer is a member and (ii) without duplication, the Partnership or its direct or indirect subsidiaries but only with respect to Taxes imposed on the Partnership or its direct or indirect subsidiaries and allocable to the Corporate Taxpayer or to the other members of the consolidated group of which the Corporate Taxpayer is a member, in each case using the same methods, elections, conventions and similar practices used on the relevant Corporate Taxpayer Return, but using the Non-Stepped Up Tax Basis instead of the tax basis of the Original Assets and excluding any deduction attributable to the Imputed Interest. For the avoidance of doubt, Non-Stepped Up Tax Liability shall be determined without taking into account the carryover or carryback of any Tax item (or portions thereof) that is attributable to the Basis Adjustment or Imputed Interest, as applicable.

“Objection Notice” has the meaning set forth in Section 2.04(a) of this Agreement.

“Original Assets” is defined in the Recitals of this Agreement.

“Partnership” is defined in the Recitals of this Agreement.

“Partnership Agreement” means the Second Amended and Restated Limited Partnership Agreement of the Partnership.

“Partnership Units” is defined in the Recitals of this Agreement.

“Payment Date” means any date on which a payment is required to be made pursuant to this Agreement.

“Person” means any individual, corporation, firm, partnership, joint venture, limited liability company, estate, trust, business association, organization, governmental entity or other entity.

“Pre-Exchange Transfer” means any transfer (including upon the death of a Limited Partner) of one or more Partnership Units (i) that occurs prior to an Exchange of such Partnership Units, and (ii) to which Section 734(b) or 743(b) of the Code applies.

“Realized Tax Benefit” means, for a Taxable Year, the excess, if any, of the Non-Stepped Up Tax Liability over the actual liability for Taxes of (i) the Corporate Taxpayer or the other members of the consolidated group of which the Corporate Taxpayer is a member and (ii) without duplication, the Partnership or its direct or indirect subsidiaries but only with respect to Taxes imposed on the Partnership or its direct or indirect subsidiaries and allocable to Corporate Taxpayer or to the other members of the consolidated group of which the Corporate Taxpayer is a member for such Taxable Year. If all or a portion of the actual tax liability for Taxes for the

Taxable Year arises as a result of an audit by a Taxing Authority of any Taxable Year, such liability shall not be included in determining the Realized Tax Benefit unless and until there has been a Determination.

“Realized Tax Detriment” means, for a Taxable Year, the excess, if any, of the actual liability for Taxes of (i) the Corporate Taxpayer or the other members of the consolidated group of which the Corporate Taxpayer is a member and (ii) without duplication, the Partnership or its direct or indirect subsidiaries but only with respect to Taxes imposed on the Partnership or its direct or indirect subsidiaries and allocable to the Corporate Taxpayer or to the other members of the consolidated group of which the Corporate Taxpayer is a member over the Non-Stepped Up Tax Liability for such Taxable Year. If all or a portion of the actual tax liability for Taxes for the Taxable Year arises as a result of an audit by a Taxing Authority of any Taxable Year, such liability shall not be included in determining the Realized Tax Detriment unless and until there has been a Determination.

“Reconciliation Dispute” has the meaning set forth in Section 7.09 of this Agreement.

“Reconciliation Procedures” shall mean those procedures set forth in Section 2.04(a) of this Agreement.

“Separation Agreement” means the Separation and Distribution Agreement, dated as of , 2015, by and among The Blackstone Group L.P., Blackstone Holdings I L.P., New Advisory GP L.L.C., the Partnership and the Corporate Taxpayer.

“Schedule” means any Exchange Basis Schedule, Tax Benefit Schedule and the Early Termination Schedule.

“Section 734(b) Exchange” means any Exchange that results in a Basis Adjustment under Section 734(b) of the Code.

“Senior Obligations” is defined in Section 5.01 of this Agreement.

“Significant Limited Partner” means any Limited Partner that, as of any date of determination, would be entitled to receive at least 10% of the total amount of the Early Termination Payments payable to all Limited Partners hereunder if the Corporate Taxpayer had exercised its right of early termination on the date of the most recent Exchange prior to such date of determination (excluding, for purposes of this sentence, all payments made to any Limited Partner pursuant to this Agreement since the date of such most recent Exchange).

“Subsidiaries” means, with respect to any Person, as of any date of determination, any other Person as to which such Person, owns, directly or indirectly, or otherwise Controls more than 50% of the voting power or other similar interests or the sole general partner interest or managing member or similar interest of such Person.

“Subsidiary Partnership” is defined in the Recitals of this Agreement.

“Tax Benefit Payment” is defined in Section 3.01(b) of this Agreement.

“Tax Benefit Schedule” is defined in Section 2.03 of this Agreement.

“Tax Return” means any return, declaration, report or similar statement filed or required to be filed with respect to Taxes (including any attached schedules), including, without limitation, any information return, claim for refund, amended return and declaration of estimated Tax.

“Taxable Year” means a taxable year as defined in Section 441(b) of the Code or comparable section of state, local or foreign tax law, as applicable, (and, therefore, for the avoidance of doubt, may include a period of less than 12 months for which a Tax Return is made) ending on or after the Exchange Date in which there is a Basis Adjustment due to an Exchange.

“Taxes” means any and all U.S. federal, state, local and foreign taxes, assessments or similar charges measured with respect to net income or profits and any interest related to such Tax.

“Taxing Authority” shall mean any domestic, foreign, federal, national, state, county or municipal or other local government, any subdivision, agency, commission or authority thereof, or any quasi-governmental body exercising any taxing authority or any other authority exercising Tax regulatory authority.

“Treasury Regulations” means the final and temporary regulations under the Code promulgated from time to time (including corresponding provisions and succeeding provisions) as in effect for the relevant taxable period.

“Valuation Assumptions” shall mean, as of an Early Termination Date, the assumptions that (1) in each Taxable Year ending on or after such Early Termination Date, the Corporate Taxpayer will have taxable income sufficient to fully utilize the deductions arising from the Basis Adjustment and the Imputed Interest during such Taxable Year or future Taxable Year (including, for the avoidance of doubt, Basis Adjustments and Imputed Interest that would result from future Tax Benefit Payments that would be paid in accordance with the Valuation Assumptions) in which such deductions would become available, (2) the federal income tax rates and state, local and foreign income tax rates that will be in effect for each such Taxable Year will be those specified for each such Taxable Year by the Code and other law as in effect on the Early Termination Date, (3) any loss carryovers or carryback generated by the Basis Adjustment or the Imputed Interest and available as of the Early Termination Date will be utilized by the Corporate Taxpayer on a pro rata basis from the Early Termination Date through the scheduled expiration date of such loss carryovers or carrybacks, (4) any non-amortizable assets are deemed to be disposed of on the fifteenth anniversary of the earlier of the applicable Basis Adjustment and the Early Termination Date; provided, that in the event of a Change of Control, such non-amortizable assets shall be deemed disposed of (a) at the time of sale of the relevant asset (if earlier than such fifteenth anniversary) in the case of Basis Adjustments with respect to Exchanges that have occurred as of the Change of Control or (b) at the earlier of the time of sale of the relevant asset or the fifteenth anniversary of the applicable Basis Adjustment in the case of Basis Adjustments with respect to Exchanges that have not occurred as of the Change of Control and (5) if, at the Early Termination Date, there are Partnership Units that have not been

Exchanged, then each such Partnership Unit shall be deemed to be Exchanged for Class A Shares with a Market Value of the Class A Shares that would be transferred if the Exchange occurred on the Early Termination Date.

ARTICLE II

DETERMINATION OF REALIZED TAX BENEFIT

Section 2.01. Basic Adjustment Principles. The Realized Tax Benefit or Realized Tax Detriment for each Taxable Year is intended to measure the decrease or increase in the actual liability for Taxes of the Corporate Taxpayer or the other members of the consolidated group of which the Corporate Taxpayer is a member (and such Persons' allocable share of Taxes of the Partnership or its direct or indirect subsidiaries) for such Taxable Year attributable to the Basis Adjustments and Imputed Interest, determined using a "with and without" methodology. For the avoidance of doubt, the actual liability for Taxes will take into account the deduction of the portion of the Tax Benefit Payment (if any) that is accounted for as Imputed Interest. Carryovers or carrybacks of any Tax item attributable to the Basis Adjustments and Imputed Interest shall be considered to be subject to the rules of the Code and the Treasury Regulations or the appropriate provisions of U.S. state and local income and franchise tax law, as applicable, governing the use, limitation and expiration of carryovers or carrybacks of the relevant type. If a carryover or carryback of any Tax item includes a portion that is attributable to the Basis Adjustment or Imputed Interest and another portion that is not, such portions shall be considered to be used in accordance with the "with and without" methodology. The parties agree that, subject to a change in applicable law, (i) all Tax Benefit Payments attributable to the Basis Adjustments (other than amounts accounted for as Imputed Interest) will be treated as subsequent upward purchase price adjustments and have the effect of creating additional Basis Adjustments to Original Assets for the Corporate Taxpayer in the year of payment, and (ii) as a result, such additional Basis Adjustments will be incorporated into the current year calculation and into future year calculations, as appropriate; provided that the foregoing treatment shall not be required to apply to payments hereunder to a Limited Partner in respect of a Section 734(b) Exchange by such Limited Partner that are attributable to a Basis Adjustment. For the avoidance of doubt, payments made under this Agreement shall not be treated as resulting in a Basis Adjustment to the extent such payments are treated as Imputed Interest. The parties intend that (a) a Limited Partner that has made a Section 734(b) Exchange shall, with respect to the Basis Adjustment resulting from such Section 734(b) Exchange or any payments hereunder in respect of such Exchange, be entitled to Tax Benefit Payments in respect of such Basis Adjustments only to the extent such Basis Adjustments are allocable (as determined in the good faith discretion of the Corporate Taxpayer) to the Corporate Taxpayer following such Section 734(b) Exchange (without taking into account any concurrent or subsequent Exchanges) and (b) if, as a result of a subsequent Exchange, an increased portion of the Basis Adjustments resulting from such Section 734(b) Exchange or any payments hereunder in respect of such Exchange becomes allocable to the Corporate Taxpayer (as determined in the good faith discretion of the Corporate Taxpayer), then the Limited Partner that makes such subsequent Exchange shall be entitled to a Tax Benefit Payment in respect of such increased portion.

Section 2.02. Exchange Basis Schedule. Within 90 calendar days after the filing of the U.S. federal income tax return of the Corporate Taxpayer for each Taxable Year in which

any Exchange has been effected, the Corporate Taxpayer shall deliver to each applicable Limited Partner a schedule (the “Exchange Basis Schedule”) that shows for purposes of Taxes, (i) the Non-Stepped Up Tax Basis of the Original Assets as of each applicable Exchange Date, (ii) the Basis Adjustment with respect to the Original Assets as a result of the Exchanges effected in such Taxable Year, calculated in the aggregate, (iii) the period or periods, if any, over which the Original Assets are amortizable and/or depreciable and (iv) the period or periods, if any, over which each Basis Adjustment is amortizable and/or depreciable (which, for non-amortizable assets shall be based on the Valuation Assumptions).

Section 2.03. Tax Benefit Schedule. Within 90 calendar days after the filing of the U.S. federal income tax return of the Corporate Taxpayer for any Taxable Year in which there is a Realized Tax Benefit or Realized Tax Detriment, the Corporate Taxpayer shall provide to the applicable Limited Partner a schedule showing the calculation of the Realized Tax Benefit or Realized Tax Detriment for such Taxable Year and the portion thereof allocable to the applicable Limited Partner (a “Tax Benefit Schedule”). The Schedule will become final as provided in Section 2.04(a) and may be amended as provided in Section 2.04(b) (subject to the procedures set forth in Section 2.04(b)).

Section 2.04. Procedures, Amendments.

(a) Procedure. Every time the Corporate Taxpayer delivers to the applicable Limited Partner an applicable Schedule under this Agreement, including any Amended Schedule delivered pursuant to Section 2.04(b), but excluding any Early Termination Schedule or amended Early Termination Schedule, the Corporate Taxpayer shall also (x) deliver to the applicable Limited Partner schedules and work papers providing reasonable detail regarding the preparation of the Schedule and (y) allow the applicable Limited Partner reasonable access, at no cost to such Limited Partner, to the appropriate representatives at the Corporate Taxpayer in connection with a review of such Schedule. The applicable Schedule or amendment thereto shall become final and binding on all parties 30 calendar days from the date (the “Date of Receipt”) on which all relevant Limited Partners are treated as having received the applicable Schedule or amendment thereto under Section 7.01, unless a Significant Limited Partner, within 30 calendar days from such Date of Receipt, provides the Corporate Taxpayer with notice of a material objection to such Schedule or amendment thereto (“Objection Notice”) made in good faith; provided, for the sake of clarity, only Significant Limited Partners shall have the right to object to any Schedule or Amended Schedule pursuant to this Section 2.04. If the parties, for any reason, are unable to successfully resolve the issues raised in an Objection Notice within 30 calendar days of receipt by the Corporate Taxpayer of such Objection Notice, the Corporate Taxpayer and the applicable Significant Limited Partner shall employ the reconciliation procedures as described in Section 7.09 (the “Reconciliation Procedures”) provided, that if more than one Significant Limited Partner provides an Objection Notice with respect to a Schedule or an Amended Schedule, all issues raised by such Significant Limited Partners shall be subject to a single, consolidated proceeding that employs the Reconciliation Procedures.

(b) Amended Schedule. The applicable Schedule for any Taxable Year shall be amended from time to time by the Corporate Taxpayer (i) in connection with a Determination affecting such Schedule, (ii) to correct material inaccuracies in the Schedule identified as a result of the receipt of additional factual information relating to a Taxable Year after the date the

Schedule was provided to the applicable Limited Partner, (iii) to comply with the Expert's determination under the Reconciliation Procedures, (iv) to reflect a material change in the Realized Tax Benefit or Realized Tax Detriment for such Taxable Year attributable to a carryback or carryforward of a loss or other tax item to such Taxable Year, (v) to reflect a material change in the Realized Tax Benefit or Realized Tax Detriment for such Taxable Year attributable to an amended Tax Return filed for such Taxable Year, or (vi) to adjust the Exchange Basis Schedule to take into account payments made pursuant to this Agreement (such Schedule, an "Amended Schedule").

ARTICLE III

TAX BENEFIT PAYMENTS

Section 3.01. Payments.

(a) Payments. Within five (5) calendar days of a Tax Benefit Schedule delivered to an applicable Limited Partner becoming final in accordance with Section 2.04(a), the Corporate Taxpayer shall pay to the applicable Limited Partner for such Taxable Year the portion of the Tax Benefit Payment determined pursuant to Section 3.01(b) that is allocable to such Limited Partner (determined in accordance with the principles set forth in Section 2.01). Each such Tax Benefit Payment shall be made by wire transfer of immediately available funds to a bank account of the applicable Limited Partner previously designated by such Limited Partner to the Corporate Taxpayer or as otherwise agreed by the Corporate Taxpayer and the applicable Limited Partner. For the avoidance of doubt, no Tax Benefit Payment shall be made in respect of estimated tax payments, including, without limitation, federal income tax payments.

(b) A "Tax Benefit Payment" means an amount, not less than zero, equal to 85% of the sum of the Net Tax Benefit and the Interest Amount. The "Net Tax Benefit" shall equal: (1) the Corporate Taxpayer's Realized Tax Benefit, if any, for a Taxable Year plus (2) the amount of the excess, if any, of the Realized Tax Benefit reflected on an Amended Tax Benefit Schedule for a previous Taxable Year over the Realized Tax Benefit (or Realized Tax Detriment (expressed as a negative number)) reflected on the Tax Benefit Schedule for such previous Taxable Year, minus (3) an amount equal to the Corporate Taxpayer's Realized Tax Detriment (if any) for the current or any previous Taxable Year, minus (4) the amount of the excess, if any, of the Realized Tax Benefit reflected on a Tax Benefit Schedule for a previous Taxable Year over the Realized Tax Benefit (or Realized Tax Detriment (expressed as a negative number)) reflected on the Amended Tax Benefit Schedule for such previous Taxable Year; provided, however, that to the extent the amounts described in 3.01(b)(2), (3) and (4) were taken into account in determining any Tax Benefit Payment in a preceding Taxable Year, such amounts shall not be taken into account in determining a Tax Benefit Payment attributable to any other Taxable Year; provided, further, for the avoidance of doubt, no Limited Partner shall be required to return any portion of any previously made Tax Benefit Payment. The "Interest Amount" shall equal the interest on the Net Tax Benefit calculated at the Agreed Rate for the period from (and including) the due date (without extensions) for filing the Corporate Taxpayer Return with respect to Taxes for such Taxable Year until (but excluding) the Payment Date. Notwithstanding the foregoing, for each Taxable Year ending on or after the date of a Change of Control, all Tax Benefit Payments, whether paid with respect to Partnership Units that were Exchanged (i) prior

to the date of such Change of Control or (ii) on or after the date of such Change of Control, shall be calculated by utilizing Valuation Assumptions (1), (3) and (4), substituting in each case the terms “closing date of a Change of Control” for an “Early Termination Date”.

Section 3.02. No Duplicative Payments. It is intended that the above provisions of this Agreement will not result in duplicative payment of any amount (including interest) required under this Agreement. The provisions of this Agreement shall be construed in the appropriate manner as such intentions are realized.

Section 3.03. Pro Rata Payments.

(a) For the avoidance of doubt, to the extent the Corporate Taxpayer’s deduction with respect to the Basis Adjustment is limited in a particular Taxable Year or the Corporate Taxpayer lacks sufficient funds to satisfy its obligations to make all Tax Benefit Payments due in a particular Taxable Year, the limitation on the deduction, or the Tax Benefit Payments that may be made, as the case may be, shall be taken into account or made for each applicable Limited Partner on a pro rata basis relative to the total amount of deductions with respect to the aggregate Basis Adjustments for all of the applicable Limited Partners (determined in accordance with the principles set forth in Section 2.01).

(b) After taking into account Section 3.03(a), if for any reason the Corporate Taxpayer does not fully satisfy its payment obligations to make all Tax Benefit Payments due under this Agreement in respect of a particular Taxable Year, then the Corporate Taxpayer and the Limited Partners agree that no Tax Benefit Payment shall be made in respect of any Taxable Year until all Tax Benefit Payments in respect of prior Taxable Years have been made in full.

ARTICLE IV

TERMINATION

Section 4.01. Early Termination and Breach of Agreement.

(a) The Corporate Taxpayer may terminate this Agreement with respect to all amounts payable to the Limited Partners and with respect to all of the Partnership Units held (or previously held and exchanged) by all Limited Partners at any time by paying to each Limited Partner the Early Termination Payment in respect of such Limited Partner; provided, however, that this Agreement shall only terminate upon the receipt of the Early Termination Payment by all Limited Partners, and provided, further, that the Corporate Taxpayer may withdraw any notice to execute its termination rights under this Section 4.01(a) prior to the time at which any Early Termination Payment has been paid. Upon payment of the Early Termination Payment by the Corporate Taxpayer, neither the applicable Limited Partners nor the Corporate Taxpayer shall have any further payment obligations under this Agreement in respect of such Limited Partners, other than for any (a) Tax Benefit Payment agreed to by the Corporate Taxpayer and the applicable Limited Partner as due and payable but unpaid as of the Early Termination Notice and (b) Tax Benefit Payment due for the Taxable Year ending with or including the date of the Early Termination Notice (except to the extent that the amount described in clause (b) is included in the Early Termination Payment). If an Exchange occurs after the Corporate Taxpayer exercises its termination rights under this Section 4.01(a), the Corporate Taxpayer shall have no obligations under this Agreement with respect to such Exchange.

(b) Upon the occurrence of any Acceleration Event all obligations hereunder shall be accelerated and such obligations shall be calculated as if an Early Termination Notice had been delivered on the date of such Acceleration Event and shall include, but not be limited to, (1) the Early Termination Payment calculated as if an Early Termination Notice had been delivered on the date of such Acceleration Event, (2) any Tax Benefit Payment agreed to by the Corporate Taxpayer and any Limited Partners as due and payable but unpaid as of the date of such Acceleration Event, and (3) any Tax Benefit Payment due for the Taxable Year ending with or including the date of an Acceleration Event. Notwithstanding the foregoing, upon the occurrence of an Acceleration Event, the Limited Partners shall be entitled to elect to receive the amounts set forth in (1), (2) and (3), above or to seek specific performance of the terms hereof.

(c) The undersigned parties agree that the aggregate value of the Tax Benefit Payments cannot be ascertained with any reasonable certainty for U.S. federal income tax purposes.

Section 4.02. Early Termination Notice. If the Corporate Taxpayer chooses to exercise its right of early termination under Section 4.01 above, the Corporate Taxpayer shall deliver to each Limited Partner notice of such intention to exercise such right (“Early Termination Notice”) and a schedule (the “Early Termination Schedule”) specifying the Corporate Taxpayer’s intention to exercise such right and showing in reasonable detail the calculation of the Early Termination Payment. The applicable Early Termination Schedule shall become final and binding on all parties unless a Significant Limited Partner, within 30 calendar days after receiving the Early Termination Schedule thereto provides the Corporate Taxpayer with notice of a material objection to such Schedule made in good faith (“Material Objection Notice”); provided, for the sake of clarity, only Significant Limited Partners shall have the right to object to any Schedule or Amended Schedule pursuant to this Section 4.02. If the parties, for any reason, are unable to successfully resolve the issues raised in such notice within 30 calendar days after receipt by the Corporate Taxpayer of the Material Objection Notice, the Corporate Taxpayer and the applicable Significant Limited Partner shall employ the Reconciliation Procedures as described in Section 7.09.

Section 4.03. Payment upon Early Termination. (a) Within three calendar days after the Early Termination Schedule becomes final and binding pursuant to this Agreement, the Corporate Taxpayer shall pay to each Limited Partner an amount equal to the Early Termination Payment applicable to such Limited Partner. Such payment shall be made by wire transfer of immediately available funds to a bank account designated by the applicable Limited Partner or as otherwise agreed by the Corporate Taxpayer and the applicable Limited Partner.

(b) The “Early Termination Payment” as of the date of the delivery of an Early Termination Schedule shall equal with respect to each Limited Partner the present value, discounted at the Early Termination Rate as of such date, of all Tax Benefit Payments that would be required to be paid by the Corporate Taxpayer to such Limited Partner beginning from the Early Termination Date assuming the Valuation Assumptions are applied.

ARTICLE V

SUBORDINATION AND LATE PAYMENTS

Section 5.01. Subordination. Notwithstanding any other provision of this Agreement to the contrary, any Tax Benefit Payment or Early Termination Payment required to be made by the Corporate Taxpayer to the applicable Limited Partner under this Agreement (an “Exchange Payment”) shall rank subordinate and junior in right of payment to any principal, interest or other amounts due and payable in respect of any obligations in respect of indebtedness for borrowed money of the Corporate Taxpayer and its Subsidiaries (“Senior Obligations”) and shall rank pari passu with all current or future unsecured obligations of the Corporate Taxpayer that are not Senior Obligations.

Section 5.02. Late Payments by the Corporate Taxpayer. The amount of all or any portion of any Exchange Payment not made to the applicable Limited Partner when due under the terms of this Agreement shall be payable together with any interest thereon, computed at the Default Rate and commencing from the date on which such Exchange Payment was due and payable.

ARTICLE VI

NO DISPUTES; CONSISTENCY; COOPERATION

Section 6.01. The Corporate Taxpayer’s and the Partnership’s Tax Matters. Except as otherwise provided herein, the Corporate Taxpayer shall have full responsibility for, and sole discretion over, all Tax matters concerning the Corporate Taxpayer and the Partnership, including without limitation the preparation, filing or amending of any Tax Return and defending, contesting or settling any issue pertaining to Taxes.

Section 6.02. Consistency. The Corporate Taxpayer, the Partnership and the applicable Limited Partner agree to report and cause to be reported for all purposes, including federal, state, local and foreign Tax purposes and financial reporting purposes, all Tax-related items (including without limitation the Basis Adjustment and each Tax Benefit Payment) in a manner consistent with that specified by the Corporate Taxpayer in any Schedule required to be provided by or on behalf of the Corporate Taxpayer under this Agreement.

Section 6.03. Cooperation. The applicable Limited Partner shall (a) furnish to the Corporate Taxpayer in a timely manner such information, documents and other materials as the Corporate Taxpayer may reasonably request for purposes of making any determination or computation necessary or appropriate under this Agreement, preparing any Tax Return or contesting or defending any audit, examination or controversy with any Taxing Authority, (b) make itself available to the Corporate Taxpayer and its representatives to provide explanations of documents and materials and such other information as the Corporate Taxpayer or its representatives may reasonably request in connection with any of the matters described in clause (a) above, and (c) reasonably cooperate in connection with any such matter, and the Corporate Taxpayer shall reimburse the applicable Limited Partner for any reasonable third-party costs and expenses incurred pursuant to this Section.

Section 6.04. Tax Contests. The Corporate Taxpayer and the Partnership shall use reasonable efforts (for the avoidance of doubt, taking into account the interests and entitlements of all Limited Partners under this Agreement) to defend the Tax treatment contemplated by this Agreement and any Schedule in any audit, contest or similar proceeding with any Taxing Authority.

ARTICLE VII

MISCELLANEOUS

Section 7.01. Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be deemed duly given and received (a) on the date of delivery if delivered personally, by facsimile upon confirmation of transmission by the sender's fax machine if sent on a Business Day (or otherwise on the next Business Day) or by email upon confirmation of transmission or (b) on the first Business Day following the date of dispatch if delivered by a recognized next-day courier service. All notices hereunder shall be delivered as set forth below, or pursuant to such other instructions as may be designated in writing by the party to receive such notice:

If to the Corporate Taxpayer, to:

with a copy to:

If to the applicable Limited Partner, to:

The address, facsimile number and email address set forth in the records of the Partnership.

Any party may change its address, fax number or email address by giving the other party written notice of its new address, fax number or email address in the manner set forth above.

Section 7.02. Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties, it being understood that all parties need not sign the same counterpart. Delivery of an executed signature page to this Agreement by facsimile or email transmission shall be as effective as delivery of a manually signed counterpart of this Agreement.

Section 7.03. Entire Agreement; No Third Party Beneficiaries. This Agreement constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof. This Agreement shall be binding upon and inure solely to the benefit of each party hereto and their respective successors and permitted assigns, and nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

Section 7.04. Governing Law. THIS AGREEMENT AND THE RIGHTS AND DUTIES OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF DELAWARE..

Section 7.05. Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any law or public policy, all other terms and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible.

Section 7.06. Successors; Assignment; Amendments; Waivers.

(a) No Limited Partner may assign this Agreement to any person without the prior written consent of the Corporate Taxpayer; provided, however, (i) that, to the extent Partnership Units are effectively transferred in accordance with the terms of the Partnership Agreement, the transferring Limited Partner shall assign to the transferee of such Partnership Units the transferring Limited Partner's rights under this Agreement with respect to such transferred Partnership Units, as long as such transferee has executed and delivered, or, in connection with such transfer, executes and delivers, a joinder to this Agreement, in form and substance reasonably satisfactory to the Corporate Taxpayer, agreeing to become a "Limited Partner" for all purposes of this Agreement, except as otherwise provided in such joinder, and (ii) that, once an Exchange has occurred, any and all payments that may become payable to a Limited Partner pursuant to this Agreement with respect to such Exchange may be assigned to any Person or Persons, as long as any such Person has executed and delivered, or, in connection with such assignment, executes and delivers, a joinder to this Agreement, in form and substance reasonably satisfactory to the Corporate Taxpayer, agreeing to be bound by Section 7.12 and acknowledging specifically the last sentence of Section 7.06(c).

(b) No provision of this Agreement may be amended unless such amendment is approved in writing by the Corporate Taxpayer, on behalf of itself and the Partnership, and by the Limited Partners who would be entitled to receive at least two-thirds of the total amount of the Early Termination Payments payable to all Limited Partners hereunder if the Corporate Taxpayer had exercised its right of early termination on the date of the most recent Exchange prior to such amendment (excluding, for purposes of this sentence, all payments made to any Limited Partner pursuant to this Agreement since the date of such most recent Exchange); provided, that no such amendment shall be effective if such amendment will have a disproportionate effect on the payments certain Limited Partners will or may receive under this Agreement unless such amendment is consented in writing by the Limited Partners disproportionately affected who would be entitled to receive at least two-thirds of the total amount of the Early Termination Payments payable to all Limited Partners disproportionately

affected hereunder if the Corporate Taxpayer had exercised its right of early termination on the date of the most recent Exchange prior to such amendment (excluding, for purposes of this sentence, all payments made to any Limited Partner pursuant to this Agreement since the date of such most recent Exchange). No provision of this Agreement may be waived unless such waiver is in writing and signed by the party against whom the waiver is to be effective.

(c) All of the terms and provisions of this Agreement shall be binding upon, shall inure to the benefit of and shall be enforceable by the parties hereto and their respective successors, assigns, heirs, executors, administrators and legal representatives. The Corporate Taxpayer shall require and cause any direct or indirect successor (whether by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Corporate Taxpayer, by written agreement, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Corporate Taxpayer would be required to perform if no such succession had taken place. Notwithstanding anything to the contrary herein, in the event a Significant Limited Partner transfers his Partnership Units to a Transferee (as defined in the Partnership Agreement), excluding any other Significant Limited Partner, such Significant Limited Partner shall have the right, on behalf of such transferee, to enforce the provisions of Sections 2.04 or 4.02 with respect to such transferred Partnership Units.

Section 7.07. Titles and Headings. Titles and headings to sections herein are inserted for the convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

Section 7.08. Resolution of Disputes.

(a) Any and all disputes which are not governed by Section 7.09 and cannot be settled amicably, including any ancillary claims of any party, arising out of, relating to or in connection with the validity, negotiation, execution, interpretation, performance or non-performance of this Agreement (including the validity, scope and enforceability of this arbitration provision) shall be finally settled by arbitration conducted by a single arbitrator in New York in accordance with the then-existing Rules of Arbitration of the International Chamber of Commerce. If the parties to the dispute fail to agree on the selection of an arbitrator within thirty (30) days of the receipt of the request for arbitration, the International Chamber of Commerce shall make the appointment. The arbitrator shall be a lawyer admitted to the practice of law in the State of New York and shall conduct the proceedings in the English language.

Performance under this Agreement shall continue if reasonably possible during any arbitration proceedings.

(b) Notwithstanding the provisions of paragraph (a), the Corporate Taxpayer may bring an action or special proceeding in any court of competent jurisdiction for the purpose of compelling a party to arbitrate, seeking temporary or preliminary relief in aid of an arbitration hereunder, and/or enforcing an arbitration award and, for the purposes of this paragraph (b), each Limited Partner (i) expressly consents to the application of paragraph (c) of this Section 7.08 to any such action or proceeding, (ii) agrees that proof shall not be required that monetary damages for breach of the provisions of this Agreement would be difficult to calculate and that remedies at law would be inadequate, and (iii) irrevocably appoints the Corporate Taxpayer as such

Limited Partner's agent for service of process in connection with any such action or proceeding and agrees that service of process upon such agent, who shall promptly advise such Limited Partner of any such service of process, shall be deemed in every respect effective service of process upon the Limited Partner in any such action or proceeding.

(c) (i) EACH LIMITED PARTNER HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF COURTS LOCATED IN NEW YORK, NEW YORK FOR THE PURPOSE OF ANY JUDICIAL PROCEEDING BROUGHT IN ACCORDANCE WITH THE PROVISIONS OF THIS SECTION 7.08, OR ANY JUDICIAL PROCEEDING ANCILLARY TO AN ARBITRATION OR CONTEMPLATED ARBITRATION ARISING OUT OF OR RELATING TO OR CONCERNING THIS AGREEMENT. Such ancillary judicial proceedings include any suit, action or proceeding to compel arbitration, to obtain temporary or preliminary judicial relief in aid of arbitration, or to confirm an arbitration award. The parties acknowledge that the fora designated by this paragraph (c) have a reasonable relation to this Agreement, and to the parties' relationship with one another.

(ii) The parties hereby waive, to the fullest extent permitted by applicable law, any objection which they now or hereafter may have to personal jurisdiction or to the laying of venue of any such ancillary suit, action or proceeding brought in any court referred to in the preceding paragraph of this Section 7.08 and such parties agree not to plead or claim the same.

Section 7.09. Reconciliation. In the event that the Corporate Taxpayer and the applicable Significant Limited Partner are unable to resolve a disagreement with respect to the matters governed by Sections 2.04, 4.02 and 6.02 within the relevant period designated in this Agreement ("Reconciliation Dispute"), the Reconciliation Dispute shall be submitted for determination to a nationally recognized expert (the "Expert") in the particular area of disagreement mutually acceptable to both parties. The Expert shall be a partner or principal in a nationally recognized accounting firm or a law firm, and the Expert shall not, and the firm that employs the Expert shall not, have any material relationship with the Corporate Taxpayer or the applicable Significant Limited Partner or other actual or potential conflict of interest. If the parties are unable to agree on an Expert within fifteen (15) days of receipt by the respondent(s) of written notice of a Reconciliation Dispute, the Expert shall be appointed by the International Chamber of Commerce Centre for Expertise. The Expert shall resolve any matter relating to the Exchange Basis Schedule or an amendment thereto or the Early Termination Schedule or an amendment thereto within 30 calendar days and shall resolve any matter relating to a Tax Benefit Schedule or an amendment thereto within 15 calendar days or as soon thereafter as is reasonably practicable, in each case after the matter has been submitted to the Expert for resolution. Notwithstanding the preceding sentence, if the matter is not resolved before any payment that is the subject of a disagreement would be due (in the absence of such disagreement) or any Tax Return reflecting the subject of a disagreement is due, the undisputed amount shall be paid on the date prescribed by this Agreement and such Tax Return may be filed as prepared by the Corporate Taxpayer, subject to adjustment or amendment upon resolution. The costs and expenses relating to the engagement of such Expert or amending any Tax Return shall be borne by the Corporate Taxpayer; except as provided in the next sentence. The Corporate Taxpayer and each applicable Significant Limited Partner shall bear their own costs and expenses of such proceeding, unless the Significant Limited Partner has a prevailing position that is more than 10% of the disputed amount of the payment at issue, in which case the Corporate Taxpayer shall

reimburse such Significant Limited Partner for any reasonable out-of-pocket costs and expenses in such proceeding. Any dispute as to whether a dispute is a Reconciliation Dispute within the meaning of this Section 7.09 shall be decided by the Expert. The Expert shall finally determine any Reconciliation Dispute and the determinations of the Expert pursuant to this Section 7.09 shall be binding on the Corporate Taxpayer and the applicable Significant Limited Partner and may be entered and enforced in any court having jurisdiction.

Section 7.10. Withholding. The Corporate Taxpayer shall be entitled to deduct and withhold from any payment payable pursuant to this Agreement such amounts as the Corporate Taxpayer is required to deduct and withhold with respect to the making of such payment under the Code, or any provision of state, local or foreign tax law. To the extent that amounts are so withheld and paid over to the appropriate Taxing Authority by the Corporate Taxpayer, such withheld amounts shall be treated for all purposes of this Agreement as having been paid to the applicable Limited Partner.

Section 7.11. Admission of the Corporate Taxpayer into a Consolidated Group; Transfers of Corporate Assets.

(a) If the Corporate Taxpayer becomes a member of an affiliated or consolidated group of corporations that files a consolidated income tax return pursuant to Sections 1501 et seq. of the Code or any corresponding provisions of state, local or foreign law, then: (i) the provisions of this Agreement shall be applied with respect to the group as a whole; and (ii) Tax Benefit Payments, Early Termination Payments or other applicable items hereunder shall be computed with reference to the consolidated taxable income of the group as a whole.

(b) If (i) the Partnership transfers (or is deemed to transfer for U.S. federal income tax purposes) any Original Asset or (ii) the Corporate Taxpayer (or any member of a group described in Section 7.11(a)) transfers or is deemed to transfer any Partnership Unit, in either case, to a transferee that is treated as a corporation for U.S. federal income tax purposes (other than a member of a group described in Section 7.11(a)) in a transaction in which the transferee's basis in the property acquired is determined in whole or in part by reference to such transferor's basis in such property, then the Corporate Taxpayer and the Partnership shall cause such transferee to assume the obligation to make payments hereunder with respect to the applicable Basis Adjustments associated with any Original Asset or interest therein acquired (directly or indirectly) in such transfer (taking into account any gain recognized in the transaction) in a manner consistent with the terms of this Agreement as the transferee (or one of its Affiliates) actually realizes Tax benefits. If any member of a group described in Section 7.11(a) that owns any Partnership Unit deconsolidates from the group (or the Corporate Taxpayer deconsolidates from the group), then the Corporate Taxpayer shall cause such member (or the parent of the consolidated group in a case where the Corporate Taxpayer deconsolidates from the group) to assume the obligation to make payments hereunder with respect to the applicable Basis Adjustments associated with any Original Asset it owns (directly or indirectly) in a manner consistent with the terms of this Agreement as the member (or one of its Affiliates) actually realizes Tax benefits. If a transferee or a member of a group described in Section 7.11(a) assumes an obligation to make payments hereunder pursuant to either of the foregoing sentences, then the initial obligor is relieved of the obligation assumed.

(c) If the Corporate Taxpayer (or any member of a group described in Section 7.11(a)) transfers (or is deemed to transfer for U.S. federal income tax purposes) any Partnership Unit in a transaction that is wholly or partially taxable, then for purposes of calculating payments under this Agreement the Partnership shall be treated as having disposed of the portion of any Original Asset that is indirectly transferred by the Corporate Taxpayer (*i.e.* , taking into account the number of Partnership Units transferred) in a wholly or partially taxable transaction in which all income, gain or loss is allocated to the Corporate Taxpayer. The consideration deemed to be received by the Partnership shall be equal to the fair market value of the deemed transferred asset, plus (i) the amount of debt to which such asset is subject, in the case of a transfer of an encumbered asset or (ii) the amount of debt allocated to such asset, in the case of a transfer of a partnership interest.

Section 7.12. Confidentiality. Each Limited Partner and assignee acknowledges and agrees that the information of the Corporate Taxpayer is confidential and, except in the course of performing any duties as necessary for the Corporate Taxpayer and its Affiliates, as required by law or legal process or to enforce the terms of this Agreement, shall keep and retain in the strictest confidence and not to disclose to any Person all confidential matters, acquired pursuant to this Agreement, of the Corporate Taxpayer, or any of its Affiliates and successors and the other Limited Partners, including, without limitation, the business affairs of the Corporate Taxpayer its Affiliates and successors, the other Limited Partners learned by the Limited Partner heretofore or hereafter. This clause 7.12 shall not apply to (i) any information that has been made publicly available by the Corporate Taxpayer or any of its Affiliates, becomes public knowledge (except as a result of an act of such Limited Partner in violation of this Agreement) or is generally known to the business community and (ii) the disclosure of information to the extent necessary for a Limited Partner to prepare and file his or her tax returns, to respond to any inquiries regarding the same from any taxing authority or to prosecute or defend any action, proceeding or audit by any taxing authority with respect to such returns. Notwithstanding anything to the contrary herein, each Limited Partner (and each employee, representative or other agent of such Limited Partner) may disclose to any and all Persons, without limitation of any kind, the tax treatment and tax structure of (x) the Corporate Taxpayer and (y) any of its transactions, and all materials of any kind (including opinions or other tax analyses) that are provided to the Limited Partners relating to such tax treatment and tax structure.

If a Limited Partner or assignee commits a breach, or threatens to commit a breach, of any of the provisions of this Section 7.12, the Corporate Taxpayer shall have the right and remedy to have the provisions of this Section 7.12 specifically enforced by injunctive relief or otherwise by any court of competent jurisdiction without the need to post any bond or other security, it being acknowledged and agreed that any such breach or threatened breach shall cause irreparable injury to the Corporate Taxpayer or any of its Subsidiaries or the other Limited Partners and the accounts and funds managed by the Corporate Taxpayer and that money damages alone shall not provide an adequate remedy to such Persons. Such rights and remedies shall be in addition to, and not in lieu of, any other rights and remedies available at law or in equity.

Section 7.13. Partnership Agreement. This Agreement shall be treated as part of the partnership agreement of the Partnership as described in Section 761(c) of the Code, and Sections 1.704-1(b)(2)(ii)(h) and 1.761-1(c) of the Treasury Regulations.

Section 7.14. Change in Law. Notwithstanding anything herein to the contrary, if, in connection with an actual or proposed change in law, a Limited Partner reasonably believes that the existence of this Agreement could cause income (other than income arising from receipt of a payment under this Agreement) recognized by the Limited Partner upon any Exchange by such Limited Partner to be treated as ordinary income rather than capital gain (or otherwise taxed at ordinary income rates) for U.S. federal income tax purposes or would have other material adverse tax consequences to such Limited Partner, then at the election of such Limited Partner and to the extent specified by such Limited Partner, this Agreement (i) shall cease to have further effect with respect to such Limited Partner, (ii) shall not apply to an Exchange by such Limited Partner occurring after a date specified by such Limited Partner, or (iii) shall otherwise be amended in a manner determined by such Limited Partner, provided that such amendment shall not result in an increase in payments under this Agreement at any time as compared to the amounts and times of payments that would have been due in the absence of such amendment or result in any other material adverse consequence to the Corporate Taxpayer, the Partnership or any of their respective Affiliates or any other Limited Partner.

Section 7.15. Independent Nature of Limited Partners' Rights and Obligations. The obligations of each Limited Partner hereunder are several and not joint with the obligations of any other Limited Partner, and no Limited Partner shall be responsible in any way for the performance of the obligations of any other Limited Partner hereunder. The decision of each Limited Partner to enter into this Agreement has been made by such Limited Partner independently of any other Limited Partner. Nothing contained herein, and no action taken by any Limited Partner pursuant hereto, shall be deemed to constitute the Limited Partners as a partnership, an association, a joint venture or any other kind of entity, or create a presumption that the Limited Partners are in any way acting in concert or as a group with respect to such obligations or the transactions contemplated hereby and the Corporate Taxpayer acknowledges that the Limited Partners are not acting in concert or as a group, and the Corporate Taxpayer will not assert any such claim, with respect to such obligations or the transactions contemplated hereby.

Section 7.16. Interpretation. The parties have participated jointly in the negotiation and drafting of this Agreement. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting or causing any instrument to be drafted.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Corporate Taxpayer, the Partnership and each Limited Partner have duly executed this Agreement as of the date first written above.

PJT Partners Inc.

By: _____
Name:
Title:

PJT Partners Holdings LP

By: PJT Partners Inc., its general partner

By: _____
Name:
Title:

[Tax Receivable Agreement]

Other Limited Partners

By: _____

Name:

Title:

FORM OF REGISTRATION RIGHTS AGREEMENT

OF

PJT PARTNERS INC.

Dated as of _____, 2015

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REGISTRATION RIGHTS AGREEMENT

This REGISTRATION RIGHTS AGREEMENT (including Appendix A hereto, as such Appendix A may be amended from time to time pursuant to the provisions hereof, this “Agreement”), is made and entered into as of _____, 2015, by and among PJT Partners Inc., a Delaware corporation (the “Company”) and the Covered Persons (defined below) from time to time party hereto.

WHEREAS, the Covered Persons are holders of Partnership Units (defined below), which, subject to certain restrictions and requirements, are exchangeable at the option of the holder thereof for cash or, at the option of the Company, for shares of the Company’s Class A Common Stock, par value \$0.01 per share (the “Class A Common Stock”) on a quarterly basis, from and after the first anniversary of the date that The Blackstone Group L.P. consummates the pro rata distribution to its common unitholders of Class A Common Stock (as contemplated by the Company’s Registration Statement on Form 10 (File No. 001-36869)) (the “Form 10”); and

WHEREAS, the Company desires to provide the Covered Persons with registration rights as provided herein.

NOW, THEREFORE, in consideration of the premises and of the mutual agreements, covenants and provisions herein contained, the parties hereto agree as follows:

ARTICLE I DEFINITIONS AND OTHER MATTERS

Section 1.1 Definitions. Capitalized terms used in this Agreement without other definition shall, unless expressly stated otherwise, have the meanings specified in this Section 1.1:

“Beneficial Owner” has the meaning set forth in Rule 13d-3 under the Exchange Act.

“Board” means the Board of Directors of the Company.

“Class A Common Stock” has the meaning ascribed to such term in the Recitals.

“Company” has the meaning ascribed to such term in the preamble.

“Covered Partnership Units” means, with respect to a Covered Person, such Covered Person’s Partnership Units.

“Covered Person” means those persons, other than the Company, who shall from time to time be parties to this Agreement in accordance with the terms hereof (including Permitted Transferees).

“Cut-Off Date” has the meaning ascribed to such term in the Exchange Agreement.

“Custody Agreement and Power of Attorney” has the meaning ascribed to such term in Section 2.3(d).

“Demand Committee” shall mean a committee composed of each Covered Person that constitutes a “Significant Limited Partner” as defined in the Partnership Agreement, for so long as such Covered Person would, assuming the exchange of all such Covered Person’s Covered Partnership Units, hold Registrable Securities representing at least 2% of the then-outstanding shares of Class A Common Stock. If at any time there is no such Covered Person, there shall cease to be a Demand Committee and Sections 2.2 and 2.3 hereof shall have no further force or effect.

“Demand Notice” has the meaning ascribed to such term in Section 2.2(a).

“Demand Registration” has the meaning ascribed to such term in Section 2.2(a).

“Election of Exchange” has the meaning ascribed to such term in the Exchange Agreement.

“Exchange Act” means the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

“Exchange Agreement” means the Exchange Agreement, dated as of or about the date hereof among the Company, the Partnership and holders of Partnership Units from time to time party thereto, as amended from time to time.

“Exchange Rate” has the meaning ascribed to such term in the Exchange Agreement.

“Exchange Registration” has the meaning ascribed to such term in Section 2.1(a).

“FINRA” means the Financial Industry Regulatory Authority, Inc.

“Governmental Authority” means any national, local or foreign (including U.S. federal, state or local) or supranational (including European Union) governmental, judicial, administrative or regulatory (including self-regulatory) agency, commission, department, board, bureau, entity or authority of competent jurisdiction.

“Indemnified Parties” has the meaning ascribed to such term in Section 2.6.

“Lock-Up Period” has the meaning ascribed to such term in Section 2.4.

“Maximum Offering Size” has the meaning ascribed to such term in Section 2.2(c).

“Other Registration Rights” means any securities of the Company proposed to be included in such registration by the holders of registration rights granted other than pursuant to this Agreement.

“Partnership” means PJT Partners Holdings LP, a Delaware limited partnership.

“Partnership Agreement” means the Second Amended and Restated Limited Partnership Agreement of PJT Partners Holdings LP dated as of or about the date hereof, as it may be amended, supplemented or restated from time to time.

“Partnership Unit” has the meaning ascribed to such term in the Exchange Agreement.

“Permitted Transferee” means any transferee of a Partnership Unit after the date hereof the transfer of which was permitted by the Partnership Agreement.

“Piggyback Registration” has the meaning ascribed to such term in Section 2.3(a).

“Primary Issuance Funding” has the meaning ascribed to such term in the Exchange Agreement.

“Primary Issuance Funding Securities” has the meaning ascribed to such term in Section 2.2(a).

“Public Offering” means an underwritten public offering pursuant to an effective registration statement under the Securities Act, other than pursuant to a registration statement on Form S-4 or Form S-8 or any similar or successor form.

“Quarterly Exchange Date” has the meaning ascribed to such term in the Exchange Agreement.

“Registering Covered Person” has the meaning ascribed to such term in Section 2.5(a).

“Registrable Securities” means shares of Class A Common Stock that may be delivered in exchange for Partnership Units and other shares of Class A Common Stock otherwise held by Covered Persons from time to time. For purposes of this Agreement, Registrable Securities shall cease to be Registrable Securities when (i) a registration statement covering resales of such Registrable Securities has been declared effective under the Securities Act by the SEC and such Registrable Securities have been disposed of pursuant to such effective registration statement, (ii) such Registrable Securities are eligible to be publicly resold by the Covered Person owning such Registrable Securities (including Registrable Securities deliverable to a Covered Person under an effective Exchange Registration) pursuant to Rule 144(b)(1) under the Securities Act or, in the case of Registrable Securities that are not “restricted securities” under Rule 144 under the Securities Act, pursuant to Section 4(a)(1) of the Securities Act (or, in each case, any successor provision then in effect) or (iii) such Registrable Securities cease to be outstanding (or issuable upon exchange).

“Registration Expenses” means any and all expenses incident to the performance of or compliance with any registration or marketing of securities, including all (i) SEC and securities exchange registration and filing fees, and all other fees and expenses payable in connection with the listing of securities on any securities exchange or automated interdealer quotation system, (ii) fees and expenses of compliance with any securities or “blue sky” laws (including reasonable fees and disbursements of counsel in connection with “blue sky” qualifications of the securities registered), (iii) expenses in connection with the preparation, printing, mailing and delivery of any registration statements, prospectuses and other documents in connection therewith and any

amendments or supplements thereto, (iv) security engraving and printing expenses, (v) internal expenses of the Company and the Partnership (including, without limitation, all salaries and expenses of the officers and employees of the Company or the Partnership performing legal or accounting duties), (vi) reasonable fees and disbursements of counsel for the Company or the Partnership and customary fees and expenses for independent certified public accountants retained by the Company or the Partnership (including the expenses relating to any comfort letters or costs associated with the delivery by independent certified public accountants of any comfort letters requested pursuant to Section 2.5(i)), (vii) reasonable fees and expenses of any special experts retained by the Company or the Partnership in connection with such registration, (viii) in connection with a registration pursuant to Sections 2.2 or 2.3, reasonable fees of not more than one counsel for all of the Covered Persons participating in the offering selected by the Demand Committee, (ix) fees and expenses in connection with any review by FINRA of the underwriting arrangements or other terms of the offering, and all fees and expenses of any “qualified independent underwriter,” including the fees and expenses of any counsel thereto, (x) fees and disbursements of underwriters customarily paid by issuers or sellers of securities, but excluding any underwriting fees, discounts and commissions attributable to the sale of Registrable Securities or Primary Issuance Funding Securities, (xi) costs of printing and producing any agreements among underwriters, underwriting agreements, any “blue sky” or legal investment memoranda and any selling agreements and other documents in connection with the offering, sale or delivery of the Registrable Securities or Primary Issuance Funding Securities, (xii) transfer agents’ and registrars’ reasonable fees and expenses and the reasonable fees and expenses of any other agent or trustee appointed in connection with such offering, (xiii) expenses relating to any analyst or investor presentations or any “road shows” undertaken in connection with the registration, marketing or selling of the Registrable Securities or Primary Issuance Funding Securities and (xiv) all out-of-pocket costs and expenses incurred by the Company, the Partnership or their appropriate officers in connection with their compliance with Section 2.5(m). Registration Expenses shall exclude any internal expenses of each Covered Person and any stock transfer taxes.

“SEC” means the Securities and Exchange Commission.

“Securities Act” means the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“Stock Amount” has the meaning ascribed to such term in the Exchange Agreement.

“Suspension Period” has the meaning ascribed to such term in Section 2.5(k).

Section 1.2 Definitions Generally. Wherever required by the context of this Agreement, the singular shall include the plural and vice versa, and the masculine gender shall include the feminine and neuter genders and vice versa, and references to any agreement, document or instrument shall be deemed to refer to such agreement, document or instrument as amended, supplemented or modified from time to time. When used herein:

(a) the word “or” is not exclusive;

(b) the words “including,” “includes,” “included” and “include” are deemed to be followed by the words “without limitation”;

(c) the terms “herein,” “hereof” and “hereunder” and other words of similar import refer to this Agreement as a whole and not to any particular section, paragraph or subdivision;

(d) the word “person” means any individual, corporation, limited liability company, trust, joint venture, association, company, partnership or other legal entity or a government or any department or agency thereof or self-regulatory organization; and

(e) all section, paragraph or clause references not attributed to a particular document shall be references to such parts of this Agreement, and all exhibit, annex and schedule references not attributed to a particular document shall be references to such exhibits, annexes and schedules to this Agreement.

Nothing herein shall be construed to alter, amend, extend or otherwise modify the rights, obligations, terms and conditions of any other agreements involving the Company and the Covered Persons, including without limitation, the Exchange Agreement.

ARTICLE II REGISTRATION RIGHTS

Section 2.1 Exchange Registration.

(a) The Company shall use its commercially reasonable efforts to file with the SEC prior to the time that Partnership Units held by Covered Persons become eligible for exchange pursuant to the terms of the Exchange Agreement and cause to be declared effective under the Securities Act by the SEC promptly thereafter, one or more registration statements (the “Exchange Registration”) covering (i) the delivery by the Company from time to time to the Covered Persons of the number of shares of Class A Common Stock that would be deliverable to the Covered Persons in exchange for Partnership Units pursuant to the Exchange Agreement assuming that all Partnership Units held by Covered Persons were exchanged for the Stock Amount or (ii) if the Company determines that the registration provided for in clause (i) is not available for any reason, the registration of resale of such shares of Class A Common Stock by the Covered Persons.

(b) The Company shall be liable for and pay all Registration Expenses in connection with any Exchange Registration, regardless of whether such registration becomes effective.

(c) Upon notice to each Covered Person, the Company may postpone effecting a registration pursuant to this Section 2.1 for a reasonable time specified in the notice but not exceeding 90 days, if (i) the Board shall determine in good faith that effecting the registration would materially and adversely affect an offering of securities of the Company the preparation of which had then been commenced or (ii) the Company

is in possession of material non-public information the disclosure of which during the period specified in such notice the Board believes in good faith would not be in the best interests of the Company.

Section 2.2 Demand Registration.

(a) To the extent one or more Covered Persons have delivered Elections of Exchange pursuant to the Exchange Agreement in respect of any Quarterly Exchange Date covering Partnership Units having an aggregate market value (based on the most recent closing price of the Company's Class A Common Stock on the securities exchange on which such Class A Common Stock is listed at the time of the applicable Demand Notice (as defined below)) of at least \$75 million, the Demand Committee shall have the right at any time prior to the applicable Cut-Off Date to provide a written request to the Company (a "Demand Notice") that the Company effect the registration under the Securities Act of, in the Company's sole and absolute discretion, (x) the offer and sale by such Covered Persons of Registrable Securities that the Company shall deliver to such Covered Persons, at or prior to the settlement of such offering, in exchange for the Partnership Units that are the subject of such Elections of Exchange at the applicable Exchange Rate or (y) the offer and sale by the Company of a number of shares of Class A Common Stock ("Primary Issuance Funding Securities") equal to the product of the number of Partnership Units that are the subject of such Elections of Exchange multiplied by the Exchange Rate, the net proceeds of which issuance (determined after deduction of any underwriting discounts and commissions, but not of any other offering expenses, including Registration Expenses) the Company shall use to acquire from such Covered Persons the Partnership Units that are the subject of such Elections of Exchange (a "Demand Registration"), whereupon the Company shall use its commercially reasonable efforts to effect, as expeditiously as reasonably practicable, subject to paragraphs (c) and (d) of this Section 2.2, such registration under the Securities Act of the Registrable Securities or Primary Issuance Funding Securities for which the Demand Committee has requested registration under this Section 2.2, all to the extent necessary to permit the offer and sale (in accordance with the intended methods thereof as aforesaid) of the Registrable Securities or Primary Issuance Funding Securities to be so registered; provided, however, that the Company will not be obligated to effect any such requested registration within 180 days after the effective date of a previous Demand Registration. The public offering price for any Public Offering of Primary Issuance Funding Securities shall be determined as mutually agreed upon between the Company and the lead managing underwriters of such a Public Offering. Each Demand Notice delivered pursuant to this section 2.2(a) shall include the information set forth under Section 2.5(j) to the extent applicable. The Company shall inform the Demand Committee immediately upon request of the number of Partnership Units in respect of which Covered Persons have delivered Elections of Exchange for any Quarterly Exchange Date.

(b) At any time prior to the effective date of the registration statement relating to a Demand Registration, the Demand Committee may revoke such Demand Notice by providing a notice to the Company revoking such Demand Notice. The Company shall be liable for and pay all Registration Expenses in connection with any Demand Registration.

(c) If a Demand Registration involves a Public Offering and the sole or managing underwriters advise the Company that, in their view, the number of Registrable Securities, Primary Issuance Funding Securities and/or other securities that the Company and such Covered Persons intend to include in such registration exceeds the largest number of Registrable Securities, Primary Issuance Funding Securities and/or other securities that can be sold in such offering without adversely affecting the distribution of the securities being offered, the price that will be paid in such offering or the marketability thereof (the “Maximum Offering Size”), the Company shall include in such registration, in the following priority, up to the Maximum Offering Size:

(i) first, all Registrable Securities or Primary Issuance Funding Securities requested to be registered in the Demand Registration by the Demand Committee (allocated, if necessary for the offering not to exceed the Maximum Offering Size, in such proportions as shall be determined by the Demand Committee);

(ii) second, any securities other than Primary Issuance Funding Securities proposed to be registered by the Company for its own account and any securities entitled to Other Registration Rights requested to be registered by the holders thereof, ratably among the Company and the holders of such Other Registration Rights, based (A) as between the Company and the holders of such Other Registration Rights, on the respective amounts of securities requested to be registered, and (B) as among the holders of such Other Registration Rights, on the respective amounts of securities subject to such Other Registration Rights held by each such holder.

(d) Upon notice to the Demand Committee, the Company may postpone filing (but not the preparation of) a registration pursuant to this Section 2.2 for a reasonable time not exceeding 60 days thereafter or 90 days in any 365-day period, if (i) the Board or a committee of the Board shall determine in good faith that the filing of such registration statement or effecting a registration would materially and adversely affect an offering of securities of the Company the preparation of which had then been commenced or (ii) the Company is in possession of material non-public information the disclosure of which, during the period specified in such notice the Board or a committee of the Board believes in good faith, would not be in the best interests of the Company, or would have a material adverse effect on any active proposal by the Company or any of its subsidiaries to engage in any material acquisition, merger, consolidation, tender offer, other business combination, reorganization, securities offering or other material transaction.

Section 2.3 Piggyback Registration.

(a) Subject to any contractual obligations to the contrary, if the Company proposes at any time to register any of the equity securities issued by it under the Securities Act (other than (i) an Exchange Registration, (ii) a registration statement filed in connection with a Primary Issuance Funding under the Exchange Agreement, (iii) a registration on Form S-8 or any successor form relating to Class A Common Stock issuable in connection with any employee benefit or similar plan of the Company, (iv) a registration on Form S-4 or any successor form in connection with a direct or indirect

acquisition by the Company of another person or as a recapitalization or reclassification of securities of the Company, (v) a registration in connection with any dividend reinvestment or similar plan, or (vi) a registration in which the only common stock being registered is common stock issuable upon conversion of debt securities which are also being registered), whether or not for sale for its own account, the Company shall each such time give prompt notice at least 10 business days prior to the anticipated filing date of the registration statement relating to such registration to the Demand Committee, which notice shall offer the Demand Committee the opportunity to elect to require that the Company register in such registration statement (x) the number of Registrable Securities of the same class or series as those proposed to be registered as the Demand Committee may request or (y) in the Company's sole and absolute discretion, Primary Issuance Funding Securities of the same class or series as those proposed to be registered in such amount (a "Piggyback Registration"), subject to the provisions of Section 2.3(b). If the Demand Committee elects to effect a Piggyback Registration, the Company shall give notice of the registration statement relating to such registration to those Covered Persons whom the Demand Committee determines to afford participation in the Piggyback Registration. Upon the request of the Demand Committee, the Company shall use its commercially reasonable efforts to effect the registration under the Securities Act of all Registrable Securities or Primary Issuance Funding Securities that the Company has been so requested to register by the Demand Committee, to the extent necessary to permit the offer and sale of the Registrable Securities or Primary Issuance Funding Securities to be so registered; *provided* that (i) if such registration involves a Public Offering and the Company has elected to register the offer and sale by Covered Persons of Registrable Securities rather than the offer and sale by the Company of Primary Issuance Funding Securities, all such Covered Persons to be included in the Company's registration must sell their Registrable Securities to the underwriters selected by the Company on the same terms and conditions as apply to the Company or any other selling person, as applicable, and (ii) if, at any time after giving notice of its intention to register any securities pursuant to this Section 2.3(a) and prior to the effective date of the registration statement filed in connection with such registration, the Company shall determine for any reason not to register or to delay registration of such securities, the Company shall give notice of such determination to the Demand Committee and, thereupon shall be relieved of its obligation to register any Registrable Securities or Primary Issuance Funding Securities in connection with such registration, or shall be permitted to delay registration of such securities, as the case may be. No registration effected under this Section 2.3 shall relieve the Company of its obligations to effect an Exchange Registration or Demand Registration to the extent required by Section 2.1 or Section 2.2, respectively. The Company shall pay all Registration Expenses in connection with each Piggyback Registration.

(b) Subject to Section 2.2(c) and any other contractual obligations to the contrary, if a Piggyback Registration involves a Public Offering and the sole or managing underwriters advise the Company that, in their view, the number of Registrable Securities or Primary Issuance Funding Securities that the Company and such Covered Persons intend to include in such registration exceeds the Maximum Offering Size, the Company shall include in such registration, in the following priority, up to the Maximum Offering Size:

(i) first, (A) where the Public Offering is initiated by the Company, any securities other than Primary Issuance Funding Securities proposed to be registered by the Company for its own account or (B) where the Public Offering is an underwritten secondary registration initiated by holders of Other Registration Rights (such holders, the “Initiating Holders”), any securities proposed to be registered pursuant to any demand registration rights of such Initiating Holders;

(ii) second, (A) where the Public Offering is initiated by the Company, (x) any Registrable Securities or Primary Issuance Funding Securities requested to be registered by the Demand Committee and (y) any Company securities entitled to Other Registration Rights that are *pari passu* with the Piggyback Registration rights of Covered Persons hereunder requested to be registered by the holders thereof, ratably among the participating Covered Persons and holders of such Other Registration Rights based on the respective amounts of securities each has requested to be included or (B) where the Public Offering is an underwritten secondary registration initiated by holders of Other Registration Rights, (x) any Registrable Securities or Primary Issuance Funding Securities requested to be registered by the Demand Committee, (y) any Company securities (other than those held by the Initiating Holders) entitled to Other Registration Rights that are *pari passu* with the Piggyback Registration rights of Covered Persons hereunder requested to be registered by the holders thereof and (z) any securities other than Primary Issuance Funding Securities proposed to be registered by the Company for its own account, ratably among the Company, such participating Covered Persons and such holders of Other Registration Rights based on the respective amounts of securities the Company has proposed to include and the Demand Committee and such holders of Other Registration Rights have requested to be included; and

(iii) third, any securities proposed to be registered for the account of any other persons with such priorities among them as the Company shall determine.

(c) Notwithstanding any provision in this Section 2.3 or elsewhere in this Agreement, no provision relating to the registration of Registrable Securities or Primary Issuance Funding Securities shall be construed as permitting any Covered Person to effect a transfer of securities, including shares of Class A Common Stock or Partnership Units, that is otherwise prohibited by the terms of any agreement between such Covered Person and the Company or any of its subsidiaries. Unless the Company shall otherwise consent, the Company shall not be obligated to provide notice or afford Piggyback Registration to any Covered Person pursuant to this Section 2.3 unless some or all of such person’s Registrable Securities are permitted to be transferred under the terms of applicable agreements between such person and the Company or any of its subsidiaries.

(d) In connection with a Piggyback Registration pursuant to this Section 2.3, a participating Covered Person will, if requested by the Company, execute and deliver a custody agreement and power of attorney in form and substance reasonably satisfactory to the Company with respect to such Covered Person’s Registrable Securities or Covered

Partnership Units (in the case of a registration of Primary Issuance Funding Securities) to be sold in connection with such Piggyback Registration and such other agreements as the Company may reasonably request to further evidence the provisions of this Section 2.3.

Section 2.4 Lock-Up Agreements. The Company and each Covered Person agree, and the Company will cause its Directors and each of its “officers,” as defined in Rule 16a-1(f) of the Exchange Act (the “Officers”) to agree, that in connection with any Public Offering of Registrable Securities or Primary Issuance Funding Securities, if so requested by the lead managing underwriters in any Public Offering, the Company will not and each Covered Person, without the written consent of the Demand Committee, will not (x) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any of the securities being registered or any securities convertible or exchangeable or exercisable for such securities or (y) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the securities being registered or any securities convertible or exchangeable or exercisable for such securities (except, in each case, as part of such Public Offering), during the period (the “Lock-Up Period”), subject to customary exceptions as may be agreed among the Company, each of its Directors and each of its Officers and the lead managing underwriters of such Public Offering, beginning 14 days prior to the effective date of the applicable registration statement until the earlier of (i) such time as the Company and the lead managing underwriters shall agree and (ii) 180 days following the pricing of such Public Offering.

Section 2.5 Registration Procedures. In connection with any Demand Registration or Piggyback Registration pursuant to Sections 2.2 or 2.3, subject to the provisions of such Sections, the paragraphs below shall be applicable, and in connection with any Exchange Registration pursuant to Section 2.1, paragraphs (a), (c), (d), (e), (f), (k), (l) and (n) below shall be applicable:

(a) The Company shall as expeditiously as reasonably practicable prepare and file with the SEC a registration statement on any form for which the Company then qualifies or that counsel for the Company shall deem appropriate and which form shall be available for the registration of the Registrable Securities or Primary Issuance Funding Securities, as the case may be, to be registered thereunder in accordance with the intended method of distribution thereof, and use its commercially reasonable efforts to cause such filed registration statement to become and remain effective for a period of not less than 40 days, or in the case of an Exchange Registration until all of the Registrable Securities of the Covered Persons included in any such registration statement (each, a “Registering Covered Person”) shall have actually been exchanged thereunder.

(b) Prior to filing a registration statement or prospectus or any amendment or supplement thereto, the Company shall, if requested, furnish to each Registering Covered Person, if any, and each underwriter, if any, of the Registrable Securities or Primary Issuance Funding Securities covered by such registration statement copies of such registration statement as proposed to be filed, and thereafter the Company shall furnish to such Registering Covered Person, if any, and underwriter, if any, such number of copies of such registration statement, each amendment and supplement thereto (in each case

including all exhibits thereto and documents incorporated by reference therein), the prospectus included in such registration statement (including each preliminary prospectus and any summary prospectus) and any other prospectus filed under Rule 424 or Rule 430A under the Securities Act and such other documents as such Registering Covered Person, if any, or underwriter, if any, may reasonably request in order to facilitate the disposition of the applicable Registrable Securities or Primary Issuance Funding Securities. Each Registering Covered Person, if any, shall have the right to request that the Company modify any information contained in such registration statement, amendment and supplement thereto pertaining to such Registering Covered Person and the Company shall use its commercially reasonable efforts to comply with such request, provided, however, that the Company shall not have any obligation to so modify any information if the Company reasonably expects that so doing would cause the prospectus to contain an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading.

(c) After the filing of the registration statement, the Company shall (i) cause the related prospectus to be supplemented by any required prospectus supplement, and, as so supplemented, to be filed pursuant to Rule 424 under the Securities Act, (ii) comply with the provisions of the Securities Act with respect to the disposition of all Registrable Securities or Primary Issuance Funding Securities, as applicable, covered by such registration statement during the applicable period in accordance with the intended methods of disposition set forth in such registration statement or supplement to such prospectus and (iii) promptly notify each Registering Covered Person, if any, holding Registrable Securities covered by such registration statement of any stop order issued or threatened by the SEC suspending the effectiveness of such registration statement or any state securities commission and take all commercially reasonable efforts to prevent the entry of such stop order or to obtain the withdrawal of such order if entered.

(d) To the extent any “free writing prospectus” (as defined in Rule 405 under the Securities Act) is used, the Company shall file with the SEC any free writing prospectus that is required to be filed by the Company with the SEC in accordance with the Securities Act and retain any free writing prospectus not required to be filed.

(e) The Company shall use its commercially reasonable efforts to (i) register or qualify the Registrable Securities or Primary Issuance Funding Securities, as applicable, covered by such registration statement under such other securities or “blue sky” laws of such jurisdictions in the United States as any Registering Covered Person holding any such Registrable Securities or each underwriter, if any, reasonably (in light of such member’s intended plan of distribution) requests and (ii) cause such Registrable Securities or Primary Issuance Funding Securities, as applicable, to be registered with or approved by such other governmental agencies or authorities as may be necessary by virtue of the business and operations of the Company and do any and all other acts and things that may be reasonably necessary or advisable to enable any such Registering Covered Person to consummate the disposition of the Registrable Securities owned by such person, or, in the case of Primary Issuance Funding Securities, to permit the offer and sale by the Company of such Primary Issuance Funding Securities; provided, in each case, that the Company shall not be required to (A) qualify generally to do business in

any jurisdiction where it would not otherwise be required to qualify but for this Section 2.5(e), (B) subject itself to taxation in any such jurisdiction or (C) consent to general service of process in any such jurisdiction.

(f) If, at any time when a prospectus is required to be delivered under the Securities Act to purchasers of Registrable Securities or Primary Issuance Funding Securities, there shall occur an event requiring the preparation of a supplement or amendment to such prospectus so that, as thereafter delivered to the purchasers of Registrable Securities or Primary Issuance Funding Securities, such prospectus will not contain an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, the Company shall immediately notify each Registering Covered Person, if any, or each underwriter, if any, of the occurrence of such event and promptly prepare and make available to each such Registering Covered Person, if any, or underwriter, if any, and file with the SEC any such supplement or amendment.

(g) The Demand Committee shall select an underwriter or underwriters in connection with any Public Offering, except in connection with Piggyback Registrations. In connection with any Public Offering, the Company shall enter into customary agreements (including an underwriting agreement in customary form and reasonably acceptable to the Company) and take such all other actions as are reasonably required in order to expedite or facilitate the disposition of Registrable Securities or Primary Issuance Funding Securities, as applicable, in any such Public Offering, including if necessary the engagement of a “qualified independent underwriter” in connection with the qualification of the underwriting arrangements with FINRA.

(h) Subject to the execution of confidentiality agreements satisfactory in form and substance to the Company in the exercise of its good faith judgment, pursuant to the reasonable request of the Demand Committee or underwriter (if any), the Company will give to each Registering Covered Person (if any), each underwriter (if any) and their respective counsel and accountants (i) reasonable and customary access to its books and records and (ii) such opportunities to discuss the business of the Company with its directors, officers, employees, counsel and the independent public accountants who have certified its financial statements, as shall be appropriate, in the reasonable judgment of counsel to such Registering Covered Person or underwriters, to enable them to exercise their due diligence responsibility.

(i) The Company shall use its commercially reasonable efforts to furnish to each such underwriter, if any, a signed counterpart, addressed to such underwriters, of (i) an opinion or opinions of counsel to the Company and (ii) a comfort letter or comfort letters from the Company’s independent public accountants, each in customary form and covering such matters of the kind customarily covered by opinions or comfort letters, as the case may be, as such underwriters reasonably request.

(j) Each Registering Covered Person, if any, registering securities under Sections 2.2 or 2.3 shall promptly furnish in writing to the Company the information set forth in Appendix A and such other information regarding itself and the distribution of

the Registrable Securities as the Company may from time to time reasonably request and such other information as may be legally required or advisable in connection with such registration.

(k) Each Registering Covered Person, if any, and each underwriter, if any, agrees that, upon receipt of any notice from the Company of the happening of any event of the kind described in Section 2.5(f), such Registering Covered Person or underwriters shall forthwith discontinue disposition of Registrable Securities or Primary Issuance Funding Securities, as applicable, pursuant to the registration statement covering such securities until such Registering Covered Person's or underwriter's receipt of the copies of the supplemented or amended prospectus contemplated by Section 2.5(f), provided, however, that for a reasonable time not exceeding 60 days thereafter or 90 days in any 365-day period (the "Suspension Period") the Company may suspend the use or effectiveness of any registration statement, if the Company's Board determines, in its sole discretion, that the Company is in possession of material non-public information the disclosure of which during the period specified in such notice the Company believes in good faith would not be in the best interests of the Company. If the Company imposes a Suspension Period pursuant to this Section 2.5(k), it shall provide written notice of the same to the Demand Committee, each Registering Covered Person, if any, and each underwriter, if any, and specifying the length of such Suspension Period, and, if so directed by the Company, such Registering Covered Person, if any, or underwriter shall deliver to the Company all copies, other than any permanent file copies then in such Registering Covered Person's or underwriter's possession, of the most recent prospectus covering such Registrable Securities or Primary Issuance Funding Securities at the time of receipt of such notice. If the Company shall give such notice, the Company shall extend the period during which such registration statement shall be maintained effective (including the period referred to in Section 2.5(a)) by the number of days during the period from and including the date that the use of such registration statement was first suspended pursuant to this Section 2.5(k) to the date when the Company shall file with the SEC a prospectus supplemented or amended to conform with the requirements of Section 2.5(f).

(l) The Company shall use its commercially reasonable efforts to list all Registrable Securities or Primary Issuance Funding Securities covered by such registration statement on any securities exchange or quotation system on which any of the Registrable Securities or Primary Issuance Funding Securities are then listed or traded.

(m) The Company shall cause appropriate officers of the Company or the Partnership to (i) prepare and make presentations at any "road shows" and before analysts and rating agencies, as the case may be, (ii) take other actions to obtain ratings for any Registrable Securities or Primary Issuance Funding Securities, as applicable, and (iii) otherwise use their commercially reasonable efforts to cooperate as reasonably requested by the underwriters in the offering, marketing or selling of the Registrable Securities or Primary Issuance Funding Securities.

(n) The Company shall facilitate the timely delivery of the Registrable Securities or Primary Issuance Funding Securities to be sold, which shall not bear any

restrictive legends, and to enable such Registrable Securities or Primary Issuance Funding Securities to be issued in such denominations and registered in such names as such Registering Covered Persons, if any, or the underwriters, if any, may reasonably request at least two business days prior to the closing of any sale of Registrable Securities or Primary Issuance Funding Securities.

Section 2.6 Indemnification by the Company. In the event of any registration of any Registrable Securities of the Company under the Securities Act pursuant to this Article II, the Company will, and it hereby does, indemnify and hold harmless, to the extent permitted by law, a Registering Covered Person, each affiliate of such Registering Covered Person and their respective directors and officers or general and limited partners or members and managing members (including any director, officer, affiliate, employee, agent and controlling person of any of the foregoing) and each other person, if any, who controls such Registering Covered Person within the meaning of the Securities Act (collectively, the “Indemnified Parties”), from and against any and all losses, claims, damages and liabilities (including, without limitation, legal fees and other expenses incurred in connection with any suit, action or proceeding or any claim asserted, as such fees and expenses are incurred) (together, “Losses”), joint or several, that arise out of, or are based upon, (1) any untrue statement or alleged untrue statement of a material fact contained in any registration statement or amendment or supplement thereto under which such Registrable Securities were registered or any omission or alleged omission to state therein a material fact required to be stated therein or necessary in order to make the statements therein not misleading, or (2) any untrue statement or alleged untrue statement of a material fact contained in any prospectus, any free writing prospectus or any “issuer information” filed or required to be filed pursuant to Rule 433(d) under the Securities Act in respect of the Registrable Securities, or amendment or supplement thereto, or any omission or alleged omission to state therein a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, that the Company shall not be liable to any Indemnified Party in any such case to the extent that any such Losses are based upon any untrue statement or alleged untrue statement or omission or alleged omission made in such registration statement, prospectus, any free writing prospectus or any “issuer information” filed or required to be filed pursuant to Rule 433(d) under the Securities Act in respect of the Registrable Securities, or amendment or supplement thereto, in reliance upon and in conformity with written information regarding a Registering Covered Person furnished to the Company by such Registering Covered Person or other Indemnified Party with respect to such seller or any underwriter specifically for use in the preparation thereof.

Section 2.7 Indemnification by Registering Covered Persons. Each Registering Covered Person hereby severally and not jointly indemnifies and holds harmless, and the Company may require, as a condition to including any Registrable Securities in any registration statement filed in accordance with this Article II, that the Company shall have received an undertaking reasonably satisfactory to it from any underwriter to indemnify and hold harmless, the Company and all other prospective sellers of Registrable Securities, each officer of the Company who signed the registration statement and each person, if any, who controls the Company and all other prospective sellers of Registrable Securities within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act to the same extent as the indemnity set forth in Section 2.6 above, but only with respect to any Losses that arise out of, or are based upon, any untrue statement or omission or alleged untrue statement or omission made

in reliance upon and in conformity with written information furnished to the Company with respect to such Registering Covered Person or any underwriter specifically for use in the preparation of such registration statement, prospectus, any free writing prospectus or any “issuer information” filed or required to be filed pursuant to Rule 433(d) under the Securities Act in respect of the Registrable Securities, or amendment or supplement thereto. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of the Company, any of the Registering Covered Persons or any underwriter, or any of their respective affiliates, directors, officers or controlling persons and shall survive the transfer of such securities by such person. In no event shall any such indemnification liability of any Registering Covered Person be greater in amount than the dollar amount of the net proceeds received by such Registering Covered Person (after deduction of any underwriting discounts and commissions but before expenses) upon the sale of the Registrable Securities giving rise to such indemnification obligation.

Section 2.8 Conduct of Indemnification Proceedings. Promptly after receipt by an Indemnified Party hereunder of written notice of the commencement of any action or proceeding with respect to which a claim for indemnification may be made pursuant to this Article II, such Indemnified Party will, if a claim in respect thereof is to be made against an indemnifying party, give written notice to the latter of the commencement of such action; provided, that the failure of the Indemnified Party to give notice as provided herein shall not relieve the indemnifying party of its obligations under this Article II, except to the extent that the indemnifying party is materially prejudiced by such failure to give notice.

In case any such action is brought against an Indemnified Party, unless in such Indemnified Party’s reasonable judgment a conflict of interest between such Indemnified Party and indemnifying parties may exist in respect of such claim, the indemnifying party will be entitled to participate in and to assume the defense thereof, jointly with any other indemnifying party similarly notified to the extent that it may wish, with counsel reasonably satisfactory to such Indemnified Party, and after notice from the indemnifying party to such Indemnified Party of its election so to assume the defense thereof, the indemnifying party will not be liable to such Indemnified Party for any legal or other expenses subsequently incurred by the latter in connection with the defense thereof other than reasonable costs of investigation. It is understood and agreed that the indemnifying person shall not, in connection with any proceeding or related proceeding in the same jurisdiction, be liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for all Indemnified Parties, and that all such fees and expenses shall be reimbursed as they are incurred. Any such separate firm (x) for any Covered Person, its affiliates, directors and officers and any control persons of such Indemnified Party shall be designated in writing by the Demand Committee, (y) in all other cases shall be designated in writing by the Board. The indemnifying person shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the indemnifying person agrees to indemnify each Indemnified Party from and against any loss or liability by reason of such settlement or judgment. No indemnifying person shall, without the written consent of the Indemnified Party, effect any settlement of any pending or threatened proceeding in respect of which any Indemnified Party is or could have been a party and indemnification could have been sought hereunder by such Indemnified Party, unless such settlement (A) includes an unconditional release of such Indemnified Party, in form and substance reasonably satisfactory to such

Indemnified Party, from all liability on claims that are the subject matter of such proceeding and (B) does not include any statement as to or any admission of fault, culpability or a failure to act by or on behalf of any Indemnified Party.

Section 2.9 Contribution. If the indemnification provided for in this Article II from the indemnifying party is unavailable to an Indemnified Party hereunder in respect of any losses, claims, damages, liabilities or expenses referred to herein, then the indemnifying party, in lieu of indemnifying such Indemnified Party, shall contribute to the amount paid or payable by such Indemnified Party as a result of such losses, claims, damages, liabilities or expenses in such proportion as is appropriate to reflect the relative fault of the indemnifying party and Indemnified Parties in connection with the actions which resulted in such losses, claims, damages, liabilities or expenses, as well as any other relevant equitable considerations. The relative fault of such indemnifying party and Indemnified Parties shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact, has been made by, or relates to information supplied by, such indemnifying party or Indemnified Parties, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action. The amount paid or payable by a party under this Section 2.9 as a result of the losses, claims, damages, liabilities and expenses referred to above shall be deemed to include any legal or other fees or expenses reasonably incurred by such party in connection with any investigation or proceeding.

The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 2.9 were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding paragraph. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

Section 2.10 Participation by Covered Persons. No Covered Person may participate in any Public Offering (or sell Partnership Units to the Company in connection with the Company's issuance of Primary Issuance Funding Securities, as contemplated by Section 2.2(a)) unless such Covered Person (a) agrees to sell such Covered Person's securities on the basis provided in any underwriting or purchase arrangements approved by the Covered Persons entitled hereunder to approve such arrangements and (b) completes and executes all questionnaires, powers of attorney, indemnities, underwriting or purchase agreements and other documents reasonably required under the terms of such underwriting arrangements and the provisions of this Agreement in respect of registration rights.

Section 2.11 Parties in Interest. Each Covered Person shall be entitled to receive the benefits of this Agreement and shall be bound by the terms and provisions of this Agreement by reason of such Covered Person's election to participate in a registration under this Article II. To the extent Partnership Units are effectively transferred in accordance with the terms of the Partnership Agreement, the Permitted Transferee of such Partnership Units shall be entitled to receive the benefits of this Agreement and shall be bound by the terms and provisions of this Agreement upon becoming bound hereby pursuant to Section 3.1(c).

Section 2.12 Acknowledgement Regarding the Company. Other than those determinations reserved expressly to the Demand Committee, all determinations necessary or advisable under this Article II shall be made by the Board, the determinations of which shall be final and binding.

Section 2.13 Cooperation by the Company. If the Covered Person shall transfer any Registrable Securities pursuant to Rule 144 under the Securities Act, the Company shall use its commercially reasonable efforts to cooperate with the Covered Person and shall provide to the Covered Person such information as may be required to be provided under Rule 144 under the Securities Act.

ARTICLE III MISCELLANEOUS

Section 3.1 Term of the Agreement; Termination of Certain Provisions.

(a) The term of this Agreement shall continue until the first to occur of (i) such time as no Covered Person holds any Covered Partnership Units or Registrable Securities and (ii) such time as the Agreement is terminated by the Company and the Demand Committee. This Agreement may be amended only with the consent of the Company and the Demand Committee; provided that no amendment may materially and adversely affect the rights of a Covered Person, as such, other than on a pro rata basis with other Covered Persons without the consent of such Covered Person (or, if there is more than one such Covered Person that is so affected, without the consent of a majority of such affected Covered Persons in accordance with their holdings of Covered Partnership Units and Registrable Securities, including each so affected Significant Limited Partner).

(b) Unless this Agreement is theretofore terminated pursuant to Section 3.1(a) hereof, a Covered Person shall be bound by the provisions of this Agreement with respect to any Covered Partnership Units or Registrable Securities until such time as such Covered Person ceases to hold any Covered Partnership Units or Registrable Securities. Thereafter, such Covered Person shall no longer be bound by the provisions of this Agreement other than Sections 2.7, 2.8, 2.9 and 2.11 and this Article III.

(c) Any Permitted Transferee of a Covered Person shall be entitled to become part to this agreement as a Covered Person; provided, that, such Permitted Transferee shall first sign an agreement in the form approved by the Company acknowledging that such Permitted Transferee is bound by the terms and provisions of the Agreement.

Section 3.2 Assignment; Successors. This Agreement shall be binding upon and inure to the benefit of the respective legatees, legal representatives, successors and assigns of the Covered Persons; provided, however, that a Covered Person may not assign this Agreement or any of his rights or obligations hereunder, and any purported assignment in breach hereof by a Covered Person shall be void except in connection with any transfer to a Permitted Transferee in accordance with this Agreement; and provided further that no assignment of this Agreement by the Company or to a successor of the Company (by operation of law or otherwise) shall be valid unless such assignment is made to a person which succeeds to the business of such person substantially as an entirety.

Section 3.3 Governing Law. This Agreement shall be governed by, and construed in accordance with, the law of the State of Delaware.

Section 3.4 Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or any other jurisdiction, but this Agreement shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

Section 3.5 Entire Agreement. Except as otherwise expressly set forth herein, this document embodies the complete agreement and understanding among the parties hereto with respect to the subject matter hereof and supersedes and preempts any prior understandings, agreements or representations by or among the parties, written or oral, which may have related to the subject matter hereof in any way.

Section 3.6 Successors and Assigns; Certain Transferees Bound Hereby. Except as otherwise provided herein, this Agreement shall bind and inure to the benefit of and be enforceable by each of the Company and the Partnership and their successors and assigns, and by the Covered Persons and their respective successors and assigns so long as they hold shares of Class A Common Stock or Partnership Units. Notwithstanding the foregoing, the indemnification and contribution provisions of this Agreement shall bind and inure to the benefit of and be enforceable by any person who continues to be a Covered Person but ceases to hold any shares of Class A Common Stock or Partnership Units.

Section 3.7 Counterparts. This Agreement may be executed in separate counterparts each of which shall be an original and all of which taken together shall constitute one and the same agreement.

Section 3.8 Submission to Jurisdiction; Waiver of Jury Trial.

(a) Any and all disputes which cannot be settled amicably, including any ancillary claims of any party, arising out of, relating to or in connection with the validity, negotiation, execution, interpretation, performance or non-performance of this Agreement (including the validity, scope and enforceability of this arbitration provision) shall be finally settled by arbitration conducted by a single arbitrator in New York in accordance with the then-existing Rules of Arbitration of the International Chamber of Commerce. If the parties to the dispute fail to agree on the selection of an arbitrator within thirty (30) days of the receipt of the request for arbitration, the International Chamber of Commerce shall make the appointment. The arbitrator shall be a lawyer and shall conduct the proceedings in the English language. Performance under this Agreement shall continue if reasonably possible during any arbitration proceedings.

(b) Notwithstanding the provisions of paragraph (a), the parties hereto may bring an action or special proceeding in any court of competent jurisdiction for the purpose of compelling a party to arbitrate, seeking temporary or preliminary relief in aid of an arbitration hereunder, and/or enforcing an arbitration award and, for the purposes of this paragraph (b), each party hereto (i) expressly consents to the application of paragraph (c) of this Section 3.8 to any such action or proceeding and (ii) agrees that proof shall not be required that monetary damages for breach of the provisions of this Agreement would be difficult to calculate and that remedies at law would be inadequate.

(c) (i) EACH PARTY HERETO IRREVOCABLY SUBMITS TO THE JURISDICTION OF COURTS LOCATED IN NEW YORK, NEW YORK FOR THE PURPOSE OF ANY JUDICIAL PROCEEDING BROUGHT IN ACCORDANCE WITH THE PROVISIONS OF THIS SECTION 3.8, OR ANY JUDICIAL PROCEEDING ANCILLARY TO AN ARBITRATION OR CONTEMPLATED ARBITRATION ARISING OUT OF OR RELATING TO OR CONCERNING THIS AGREEMENT. Such ancillary judicial proceedings include any suit, action or proceeding to compel arbitration, to obtain temporary or preliminary judicial relief in aid of arbitration, or to confirm an arbitration award. The parties acknowledge that the fora designated by this paragraph (c) have a reasonable relation to this Agreement, and to the parties' relationship with one another.

(ii) The parties hereby waive, to the fullest extent permitted by applicable law, any objection which they now or hereafter may have to personal jurisdiction or to the laying of venue of any such ancillary suit, action or proceeding brought in any court referred to in the preceding paragraph of this Section 3.8 and such parties agree not to plead or claim the same.

Section 3.9 Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given (and shall be deemed to have been duly given upon receipt) by delivery in person, by courier service, by fax, by electronic mail (delivery receipt requested) or by registered or certified mail (postage prepaid, return receipt requested) to the respective parties at the following addresses (or at such other address for a party as shall be as specified in a notice given in accordance with this Section 3.9):

(a) If to the Company at:

PJT Partners Inc.
280 Park Avenue
New York, New York 10017
Attention: Chairman and Chief Executive Officer
Fax:
Email:

with a copy to:

Weil, Gotshal & Manges LLP
767 Fifth Avenue
New York, New York 10153-0119
Attention: Michael J. Aiello
Fax: (212) 310-8007
Email: michael.aiello@weil.com

Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017-3954
Attention: Joshua Ford Bonnie, Esq.
Fax: (212) 455-2502
Email: jbonnie@stblaw.com

(b) If to the Partnership at:

PJT Partners Holdings LP
c/o PJT Partners Inc.
280 Park Avenue
New York, New York 10017
Attention: Chairman and Chief Executive Officer
Fax:
Email:

with a copy to:

Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017-3954
Attention: Joshua Ford Bonnie, Esq.
Fax: (212) 455-2502
Email: jbonnie@stblaw.com

(c) If to any Covered Person, to the address and other contact information set forth in the records of the Partnership from time to time.

Section 3.10 Specific Performance. Each party hereto acknowledges that the remedies at law of the other parties for a breach or threatened breach of this Agreement would be inadequate and, in recognition of this fact, any party to this Agreement, without posting any bond, and in addition to all other remedies that may be available, shall be entitled to obtain equitable relief in the form of specific performance, a temporary restraining order, a temporary or permanent injunction or any other equitable remedy that may be then available.

Section 3.11 Descriptive Headings. The descriptive headings of this Agreement are inserted for convenience only and do not constitute a part of this Agreement.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have duly executed or caused to be duly executed this Agreement as of the dates indicated.

PJT PARTNERS INC.

By: _____
Name:
Title:

COVERED PERSONS

[COVERED PERSON]

By: _____
Name:
Title:

[Signature Page – Registration Rights Agreement]

PJT PARTNERS INC.

Covered Person Questionnaire

The undersigned Covered Person understands that the Company has filed or intends to file with the SEC a registration statement for the registration of the shares of Class A Common Stock (as such may be amended, the “Registration Statement”), in accordance with Sections 2.2 or 2.3 of the Registration Rights Agreement, dated as of _____, 2015 (the “Registration Rights Agreement”), among the Company and the Covered Persons referred to therein. A copy of the Agreement is available from the Company upon request at the address set forth below. All capitalized terms used and not otherwise defined herein shall have the meanings ascribed thereto in the Registration Rights Agreement.

NOTICE

The undersigned Covered Person hereby gives notice to the Company of its intention to register Registrable Securities beneficially owned by it and listed below in Item 3 (unless otherwise specified under Item 3) pursuant to the Registration Statement. The undersigned, by signing and returning this Questionnaire, understands that it will be bound by the terms and conditions of this Questionnaire and the Registration Rights Agreement.

Pursuant to the Registration Rights Agreement, the undersigned has agreed to indemnify and hold harmless the Company and all other prospective sellers of Registrable Securities, each officer of the Company who signed the Registration Statement and each person, if any, who controls the Company and all other prospective sellers of Registrable Securities within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, from and against any and all losses, claims, damages and liabilities arising in connection with statements made or omissions concerning the undersigned in the Registration Statement, prospectus, any free writing prospectus or any “issuer information” in reliance upon the information provided in this Questionnaire.

The undersigned Covered Person hereby provides the following information to the Company and represents and warrants that such information is accurate and complete:

QUESTIONNAIRE

1. Name.

(a) Full Legal Name of Covered Person:

(b) Full Legal Name of Covered Person (if not the same as (a) above) through which Registrable Securities Listed in Item 3 below are held:

(c) Full Legal name of DTC Participant (if applicable and if not the same as (b) above) through which Registrable Securities listed in Item 3 below are held:

(d) Full Legal Name of natural control person (which means a natural person who directly or indirectly alone or with others has power to vote or dispose of the Registrable Securities listed in Item 3 below):

2. Address for Notices to Covered Person:

Telephone: _____

Fax: _____

Email: _____

Contact Person: _____

3. Beneficial Ownership of Registrable Securities:

Number of Registrable Securities beneficially owned:

4. Broker-Dealer Status:

(a) Are you a broker-dealer?

Yes No

Note: If yes, the SEC's staff has indicated that you should be identified as an underwriter in the Registration Statement.

(b) Are you an affiliate of a broker-dealer?

Yes No

If yes, please identify the broker-dealer with whom the Covered Person is affiliated and the nature of the affiliation: _____

(c) If you are an affiliate of a broker-dealer, do you certify that you bought the Registrable Securities in the ordinary course of business, and at the time of the purchase of the Registrable Securities to be resold, you had no agreements or understandings, directly or indirectly, with any person to distribute the Registrable Securities?

Yes No

Note: If no, the SEC's staff has indicated that you should be identified as an underwriter in the Registration Statement.

(d) If you are (1) a broker-dealer or (2) an affiliate of a broker-dealer and answered "no" to Question 4(c), do you consent to being named as an underwriter in the Registration Statement?

Yes No

5. Beneficial Ownership of Other Securities of the Company Owned by the Covered Person.

Except as set forth below in this Item 5, the undersigned Covered Person is not the beneficial or registered owner of any securities of the Company other than the Registrable Securities listed above in Item 3.

Type and Amount of Other Securities beneficially owned by the Covered Person:

6. Relationships with the Company:

Except as set forth below, neither the undersigned Covered Person nor any of its affiliates, officers, directors or principal equity holders (owners of 5% or more of the equity securities of the undersigned) has held any position or office or has had any other material relationship with the Company (or its predecessors or affiliates) during the past three years.

State any exceptions here:

7. Intended Method of Disposition of Registrable Securities (Only Applicable to a Demand Registration Effected Pursuant to Section 2.2 of the Registration Rights Agreement):

Intended Method or Methods of Disposition of Registrable Securities beneficially owned:

The undersigned agrees to promptly notify the Company of any inaccuracies or changes in the information provided herein that may occur subsequent to the date hereof and at any time while the Registration Statement remains in effect.

By signing below, the undersigned consents to the disclosure of the information contained herein in its answers to Items 1 through 7 and the inclusion of such information in the Registration Statement and the related prospectus. The undersigned understands that such information will be relied upon by the Company in connection with the preparation or amendment of the Registration Statement and the related prospectus.

IN WITNESS WHEREOF the undersigned, by authority duly given, has caused this Questionnaire to be executed and delivered either in person or by its duly authorized agent.

Dated: _____

Beneficial Owner: _____

By: _____

Name: _____

Title: _____

PLEASE SEND A COPY OF THE COMPLETED AND EXECUTED

QUESTIONNAIRE BY FAX OR ELECTRONIC MAIL, AND RETURN THE

ORIGINAL BY OVERNIGHT MAIL, TO:

PJT Partners Inc.
280 Park Avenue
New York, New York 10017
Attention: Chairman and Chief Executive Officer
Fax:
Email:

**FORM OF PJT PARTNERS INC.
2015 OMNIBUS INCENTIVE PLAN**

1. Purpose . The purpose of the PJT Partners Inc. 2015 Omnibus Incentive Plan is to provide a means through which the Company and other members of the Company Group may attract and retain key personnel and to provide a means whereby directors, officers, employees, partners, consultants and advisors of the Company and other members of the Company Group can acquire and maintain an equity interest in the Company, or be paid incentive compensation, including incentive compensation measured by reference to the value of Common Stock or Partnership Interests, thereby strengthening their commitment to the welfare of the Company Group and aligning their interests with those of the Company's stockholders.

2. Definitions . The following definitions shall be applicable throughout the Plan.

(a) “ Absolute Share Limit ” has the meaning given such term in Section 5(b) of the Plan.

(b) “ Affiliate ” means any Person that directly or indirectly controls, is controlled by or is under common control with the Company. The term “control” (including, with correlative meaning, the terms “controlled by” and “under common control with”), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting or other securities, by contract or otherwise.

(c) “ Award ” means, individually or collectively, any Incentive Stock Option, Nonqualified Stock Option, Stock Appreciation Right, Restricted Stock, Restricted Stock Unit, Other Stock-Based Award, Other Cash-Based Award, Performance Compensation Award or Partnership Interests granted under the Plan.

(d) “ Award Agreement ” means the document or documents by which each Award is evidenced.

(e) “ Board ” means the Board of Directors of the Company.

(f) “ Cause ” means, as to any Participant, unless the applicable Award Agreement states otherwise, (i) “Cause,” as defined in any employment agreement, Partner Agreement or consulting agreement between the Participant and the Service Recipient in effect at the time of such Termination (or with respect to an Award of Partnership Interests, as defined in the Partnership Agreement); or (ii) in the absence of such definition in any employment agreement, Partner Agreement or consulting agreement, the Participant's (A) deliberate and repeated failure to perform substantially the Participant's duties to the Service Recipient; (B) material breach of any partnership, employment, or consulting agreement between the Participant and the Service Recipient, or material breach of any restrictive covenants agreement between the Participant and any member of the Company Group; (C) conviction of a felony or crime of moral turpitude, or a determination by a court of competent jurisdiction, by a regulatory body or by a self-regulatory body having authority with respect to securities laws, rules or regulations, that the Participant individually has violated any securities laws or any rules or regulations thereunder, or any rules of any such self-regulatory body, if such conviction has a material adverse effect on the business of the Company Group; (D) material breach of any material rules or regulations of the Service Recipient applicable to the Participant that have been provided to the Participant in writing and has a material adverse effect on the business of the Company Group; (E) act of fraud, misappropriation, embezzlement or similar conduct by the Participant against the Company or any Affiliate.

(g) “ Change in Control ” means:

(i) the acquisition (whether by purchase, merger, consolidation, combination or other similar transaction) by any Person of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of more than 50% (on a fully diluted basis) of either (A) the then outstanding shares of Common Stock, taking into account as outstanding for this purpose such Common Stock issuable upon the exercise of options or warrants, the conversion of convertible stock or debt, and the exercise of any similar right to acquire such Common Stock, treating, for the avoidance of doubt, all then-outstanding Partnership Interests as shares of Common Stock assuming the full exchange of then-outstanding Partnership Interests

for shares of Common Stock in accordance with the Exchange Agreement(s) (as defined in the Partnership Agreement) or (B) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors; *provided, however*, that for purposes of this Plan, the following acquisitions shall not constitute a Change in Control: (I) any acquisition by the Company or any Affiliate; (II) any acquisition by any employee benefit plan sponsored or maintained by the Company or any Affiliate; or (III) in respect of an Award held by a particular Participant, any acquisition by the Participant or any group of Persons including the Participant (or any entity controlled by the Participant or any group of Persons including the Participant);

(ii) during any period of twelve (12) months, individuals who, at the beginning of such period, constitute the Board (the “Incumbent Directors”) cease for any reason to constitute at least a majority of the Board, provided that any person becoming a director subsequent to the date hereof, whose election or nomination for election was approved by a vote of at least two-thirds of the Incumbent Directors then on the Board (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director, without written objection to such nomination) shall be an Incumbent Director; *provided, however*, that no individual initially elected or nominated as a director of the Company as a result of an actual or threatened election contest, as such terms are used in Rule 14a-12 of Regulation 14A promulgated under the Exchange Act, with respect to directors or as a result of any other actual or threatened solicitation of proxies or consents by or on behalf of any person other than the Board shall be deemed to be an Incumbent Director; and

(iii) the sale, transfer or other disposition of all or substantially all of the assets of the Company Group (taken as a whole) to any Person that is not an Affiliate of the Company.

(h) “Code” means the Internal Revenue Code of 1986, as amended, and any successor thereto. Reference in the Plan to any section of the Code shall be deemed to include any regulations or other interpretative guidance under such section, and any amendments or successor provisions to such section, regulations or guidance.

(i) “Committee” means the Compensation Committee of the Board or any subcommittee thereof properly delegated in accordance with Section 4(a), or if no such Compensation Committee or subcommittee thereof exists, the Board.

(j) “Common Stock” means the Class A common stock, par value \$0.01 per share, of the Company (and any stock or other securities into which such Common Stock may be converted or into which it may be exchanged).

(k) “Company” means PJT Partners Inc., a Delaware corporation, and any successor thereto.

(l) “Company Group” means, collectively, the Company and its Subsidiaries.

(m) “Date of Grant” means the date on which the granting of an Award is authorized, or such other date as may be specified in such authorization.

(n) “Designated Foreign Subsidiaries” means all members of the Company Group that are organized under the laws of any jurisdiction or country other than the United States of America that may be designated by the Board or the Committee from time to time.

(o) “Detrimental Activity” means any of the following: (i) unauthorized disclosure of any confidential or proprietary information of any member of the Company Group; (ii) any activity that would be grounds to terminate the Participant’s employment or service with the Service Recipient for Cause; and (iii) the breach of any noncompetition, nonsolicitation or other agreement containing restrictive covenants, with any member of the Company Group.

(p) “Disability” means, as to any Participant, unless the applicable Award Agreement states otherwise, (i) “Disability,” as defined in any employment agreement, Partner agreement or consulting agreement

between the Participant and the Service Recipient in effect at the time of such Termination; or (ii) in the absence of any such employment agreement, Partner agreement or consulting agreement (or the absence of any definition of “Disability” contained therein), a condition entitling the Participant to receive benefits under a long-term disability plan of the Company Group in which such Participant is eligible to participate, or, in the absence of such a plan, the inability by reason of physical or mental illness or accident to perform the duties of the occupation at which a Participant was employed or served when such disability commenced, which inability is reasonably expected to be permanent and has continued for a period of six consecutive months. Any determination of whether Disability exists shall be made by the Company (or designee) in its sole and absolute discretion.

(q) “ Effective Date ” means _____, 2015.

(r) “ Eligible Director ” means a person who is (i) with respect to actions intended to obtain an exemption from Section 16(b) of the Exchange Act pursuant to Rule 16b-3 under the Exchange Act, a “non-employee director” within the meaning of Rule 16b-3 under the Exchange Act; (ii) with respect to actions intended to obtain the exception for performance-based compensation under Section 162(m) of the Code, an “outside director” within the meaning of Section 162(m) of the Code; and (iii) with respect to actions undertaken to comply with the rules of the NYSE or any other securities exchange or inter-dealer quotation system on which the Common Stock is listed or quoted, an “independent director” under the rules of the NYSE or any other securities exchange or inter-dealer quotation system on which the Common Stock is listed or quoted, or a person meeting any similar requirement under any successor rule or regulation.

(s) “ Eligible Person ” means any (i) individual employed by, or providing services as a partner to, any member of the Company Group; *provided, however*, that no employee covered by a collective bargaining agreement shall be an Eligible Person unless and to the extent that such eligibility is set forth in such collective bargaining agreement or in an agreement or instrument relating thereto; (ii) director or officer of any member of the Company Group; or (iii) consultant or advisor to any member of the Company Group who may be offered securities registrable pursuant to a registration statement on Form S-8 under the Securities Act, who, in the case of each of clauses (i) through (iii) above has entered into an Award Agreement or who has received written notification from the Committee or its designee that they have been selected to participate in the Plan.

(t) “ Exchange Act ” means the Securities Exchange Act of 1934, as amended, and any successor thereto. Reference in the Plan to any section of (or rule promulgated under) the Exchange Act shall be deemed to include any rules, regulations or other interpretative guidance under such section or rule, and any amendments or successor provisions to such section, rules, regulations or guidance.

(u) “ Exercise Price ” has the meaning given such term in Section 7(b) of the Plan.

(v) “ Fair Market Value ” means, on a given date, if (i) the Common Stock is listed on a national securities exchange, the closing sales price of the Common Stock reported on the primary exchange on which the Common Stock is listed and traded on such date, or, if there are no such sales on that date, then on the last preceding date on which such sales were reported; (ii) the Common Stock is not listed on any national securities exchange but is quoted in an inter-dealer quotation system on a last sale basis, the average between the closing bid price and ask price reported on such date, or, if there is no such sale on that date, then on the last preceding date on which a sale was reported; or (iii) the Common Stock is not listed on a national securities exchange or quoted in an inter-dealer quotation system on a last sale basis, the amount determined by the Committee in good faith to be the fair market value of the Common Stock.

(w) “ GAAP ” has the meaning given to such term in Section 11(c) of the Plan.

(x) “ Immediate Family Members ” has the meaning given such term in Section 13(d) of the Plan.

(y) “ Incentive Stock Option ” means an Option which is designated by the Committee as an incentive stock option as described in Section 422 of the Code and otherwise meets the requirements set forth in the Plan.

(z) “ Indemnifiable Person ” has the meaning given such term in Section 4(e) of the Plan.

- (aa) “Negative Discretion” means the discretion authorized by the Plan to be applied by the Committee to eliminate or reduce the size of a Performance Compensation Award consistent with Section 162(m) of the Code.
- (bb) “Nonqualified Stock Option” means an Option which is not designated by the Committee as an Incentive Stock Option.
- (cc) “Non-Employee Director” means a member of the Board who is not an employee of any member of the Company Group.
- (dd) “NYSE” means the New York Stock Exchange.
- (ee) “Option” means an Award granted under Section 7 of the Plan.
- (ff) “Option Period” has the meaning given such term in Section 7(c) of the Plan.
- (gg) “Other Cash-Based Award” means an Award granted under Section 10 of the Plan that is payable without reference to the value of Common Stock.
- (hh) “Other Stock-Based Award” means an Award granted under Section 10 of the Plan that is payable by reference to the value of Common Stock.
- (ii) “Participant” means an Eligible Person who has been selected by the Committee to participate in the Plan and to receive an Award pursuant to the Plan.
- (jj) “Partnership” means PJT Partners Holdings LP.
- (kk) “Partner Agreement” means an agreement between a partner and a Service Recipient with respect to the provision of services of such partner to the Service Recipient.
- (ll) “Partnership Agreement” means the Second Amended and Restated Limited Partnership Agreement of PJT Partners Holdings LP, as the same may be amended from time to time.
- (mm) “Partnership Interests” means any interest in the Partnership that is designated by the Committee that is available to be issued or granted under the Plan as a Partnership Interest, including, without limitation, the LTIP Units as defined in the Partnership Agreement.
- (nn) “Performance Compensation Award” means any Award designated by the Committee as a Performance Compensation Award pursuant to Section 11 of the Plan.
- (oo) “Performance Criteria” means the criterion or criteria that the Committee shall select for purposes of establishing the Performance Goals for a Performance Period with respect to any Performance Compensation Award under the Plan.
- (pp) “Performance Formula” means, for a Performance Period, the one or more objective formulae applied against the relevant Performance Goal to determine, with regard to the Performance Compensation Award of a particular Participant, whether all, some portion but less than all, or none of the Performance Compensation Award has been earned for the Performance Period.
- (qq) “Performance Goals” means, for a Performance Period, the one or more goals established by the Committee for the Performance Period based upon the Performance Criteria.
- (rr) “Performance Period” means the one or more periods of time, as the Committee may select, over which the attainment of one or more Performance Goals will be measured for the purpose of determining a Participant’s right to, and the payment of, a Performance Compensation Award.

- (ss) “ Permitted Transferee ” has the meaning given such term in Section 13(d) of the Plan.
- (tt) “ Person ” means any individual, entity or group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act).
- (uu) “ Plan ” means this PJT Partners Inc. 2015 Omnibus Incentive Plan, as it may be amended from time to time.
- (vv) “ Restricted Period ” means the period of time determined by the Committee during which an Award is subject to restrictions or, as applicable, the period of time within which performance is measured for purposes of determining whether an Award has been earned.
- (ww) “ Restricted Stock ” means Common Stock, subject to certain specified restrictions (which may include, without limitation, a requirement that the Participant remain continuously employed or provide continuous services for a specified period of time), granted under Section 9 of the Plan.
- (xx) “ Restricted Stock Unit ” means an unfunded and unsecured promise to deliver shares of Common Stock, cash, other securities or other property, subject to certain restrictions (which may include, without limitation, a requirement that the Participant remain continuously employed or provide continuous services for a specified period of time), granted under Section 9 of the Plan.
- (yy) “ SAR Period ” has the meaning given such term in Section 8(c) of the Plan.
- (zz) “ Securities Act ” means the Securities Act of 1933, as amended, and any successor thereto. Reference in the Plan to any section of (or rule promulgated under) the Securities Act shall be deemed to include any rules, regulations or other interpretative guidance under such section or rule, and any amendments or successor provisions to such section, rules, regulations or guidance.
- (aaa) “ Service Recipient ” means, with respect to a Participant holding a given Award, the member of the Company Group by which the original recipient of such Award is a partner thereof, principally employed or to which such original recipient provides services, as applicable (or following a Termination, the member of the Company Group as to which any of the foregoing most recently applied).
- (bbb) “ Stock Appreciation Right ” or “ SAR ” means an Award granted under Section 8 of the Plan.
- (ccc) “ Strike Price ” has the meaning given such term in Section 8(b) of the Plan.
- (ddd) “ Subsidiary ” means, with respect to any specified Person:
- (i) any corporation, association or other business entity of which more than 50% of the total voting power of shares of such entity’s voting securities (without regard to the occurrence of any contingency and after giving effect to any voting agreement or stockholders’ agreement that effectively transfers voting power) is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and
 - (ii) any partnership (or any comparable foreign entity) (A) the sole general partner (or functional equivalent thereof) or the managing general partner of which is such Person or Subsidiary of such Person or (B) the only general partners (or functional equivalents thereof) of which are that Person or one or more Subsidiaries of that Person (or any combination thereof).
- (eee) “ Substitute Award ” has the meaning given such term in Section 5(e) of the Plan.
- (fff) “ Sub-Plans ” means, any sub-plan to this Plan that has been adopted by the Board or the Committee for the purpose of permitting the offering of Awards to employees of certain Designated Foreign Subsidiaries or otherwise outside the United States of America, with each such sub-plan designed to comply with

local laws applicable to offerings in such foreign jurisdictions. Although any Sub-Plan may be designated a separate and independent plan from the Plan in order to comply with applicable local laws, the Absolute Share Limit and the other limits specified in Section 5(b) shall apply in the aggregate to the Plan and any Sub-Plan adopted hereunder.

(ggg) “Termination” means the termination of a Participant’s employment or service, as applicable, with the Service Recipient.

3. Effective Date; Duration . The Plan shall be effective as of the Effective Date. The expiration date of the Plan, on and after which date no Awards may be granted hereunder, shall be the tenth anniversary of the Effective Date; *provided, however* , that such expiration shall not affect Awards then outstanding, and the terms and conditions of the Plan shall continue to apply to such Awards.

4. Administration.

(a) The Committee shall administer the Plan; *provided, however* , that the Board may, in its sole discretion, grant Awards and administer the Plan with respect to such awards, in which case, the Board shall have all the authority granted to the Committee under the Plan. To the extent required to comply with the provisions of Rule 16b-3 promulgated under the Exchange Act (if the Board is not acting as the Committee under the Plan) or desired to obtain the exception for performance-based compensation under Section 162(m) of the Code, as applicable, it is intended that the Committee or subcommittee thereof shall consist of two or more Eligible Directors. However, the fact that a Committee member shall fail to qualify as an Eligible Director shall not invalidate any Award granted by the Committee that is otherwise validly granted under the Plan.

(b) Except to the extent prohibited by applicable law, the NYSE or any other securities exchange or inter-dealer quotation system on which the Common Stock of the Company is listed or traded, the Committee may allocate all or any portion of its responsibilities and powers to any one or more of its members and may delegate all or any part of its responsibilities and powers to any person or persons selected by it. Any such allocation or delegation may be revoked by the Committee at any time. Without limiting the generality of the foregoing, the Committee may delegate to one or more officers of the Company or any Subsidiary the authority to act on behalf of the Committee with respect to any matter, right, obligation, or election which is the responsibility of or which is allocated to the Committee herein, and which may be so delegated as a matter of law, subject to Section 4(a) above.

(c) Subject to the provisions of the Plan and applicable law, the Committee shall have the sole and plenary authority, in addition to other express powers and authorizations conferred on the Committee by the Plan, to: (i) designate Participants; (ii) determine the type or types of Awards to be granted to a Participant; (iii) determine the number of shares of Common Stock or Partnership Interests, as applicable, to be covered by, or with respect to which payments, rights, or other matters are to be calculated in connection with, Awards; (iv) determine the terms and conditions of any Award; (v) determine whether, to what extent, and under what circumstances Awards may be settled in or exercised for cash, shares of Common Stock, other securities, other Awards or other property, or canceled, forfeited, or suspended and the method or methods by which Awards may be so settled, exercised, canceled, forfeited, or suspended; (vi) determine whether, to what extent, and under what circumstances the delivery of cash, shares of Common Stock, other securities, other Awards or other property and other amounts payable with respect to an Award shall be deferred either automatically or at the election of the Participant or of the Committee; (vii) interpret, administer, reconcile any inconsistency in, correct any defect in and/or supply any omission in the Plan and any instrument or agreement relating to, or Award granted under, the Plan; (viii) establish, amend, suspend, or waive any rules and regulations and appoint such agents as the Committee shall deem appropriate for the proper administration of the Plan; (ix) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Plan; and (x) adopt Sub-Plans.

(d) Unless otherwise expressly provided in the Plan, all designations, determinations, interpretations, and other decisions under or with respect to the Plan or any Award or any documents evidencing Awards granted pursuant to the Plan shall be within the sole discretion of the Committee, may be made at any time and shall be final, conclusive and binding upon all persons or entities, including, without limitation, the Company, any other member of the Company Group, any Participant, any holder or beneficiary of any Award, and any stockholder of the Company.

(e) No member of the Board, the Committee or any employee or agent of the Company or any Subsidiary (each such person, an “Indemnifiable Person”) shall be liable for any action taken or omitted to be taken or any determination made with respect to the Plan or any Award hereunder (unless constituting fraud or a willful criminal act or omission). Each Indemnifiable Person shall be indemnified and held harmless by the Company against and from any loss, cost, liability, or expense (including attorneys’ fees) that may be imposed upon or incurred by such Indemnifiable Person in connection with or resulting from any action, suit or proceeding to which such Indemnifiable Person may be a party or in which such Indemnifiable Person may be involved by reason of any action taken or omitted to be taken or determination made under the Plan or any Award Agreement and against and from any and all amounts paid by such Indemnifiable Person with the Company’s approval, in settlement thereof, or paid by such Indemnifiable Person in satisfaction of any judgment in any such action, suit or proceeding against such Indemnifiable Person, and the Company shall advance to such Indemnifiable Person any such expenses promptly upon written request (which request shall include an undertaking by the Indemnifiable Person to repay the amount of such advance if it shall ultimately be determined as provided below that the Indemnifiable Person is not entitled to be indemnified); *provided* that the Company shall have the right, at its own expense, to assume and defend any such action, suit or proceeding and once the Company gives notice of its intent to assume the defense, the Company shall have sole control over such defense with counsel of the Company’s choice. The foregoing right of indemnification shall not be available to an Indemnifiable Person to the extent that a final judgment or other final adjudication (in either case not subject to further appeal) binding upon such Indemnifiable Person determines that the acts, omissions or determinations of such Indemnifiable Person giving rise to the indemnification claim resulted from such Indemnifiable Person’s fraud or willful criminal act or omission or that such right of indemnification is otherwise prohibited by law or by the organizational documents of any member of the Company Group. The foregoing right of indemnification shall not be exclusive of or otherwise supersede any other rights of indemnification to which such Indemnifiable Persons may be entitled under the organizational documents of any member of the Company Group, as a matter of law, under an individual indemnification agreement or contract or otherwise, or any other power that the Company may have to indemnify such Indemnifiable Persons or hold such Indemnifiable Persons harmless.

5. Grant of Awards; Shares and Partnership Interests Subject to the Plan; Limitations .

(a) The Committee may, from time to time, grant Awards to one or more Eligible Persons.

(b) Awards granted under the Plan shall be subject to the following limitations: (i) subject to Section 12 of the Plan, the total number of Awards available under the Plan shall be no more than (the “Absolute Share Limit”), of which all or any portion may be issued as shares of Common Stock or Partnership Interests (counting the number of shares of Common Stock into which any Partnership Interests are (or may become) exchangeable and subject to the reallocation provisions as set forth in Section 8.02(c) of the Partnership Agreement); (ii) subject to Section 12 of the Plan, grants of Options or SARs under the Plan in respect of no more than shares of Common Stock may be made to any individual Participant during any single fiscal year of the Company (for this purpose, if a SAR is granted in tandem with an Option (such that the SAR expires with respect to the number of shares of Common Stock for which the Option is exercised), only the shares underlying the Option shall count against this limitation); (iii) subject to Section 12 of the Plan, no more than the number of shares of Common Stock equal to the Absolute Share Limit may be issued in the aggregate pursuant to the exercise of Incentive Stock Options granted under the Plan; (iv) subject to Section 12 of the Plan, no more than shares of Common Stock may be issued in respect of Performance Compensation Awards denominated in shares of Common Stock granted pursuant to Section 11 of the Plan to any individual Participant for a single fiscal year during a Performance Period (or with respect to each single fiscal year in the event a Performance Period extends beyond a single fiscal year), or in the event such share denominated Performance Compensation Award is paid in cash, other securities, other Awards or other property, no more than the Fair Market Value of such shares of Common Stock on the last day of the Performance Period to which such Award relates; and (v) the maximum amount that can be paid to any individual Participant for a single fiscal year during a Performance Period (or with respect to each single fiscal year in the event a Performance Period extends beyond a single fiscal year) pursuant to a Performance Compensation Award denominated in cash (described in Section 11(a) of the Plan) shall be \$.

(c) Other than with respect to Substitute Awards, to the extent that an Award expires or is canceled, forfeited, terminated, settled in cash, or otherwise is settled without delivery to the Participant of the full number of

shares of Common Stock to which the Award related, the undelivered shares will again be available for grant and/or reallocation, as applicable. Shares of Common Stock withheld in payment of the Exercise Price or taxes relating to an Award and shares equal to the number of shares surrendered in payment of any Exercise Price or Strike Price, or taxes relating to an Award, shall be deemed to constitute shares not issued to the Participant and shall be deemed to again be available for Awards under the Plan; *provided, however*, that such shares shall not become available for issuance hereunder if either: (i) the applicable shares are withheld or surrendered following the termination of the Plan; or (ii) at the time the applicable shares are withheld or surrendered, it would constitute a material revision of the Plan subject to stockholder approval under any then-applicable rules of the national securities exchange on which the Common Stock is listed.

(d) Shares of Common Stock issued by the Company in settlement of Awards may be authorized and unissued shares, shares held in the treasury of the Company, shares purchased on the open market or by private purchase or a combination of the foregoing.

(e) Awards may, in the sole discretion of the Committee, be granted under the Plan in assumption of, or in substitution for, outstanding awards previously granted by an entity directly or indirectly acquired by the Company or with which the Company combines (“Substitute Awards”). Unless the Committee shall otherwise determine, the Common Stock delivered by the Company or its Affiliates upon exchange of the Partnership Interests that have been issued under the Plan shall be issued under the Plan and shall be considered to be a Substitute Award. Substitute Awards shall not be counted against the Absolute Share Limit; *provided*, that Substitute Awards issued in connection with the assumption of, or in substitution for, outstanding options intended to qualify as “incentive stock options” within the meaning of Section 422 of the Code shall be counted against the aggregate number of shares of Common Stock available for Awards of Incentive Stock Options under the Plan. Subject to applicable stock exchange requirements, available shares under a stockholder-approved plan of an entity directly or indirectly acquired by the Company or with which the Company combines (as appropriately adjusted to reflect the acquisition or combination transaction) may be used for Awards under the Plan and shall not reduce the number of shares of Common Stock available for issuance under the Plan.

(f) During each fiscal year, the Board may award annual compensation to any Non-Employee Director (including both shares of Common Stock subject to Awards and any cash fees paid to such Non-Employee Director during the fiscal year (but excluding expense reimbursements)) in an amount not exceeding \$ in total value (calculating the value of any such Awards based on the grant date fair value of such Awards for financial reporting purposes).

6. Eligibility . Participation in the Plan shall be limited to Eligible Persons.

7. Options .

(a) General. Each Option granted under the Plan shall be evidenced by an Award Agreement, in written or electronic form, which agreement need not be the same for each Participant. Each Option so granted shall be subject to the conditions set forth in this Section 7, and to such other conditions not inconsistent with the Plan as may be reflected in the applicable Award Agreement. All Options granted under the Plan shall be Nonqualified Stock Options unless the applicable Award Agreement expressly states that the Option is intended to be an Incentive Stock Option. Incentive Stock Options shall be granted only to Eligible Persons who are employees of a member of the Company Group, and no Incentive Stock Option shall be granted to any Eligible Person who is ineligible to receive an Incentive Stock Option under the Code. No Option shall be treated as an Incentive Stock Option unless the Plan has been approved by the stockholders of the Company in a manner intended to comply with the stockholder approval requirements of Section 422(b)(1) of the Code, *provided* that any Option intended to be an Incentive Stock Option shall not fail to be effective solely on account of a failure to obtain such approval, but rather such Option shall be treated as a Nonqualified Stock Option unless and until such approval is obtained. In the case of an Incentive Stock Option, the terms and conditions of such grant shall be subject to, and comply with, such rules as may be prescribed by Section 422 of the Code. If for any reason an Option intended to be an Incentive Stock Option (or any portion thereof) shall not qualify as an Incentive Stock Option, then, to the extent of such nonqualification, such Option or portion thereof shall be regarded as a Nonqualified Stock Option appropriately granted under the Plan.

(b) Exercise Price. Except as otherwise provided by the Committee in the case of Substitute Awards, the exercise price (“Exercise Price”) per share of Common Stock for each Option shall not be less than 100% of the Fair Market Value of such share (determined as of the Date of Grant); *provided, however*, that in the case of an Incentive Stock Option granted to an employee who, at the time of the grant of such Option, owns stock representing more than 10% of the voting power of all classes of stock of any member of the Company Group, the Exercise Price per share shall be no less than 110% of the Fair Market Value per share on the Date of Grant.

(c) Vesting and Expiration; Termination. Options shall vest and become exercisable in such manner and on such date or dates or upon such event or events as determined by the Committee; *provided, however*, that notwithstanding any such vesting dates or events, the Committee may in its sole discretion accelerate the vesting of any Options at any time and for any reason. Options shall expire upon a date determined by the Committee, not to exceed ten (10) years from the Date of Grant (the “Option Period”); *provided*, that if the Option Period (other than in the case of an Incentive Stock Option) would expire at a time when trading in the shares of Common Stock is prohibited by the Company’s insider trading policy (or Company-imposed “blackout period”), then the Option Period shall be automatically extended until the 30th day following the expiration of such prohibition. Notwithstanding the foregoing, in no event shall the Option Period exceed five (5) years from the Date of Grant in the case of an Incentive Stock Option granted to a Participant who on the Date of Grant owns stock representing more than 10% of the voting power of all classes of stock of any member of the Company Group.

(d) Method of Exercise and Form of Payment. No shares of Common Stock shall be issued pursuant to any exercise of an Option until payment in full of the Exercise Price therefor is received by the Company and the Participant has paid to the Company an amount equal to any Federal, state, local and non-U.S. income, employment and any other applicable taxes required to be withheld. Options which have become exercisable may be exercised by delivery of written or electronic notice of exercise to the Company (or telephonic instructions to the extent provided by the Committee) in accordance with the terms of the Option accompanied by payment of the Exercise Price. The Exercise Price shall be payable: (i) in cash, check, cash equivalent and/or shares of Common Stock valued at the Fair Market Value at the time the Option is exercised (including, pursuant to procedures approved by the Committee, by means of attestation of ownership of a sufficient number of shares of Common Stock in lieu of actual issuance of such shares to the Company); *provided*, that such shares of Common Stock are not subject to any pledge or other security interest and have been held by the Participant for at least six months (unless otherwise determined by the Committee); or (ii) by such other method as the Committee may permit in its sole discretion, including, without limitation (A) in other property having a fair market value on the date of exercise equal to the Exercise Price; (B) if there is a public market for the shares of Common Stock at such time, by means of a broker-assisted “cashless exercise” pursuant to which the Company is delivered (including telephonically to the extent permitted by the Committee) a copy of irrevocable instructions to a stockbroker to sell the shares of Common Stock otherwise issuable upon the exercise of the Option and to deliver promptly to the Company an amount equal to the Exercise Price; or (C) a “net exercise” procedure effected by withholding the minimum number of shares of Common Stock otherwise issuable in respect of an Option that are needed to pay the Exercise Price and all applicable required withholding and any other applicable taxes. Any fractional shares of Common Stock shall be settled in cash.

(e) Notification upon Disqualifying Disposition of an Incentive Stock Option. Each Participant awarded an Incentive Stock Option under the Plan shall notify the Company in writing immediately after the date the Participant makes a disqualifying disposition of any Common Stock acquired pursuant to the exercise of such Incentive Stock Option. A disqualifying disposition is any disposition (including, without limitation, any sale) of such Common Stock before the later of (i) two years after the Date of Grant of the Incentive Stock Option or (ii) one year after the date of exercise of the Incentive Stock Option. The Company may, if determined by the Committee and in accordance with procedures established by the Committee, retain possession, as agent for the applicable Participant, of any Common Stock acquired pursuant to the exercise of an Incentive Stock Option until the end of the period described in the preceding sentence, subject to complying with any instructions from such Participant as to the sale of such Common Stock.

(f) Compliance With Laws, etc. Notwithstanding the foregoing, in no event shall a Participant be permitted to exercise an Option in a manner which the Committee determines would violate the Sarbanes-Oxley Act of 2002, as it may be amended from time to time, or any other applicable law or the applicable rules and regulations of the Securities and Exchange Commission or the applicable rules and regulations of any securities exchange or inter-dealer quotation system on which the securities of the Company are listed or traded.

8. Stock Appreciation Rights .

(a) General. Each SAR granted under the Plan shall be evidenced by an Award Agreement. Each SAR so granted shall be subject to the conditions set forth in this Section 8, and to such other conditions not inconsistent with the Plan as may be reflected in the applicable Award Agreement. Any Option granted under the Plan may include tandem SARs. The Committee also may award SARs to Eligible Persons independent of any Option.

(b) Strike Price. Except as otherwise provided by the Committee in the case of Substitute Awards, the strike price (“Strike Price”) per share of Common Stock for each SAR shall not be less than 100% of the Fair Market Value of such share (determined as of the Date of Grant). Notwithstanding the foregoing, a SAR granted in tandem with (or in substitution for) an Option previously granted shall have a Strike Price equal to the Exercise Price of the corresponding Option.

(c) Vesting and Expiration; Termination. A SAR granted in connection with an Option shall become exercisable and shall expire according to the same vesting schedule and expiration provisions as the corresponding Option. A SAR granted independent of an Option shall vest and become exercisable in such manner and on such date or dates or upon such event or events as determined by the Committee; *provided, however*, that notwithstanding any such vesting dates or events, the Committee may in its sole discretion accelerate the vesting of any SAR at any time and for any reason. SARs shall expire upon a date determined by the Committee, not to exceed ten (10) years from the Date of Grant (the “SAR Period”); *provided*, that if the SAR Period would expire at a time when trading in the shares of Common Stock is prohibited by the Company’s insider trading policy (or Company-imposed “blackout period”), then the SAR Period shall be automatically extended until the 30th day following the expiration of such prohibition.

(d) Method of Exercise. SARs which have become exercisable may be exercised by delivery of written or electronic notice of exercise to the Company in accordance with the terms of the Award, specifying the number of SARs to be exercised and the date on which such SARs were awarded.

(e) Payment. Upon the exercise of a SAR, the Company shall pay to the Participant an amount equal to the number of shares subject to the SAR that is being exercised multiplied by the excess of the Fair Market Value of one (1) share of Common Stock on the exercise date over the Strike Price, less an amount equal to any Federal, state, local and non-U.S. income, employment and any other applicable taxes required to be withheld. The Company shall pay such amount in cash, in shares of Common Stock valued at Fair Market Value, or any combination thereof, as determined by the Committee. Any fractional shares of Common Stock shall be settled in cash.

(f) Substitution of SARs for Nonqualified Stock Options. The Committee shall have the authority in its sole discretion to substitute, without the consent of the affected Participant or any holder or beneficiary of SARs, SARs settled in shares of Common Stock (or settled in shares or cash in the sole discretion of the Committee) for outstanding Nonqualified Stock Options; *provided* that (i) the substitution shall not otherwise result in a modification of the terms of any such Nonqualified Stock Option; (ii) the number of shares of Common Stock underlying the substituted SARs shall be the same as the number of shares of Common Stock underlying such Nonqualified Stock Options; and (iii) the Strike Price of the substituted SARs shall be equal to the Exercise Price of such Nonqualified Stock Options.

9. Restricted Stock and Restricted Stock Units .

(a) General. Each grant of Restricted Stock and Restricted Stock Units shall be evidenced by an Award Agreement. Each Restricted Stock and Restricted Stock Unit so granted shall be subject to the conditions set forth in this Section 9, and to such other conditions not inconsistent with the Plan as may be reflected in the applicable Award Agreement.

(b) Stock Certificates and Book-Entry; Escrow or Similar Arrangement. Upon the grant of Restricted Stock, the Committee shall cause a stock certificate registered in the name of the Participant to be issued or shall cause share(s) of Common Stock to be registered in the name of the Participant and held in book-entry form subject to the Company's directions and, if the Committee determines that the Restricted Stock shall be held by the Company or in escrow rather than issued to the Participant pending the release of the applicable restrictions, the Committee may require the Participant to additionally execute and deliver to the Company (i) an escrow agreement satisfactory to the Committee, if applicable and (ii) the appropriate stock power (endorsed in blank) with respect to the Restricted Stock covered by such agreement. If a Participant shall fail to execute and deliver (in a manner permitted under Section 13(c) of the Plan or as otherwise determined by the Committee) an agreement evidencing an Award of Restricted Stock and, if applicable, an escrow agreement and blank stock power within the amount of time specified by the Committee, the Award shall be null and void. Subject to the restrictions set forth in this Section 9 and unless otherwise set forth in the applicable Award Agreement, the Participant generally shall have the rights and privileges of a stockholder as to such Restricted Stock, including, without limitation, the right to vote such Restricted Stock; *provided* that if the lapsing of restrictions with respect to any grant of Restricted Stock is contingent on satisfaction of performance conditions (other than or in addition to the passage of time), any dividends payable on such shares of Restricted Stock shall be held by the Company and delivered (without interest) to the Participant within fifteen (15) days following the date on which the restrictions on such Restricted Stock lapse (and the right to any such accumulated dividends shall be forfeited upon the forfeiture of the Restricted Stock to which such dividends relate). To the extent shares of Restricted Stock are forfeited, any stock certificates issued to the Participant evidencing such shares shall be returned to the Company, and all rights of the Participant to such shares and as a stockholder with respect thereto shall terminate without further obligation on the part of the Company. A Participant shall have no rights or privileges as a stockholder as a holder of Restricted Stock Units.

(c) Vesting; Termination. Restricted Stock and Restricted Stock Units shall vest, and any applicable Restricted Period shall lapse, in such manner and on such date or dates or upon such event or events as determined by the Committee; *provided, however*, that notwithstanding any such dates or events, the Committee may, in its sole discretion, accelerate the vesting of any Restricted Stock or Restricted Stock Unit or the lapsing of any applicable Restricted Period at any time and for any reason.

(d) Issuance of Restricted Stock and Settlement of Restricted Stock Units.

(i) Upon the expiration of the Restricted Period with respect to any shares of Restricted Stock, the restrictions set forth in the applicable Award Agreement shall be of no further force or effect with respect to such shares, except as set forth in the applicable Award Agreement. If an escrow arrangement is used, upon such expiration, the Company shall issue to the Participant, or his or her beneficiary, without charge, the stock certificate (or, if applicable, a notice evidencing a book-entry notation) evidencing the shares of Restricted Stock which have not then been forfeited and with respect to which the Restricted Period has expired (rounded down to the nearest full share). Dividends, if any, that may have been withheld by the Committee and attributable to any particular share of Restricted Stock shall be distributed to the Participant in cash or, at the sole discretion of the Committee, in shares of Common Stock having a Fair Market Value (on the date of distribution) equal to the amount of such dividends, upon the release of restrictions on such share and, if such share is forfeited, the Participant shall have no right to such dividends.

(ii) Unless otherwise provided by the Committee in an Award Agreement or otherwise, upon the expiration of the Restricted Period with respect to any outstanding Restricted Stock Units, the Company shall issue to the Participant, or his or her beneficiary, without charge, one (1) share of Common Stock (or other securities or other property, as applicable) for each such outstanding Restricted Stock Unit; *provided, however*, that the Committee may, in its sole discretion, elect to (A) pay cash or part cash and part shares of Common Stock in lieu of issuing only shares of Common Stock in respect of such Restricted Stock Units; or (B) defer the issuance of shares of Common Stock (or cash or part cash and part shares of Common Stock, as the case may be) beyond the expiration of the Restricted Period if such extension would not cause adverse tax consequences under Section 409A of the Code. If a cash payment is made in lieu of issuing shares of Common Stock in respect of such Restricted Stock Units, the amount of such payment shall be equal to the Fair Market Value per share of the Common Stock as of the date on which the Restricted Period lapsed with respect to such Restricted Stock Units. To the extent provided in an Award Agreement,

the holder of outstanding Restricted Stock Units shall be entitled to be credited with dividend equivalent payments (upon the payment by the Company of dividends on shares of Common Stock) either in cash or, at the sole discretion of the Committee, in shares of Common Stock having a Fair Market Value equal to the amount of such dividends (and interest may, at the sole discretion of the Committee, be credited on the amount of cash dividend equivalents at a rate and subject to such terms as determined by the Committee), which accumulated dividend equivalents (and interest thereon, if applicable) shall be payable at the same time as the underlying Restricted Stock Units are settled following the date on which the Restricted Period lapses with respect to such Restricted Stock Units, and, if such Restricted Stock Units are forfeited, the Participant shall have no right to such dividend equivalent payments (or interest thereon, if applicable).

(e) Legends on Restricted Stock. Each certificate, if any, or book entry representing Restricted Stock awarded under the Plan, if any, shall bear a legend or book entry notation substantially in the form of the following, in addition to any other information the Company deems appropriate, until the lapse of all restrictions with respect to such shares of Common Stock:

TRANSFER OF THIS CERTIFICATE AND THE SHARES REPRESENTED HEREBY IS RESTRICTED PURSUANT TO THE TERMS OF THE PJT PARTNERS INC. 2015 OMNIBUS INCENTIVE PLAN AND A RESTRICTED STOCK AWARD AGREEMENT BETWEEN PJT PARTNERS INC. AND PARTICIPANT. A COPY OF SUCH PLAN AND AWARD AGREEMENT IS ON FILE AT THE PRINCIPAL EXECUTIVE OFFICES OF PJT PARTNERS INC.

10. Other Stock-Based Awards, Other Cash-Based Awards and Partnership Interest-Based Awards . The Committee may issue unrestricted Common Stock, rights to receive grants of Awards at a future date, other Awards denominated in Common Stock (including, without limitation, performance shares or performance units) (“Other Stock-Based Awards”) and other Awards denominated in cash (including, without limitation, cash bonuses, or Partnership Interests) (“Other Cash-Based Awards”) under the Plan to Eligible Persons, alone or in tandem with other Awards, in such amounts as the Committee shall from time to time in its sole discretion determine. Each Other Stock-Based Award granted under the Plan shall be evidenced by an Award Agreement and each Other Cash-Based Awards shall be evidenced by such form as the Committee may determine from time to time. Each Other Stock-Based Award or Other Cash-Based Award, as applicable, so granted shall be subject to such conditions not inconsistent with the Plan as may be reflected in the applicable Award Agreement or other form evidencing such Award, including, without limitation, those set forth in Section 13(c) of the Plan.

11. Performance Compensation Awards .

(a) General. The Committee shall have the authority, at or before the time of grant of any Award, to designate such Award as a Performance Compensation Award intended to qualify as “performance-based compensation” under Section 162(m) of the Code. Notwithstanding anything in the Plan to the contrary, if the Company determines that a Participant who has been granted an Award designated as a Performance Compensation Award is not (or is no longer) a “covered employee” (within the meaning of Section 162(m) of the Code), the terms and conditions of such Award may be modified without regard to any restrictions or limitations set forth in this Section 11 (but subject otherwise to the provisions of Section 13 of the Plan).

(b) Discretion of Committee with Respect to Performance Compensation Awards. With regard to a particular Performance Period, the Committee shall have sole discretion to select the length of such Performance Period, the type(s) of Performance Compensation Awards to be issued, the Performance Criteria that will be used to establish the Performance Goal(s), the kind(s) and/or level(s) of the Performance Goal(s) that is (are) to apply and the Performance Formula(e). Within the first ninety (90) days of a Performance Period (or, within any other maximum period allowed under Section 162(m) of the Code), the Committee shall, with regard to the Performance Compensation Awards to be issued for such Performance Period, exercise its discretion with respect to each of the matters enumerated in the immediately preceding sentence and record the same in writing.

(c) Performance Criteria. The Performance Criteria that will be used to establish the Performance Goal(s) may be based on the attainment of specific levels of performance of the Company (and/or one or more members of the Company Group, divisions or operational and/or business units, product lines, brands, business segments, administrative departments, or any combination of the foregoing) and shall be limited to the following, which may be determined in accordance with generally accepted accounting principles (“GAAP”) or on a non-GAAP basis: (i) net earnings, net income (before or after taxes) or consolidated net income; (ii) basic or diluted earnings per share (before or after taxes); (iii) net revenue or net revenue growth; (iv) gross revenue or gross revenue growth, gross profit or gross profit growth; (v) net operating profit (before or after taxes); (vi) return measures (including, but not limited to, return on investment, assets, capital, employed capital, invested capital, equity, or sales); (vii) cash flow measures (including, but not limited to, operating cash flow, free cash flow, or cash flow return on capital), which may but are not required to be measured on a per share basis; (viii) actual or adjusted earnings before or after interest, taxes, depreciation and/or amortization (including EBIT and EBITDA); (ix) gross or net operating margins; (x) productivity ratios; (xi) share price (including, but not limited to, growth measures and total stockholder return); (xii) expense targets or cost reduction goals, general and administrative expense savings; (xiii) operating efficiency; (xiv) objective measures of customer/client satisfaction; (xv) working capital targets; (xvi) measures of economic value added or other ‘value creation’ metrics; (xvii) enterprise value; (xviii) sales; (xix) stockholder return; (xx) customer/client retention; (xxi) competitive market metrics; (xxii) employee retention; (xxiii) objective measures of personal targets, goals or completion of projects (including but not limited to succession and hiring projects, completion of specific acquisitions, dispositions, reorganizations or other corporate transactions or capital-raising transactions, expansions of specific business operations and meeting divisional or project budgets); (xxiv) comparisons of continuing operations to other operations; (xxv) market share; (xxvi) cost of capital, debt leverage year-end cash position or book value; (xxvii) strategic objectives; or (xxviii) any combination of the foregoing. Any one or more of the Performance Criteria may be stated as a percentage of another Performance Criteria, or used on an absolute or relative basis to measure the performance of one or more members of the Company Group as a whole or any divisions or operational and/or business units, product lines, brands, business segments or administrative departments of the Company and/or one or more members of the Company Group or any combination thereof, as the Committee may deem appropriate, or any of the above Performance Criteria may be compared to the performance of a selected group of comparison companies, or a published or special index that the Committee, in its sole discretion, deems appropriate, or as compared to various stock market indices. The Committee also has the authority to provide for accelerated vesting of any Award based on the achievement of Performance Goals pursuant to the Performance Criteria specified in this paragraph. To the extent required under Section 162(m) of the Code, the Committee shall, within the first ninety (90) days of a Performance Period (or, within any other maximum period allowed under Section 162(m) of the Code), define in an objective fashion the manner of calculating the Performance Criteria it selects to use for such Performance Period.

(d) Modification of Performance Goal(s). In the event that applicable tax and/or securities laws change to permit Committee discretion to alter the governing Performance Criteria without obtaining stockholder approval of such alterations, the Committee shall have sole discretion to make such alterations without obtaining stockholder approval. Unless otherwise determined by the Committee at the time a Performance Compensation Award is granted, the Committee shall, during the first ninety (90) days of a Performance Period (or, within any other maximum period allowed under Section 162(m) of the Code), or at any time thereafter to the extent the exercise of such authority at such time would not cause the Performance Compensation Awards granted to any Participant for such Performance Period to fail to qualify as “performance-based compensation” under Section 162(m) of the Code, specify adjustments or modifications to be made to the calculation of a Performance Goal for such Performance Period, based on and in order to appropriately reflect the following events: (i) asset write-downs; (ii) litigation or claim judgments or settlements; (iii) the effect of changes in tax laws, accounting principles, or other laws or regulatory rules affecting reported results; (iv) any reorganization and restructuring programs; (v) acquisitions or divestitures; (vi) any other specific, unusual or nonrecurring events, or objectively determinable category thereof; (vii) foreign exchange gains and losses; (viii) discontinued operations and nonrecurring charges; and (ix) a change in the Company’s fiscal year.

(e) Payment of Performance Compensation Awards.

(i) Condition to Receipt of Payment. Unless otherwise provided in the applicable Award Agreement, a Participant must be employed by the Company on the last day of a Performance Period to be eligible for payment in respect of a Performance Compensation Award for such Performance Period.

(ii) Limitation. Unless otherwise provided in the applicable Award Agreement, a Participant shall be eligible to receive payment in respect of a Performance Compensation Award only to the extent that: (A) the Performance Goals for such period are achieved; and (B) all or some portion of such Participant's Performance Compensation Award has been earned for the Performance Period based on the application of the Performance Formula to such achieved Performance Goals.

(iii) Certification. Following the completion of a Performance Period, the Committee shall review and certify in writing whether, and to what extent, the Performance Goals for the Performance Period have been achieved and, if so, calculate and certify in writing that amount of the Performance Compensation Awards earned for the period based upon the Performance Formula. The Committee shall then determine the amount of each Participant's Performance Compensation Award actually payable for the Performance Period and, in so doing, may apply Negative Discretion.

(iv) Use of Negative Discretion. In determining the actual amount of an individual Participant's Performance Compensation Award for a Performance Period, the Committee may reduce or eliminate the amount of the Performance Compensation Award earned under the Performance Formula in the Performance Period through the use of Negative Discretion. Unless otherwise provided in the applicable Award agreement, the Committee shall not have the discretion to: (A) grant or provide payment in respect of Performance Compensation Awards for a Performance Period if the Performance Goals for such Performance Period have not been attained; or (B) increase a Performance Compensation Award above the applicable limitations set forth in Section 5 of the Plan.

(f) Timing of Award Payments. Unless otherwise provided in the applicable Award agreement, Performance Compensation Awards granted for a Performance Period shall be paid to Participants as soon as administratively practicable following completion of the certifications required by this Section 11. Any Performance Compensation Award that has been deferred shall not (between the date as of which the Award is deferred and the payment date) increase (i) with respect to a Performance Compensation Award that is payable in cash, by a measuring factor for each fiscal year greater than a reasonable rate of interest set by the Committee or (ii) with respect to a Performance Compensation Award that is payable in shares of Common Stock, by an amount greater than the appreciation of a share of Common Stock from the date such Award is deferred to the payment date. Any Performance Compensation Award that is deferred and is otherwise payable in shares of Common Stock shall be credited (during the period between the date as of which the Award is deferred and the payment date) with dividend equivalents (in a manner consistent with the methodology set forth in the last sentence of Section 9(d)(ii) of the Plan).

12. Changes in Capital Structure and Similar Events .

(a) In the event of (i) any dividend (other than regular cash dividends) or other distribution (whether in the form of cash, shares of Common Stock, other securities or other property, including Partnership Interests), reclassification, recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, split-off, spin-off, combination, repurchase or exchange of shares of Common Stock or other securities of the Company or Partnership Interests, issuance of warrants or other rights to acquire shares of Common Stock or other securities of the Company or Partnership Interests, or other similar corporate or Partnership transaction or event that affects the shares of Common Stock or Partnership Interests, as applicable (including a Change in Control) or (ii) unusual or nonrecurring events affecting the Company or the Partnership, including changes in applicable rules, rulings, regulations or other requirements, that the Committee determines, in its sole discretion, could result in substantial dilution or enlargement of the rights intended to be granted to, or available for, Participants (any event in (i) or (ii), an "Adjustment Event"), the Committee shall, in respect of any such Adjustment Event, make such substitution or adjustment, if any, as it deems equitable to any or all of (A) the Absolute Share Limit, or any other limit applicable under the Plan with respect to the number of Awards which may be granted hereunder, (B) the

number of shares of Common Stock or other securities of the Company (or number and kind of other securities or other property, including Partnership Interests) which may be issued in respect of Awards or with respect to which Awards may be granted under the Plan or any Sub-Plan, and (C) the terms of any outstanding Award, including, without limitation, (1) the number of shares of Common Stock or other securities of the Company (or number and kind of other securities or other property, including Partnership Interests) subject to outstanding Awards or to which outstanding Awards relate, (2) the Exercise Price or Strike Price with respect to any Award, or (3) any applicable performance measures (including, without limitation, the Performance Conditions applicable to LTIP Units (as such terms are defined under the Partnership Agreement and related Award Agreements), Performance Criteria and Performance Goals) *provided, however*, that in the case of any “equity restructuring” (within the meaning of the Financial Accounting Standards Board Accounting Standards Codification Topic 718 (or any successor pronouncement thereto)), the Committee shall make an equitable adjustment to outstanding Awards to reflect such equity restructuring. Any adjustment under this Section 12 shall be conclusive and binding for all purposes.

(b) Adjustment Events. Without limiting the foregoing, except as may otherwise be provided in an Award Agreement, in connection with any Adjustment Event, the Committee may, in its sole discretion, provide for any one or more of the following:

(i) a substitution or assumption of Awards (or awards of an acquiring company), acceleration of the exercisability of, lapse of restrictions on, or termination of, Awards, or a period of time (which shall not be required to be more than ten (10) days) for Participants to exercise outstanding Awards prior to the occurrence of such event (and that any such Award not so exercised shall terminate upon the occurrence of such event); and

(ii) subject to any limitations or reductions as may be necessary to comply with Section 409A of the Code, cancellation of any one or more outstanding Awards and payment to the holders of such Awards that are vested as of such cancellation (including, without limitation, any Awards that would vest as a result of the occurrence of such event but for such cancellation or for which vesting is accelerated by the Committee in connection with such event), the value of such Awards, if any, as determined by the Committee (which value, if applicable, may be based upon the price per share of Common Stock received or to be received by other stockholders of the Company or holders of Partnership Interests, as applicable, in such event), including, without limitation, in the case of an outstanding Option or SAR, a cash payment in an amount equal to the excess, if any, of the Fair Market Value (as of a date specified by the Committee) of the shares of Common Stock subject to such Option or SAR over the aggregate Exercise Price or Strike Price of such Option or SAR, respectively (it being understood that, in such event, any Option or SAR having a per share Exercise Price or Strike Price equal to, or in excess of, the Fair Market Value of a share of Common Stock subject thereto shall be canceled and terminated without any payment or consideration therefor), or, in the case of Restricted Stock, Restricted Stock Units or Other Stock-Based Awards that are not vested as of such cancellation, a cash payment or equity subject to deferred vesting and delivery consistent with the vesting restrictions applicable to such Restricted Stock, Restricted Stock Units or Other Stock-Based Awards prior to cancellation, or the underlying shares in respect thereof.

Payments to holders pursuant to clause (iii) above shall be made in cash or, in the sole discretion of the Committee, in the form of such other consideration necessary for a Participant to receive property, cash, or securities (or combination thereof) as such Participant would have been entitled to receive upon the occurrence of the transaction if the Participant had been, immediately prior to such transaction, the holder of the number of shares of Common Stock or Partnership Interests, as applicable, covered by the Award at such time (less any applicable Exercise Price or Strike Price).

(c) Other Requirements. Prior to any payment or adjustment contemplated under this Section 12, the Committee may require a Participant to (i) represent and warrant as to the unencumbered title to his or her Awards, (ii) bear such Participant’s pro rata share of any post-closing indemnity obligations, and be subject to the same post-closing purchase price adjustments, escrow terms, offset rights, holdback terms, and similar conditions as the

other holders of Common Stock or Partnership Interests, as applicable, subject to any limitations or reductions as may be necessary to comply with Section 409A of the Code; and (iii) deliver customary transfer documentation as reasonably determined by the Committee.

13. Amendments and Termination .

(a) Amendment and Termination of the Plan . The Board may amend, alter, suspend, discontinue, or terminate the Plan or any portion thereof at any time; *provided* , that no such amendment, alteration, suspension, discontinuation or termination shall be made without stockholder approval if: (i) such approval is necessary to comply with any regulatory requirement applicable to the Plan (including, without limitation, as necessary to comply with any rules or regulations of the NYSE or any other securities exchange or inter-dealer quotation system on which the securities of the Company may be listed or quoted) or for changes in GAAP to new accounting standards; (ii) it would materially increase the number of securities which may be issued under the Plan (except for increases pursuant to Section 5 or 12 of the Plan); (iii) it would materially modify the requirements for participation in the Plan; (iv) it would reduce the Exercise Price of any Option or the Strike Price of any SAR; (v) it would result in the Committee canceling an outstanding Option or SAR and replacing it with a new Option or SAR (with a lower Exercise Price or Strike Price, as the case may be) or other Award or cash payment that is greater than the intrinsic value (if any) of the cancelled Option or SAR or (vi) it would result in the Committee taking any other action which is considered a “repricing” for purposes of the stockholder approval rules of the NYSE or any other securities exchange or inter-dealer quotation system on which the securities of the Company are listed or quoted; *provided further* , that any such amendment, alteration, suspension, discontinuance or termination that would materially and adversely affect the rights of any Participant under an outstanding Award shall not be effective without the consent of the affected Participant.

(b) Amendment of Award Agreements . The Committee may, to the extent consistent with the terms of any applicable Award Agreement, waive any conditions or rights under, amend any terms of, or alter, suspend, discontinue, cancel or terminate, any Award theretofore granted or the associated Award Agreement, prospectively or retroactively (including after a Participant’s Termination); *provided* , that, other than pursuant to Section 12, any such waiver, amendment, alteration, suspension, discontinuance, cancellation or termination that would materially and adversely affect the rights of any Participant under an outstanding Award shall not be effective without the consent of the affected Participant.

(c) Award Agreements . Each Award under the Plan shall be evidenced by an Award Agreement, which shall be delivered to the Participant and shall specify the terms and conditions of the Award and any rules applicable thereto, including, without limitation, the effect on such Award of the Termination of a Participant, or of such other events as may be determined by the Committee. For purposes of the Plan, an Award Agreement may be in any such form (written or electronic) as determined by the Committee (including, without limitation, a Board or Committee resolution, an employment agreement, a notice, a certificate or a letter) evidencing the Award. The Committee need not require an Award Agreement to be signed by the Participant or a duly authorized representative of the Company.

(d) Nontransferability .

(i) Each Award shall be exercisable only by such Participant to whom such Award was granted during the Participant’s lifetime, or, if permissible under applicable law, by the Participant’s legal guardian or representative. No Award may be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by a Participant (unless such transfer is specifically required pursuant to a domestic relations order or other applicable law) other than by will or by the laws of descent and distribution and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against any member of the Company Group; *provided* , that the designation of a beneficiary shall not constitute an assignment, alienation, pledge, attachment, sale, transfer or encumbrance.

(ii) Notwithstanding the foregoing, the Committee may, in its sole discretion, permit Awards (other than Incentive Stock Options) to be transferred by a Participant, without consideration, subject to such rules as the Committee may adopt consistent with any applicable Award Agreement to preserve the

purposes of the Plan, to: (A) any person who is a “family member” of the Participant, as such term is used in the instructions to Form S-8 under the Securities Act or any successor form of registration statement promulgated by the Securities and Exchange Commission (collectively, the “Immediate Family Members”); (B) a trust solely for the benefit of the Participant and his or her Immediate Family Members (or with respect to any partner in the Partnership, any other Personal Planning Vehicle (as defined in the Partnership Agreement)); (C) a partnership or limited liability company whose only partners or stockholders are the Participant and his or her Immediate Family Members; or (D) a beneficiary to whom donations are eligible to be treated as “charitable contributions” for federal income tax purposes;

(each transferee described in clauses (A), (B), (C) and (D) above is hereinafter referred to as a “Permitted Transferee”); *provided* that the Participant gives the Committee advance written notice describing the terms and conditions of the proposed transfer and the Committee notifies the Participant in writing that such a transfer would comply with the requirements of the Plan.

(iii) The terms of any Award transferred in accordance with clause (ii) above shall apply to the Permitted Transferee and any reference in the Plan, or in any applicable Award Agreement, to a Participant shall be deemed to refer to the Permitted Transferee, except that: (A) Permitted Transferees shall not be entitled to transfer any Award, other than by will or the laws of descent and distribution; (B) Permitted Transferees shall not be entitled to exercise any transferred Option unless there shall be in effect a registration statement on an appropriate form covering the shares of Common Stock to be acquired pursuant to the exercise of such Option if the Committee determines, consistent with any applicable Award Agreement, that such a registration statement is necessary or appropriate; (C) neither the Committee nor the Company shall be required to provide any notice to a Permitted Transferee, whether or not such notice is or would otherwise have been required to be given to the Participant under the Plan or otherwise; and (D) the consequences of the Termination of the Participant under the terms of the Plan and the applicable Award Agreement shall continue to be applied with respect to the Participant, including, without limitation, that an Option shall be exercisable by the Permitted Transferee only to the extent, and for the periods, specified in the Plan and the applicable Award Agreement.

(e) Dividends and Dividend Equivalents. The Committee in its sole discretion may provide a Participant as part of an Award with dividends, dividend equivalents, or similar payments in respect of Awards, payable in cash, shares of Common Stock, other securities, other Awards or other property, on a current or deferred basis, on such terms and conditions as may be determined by the Committee in its sole discretion, including, without limitation, payment directly to the Participant, withholding of such amounts by the Company subject to vesting of the Award or reinvestment in additional shares of Common Stock, Restricted Stock or other Awards; *provided*, that no dividends, dividend equivalents or other similar payments shall be payable in respect of outstanding (i) Options or SARs; or (ii) unearned Performance Compensation Awards or other unearned Awards subject to performance conditions (other than, or in addition to, the passage of time) (although dividends, dividend equivalents or other similar payments may be accumulated in respect of unearned Awards and paid within fifteen (15) days after such Awards are earned and become payable or distributable).

(f) Tax Withholding.

(i) A Participant shall be required to pay to the Service Recipient or any other member of the Company Group, and the Service Recipient or any other member of the Company Group shall have the right and is hereby authorized to withhold, from any cash, shares of Common Stock, other securities or other property issuable or deliverable under any Award or from any compensation or other amounts owing to a Participant, the amount (in cash, shares of Common Stock, other securities or other property) of any required withholding or any other applicable taxes in respect of an Award, its exercise, or any payment or transfer under an Award or under the Plan and to take such other action as may be necessary in the opinion of the Committee or the Company to satisfy all obligations for the payment of such withholding or any other applicable taxes.

(ii) Without limiting the generality of clause (i) above, the Committee may (but is not obligated to), in its sole discretion, permit a Participant to satisfy, in whole or in part, the foregoing withholding liability by (A) the delivery of shares of Common Stock (which are not subject to any pledge or other security interest) that have been held by the Participant for at least six months (unless otherwise determined by the Committee) having a Fair Market Value equal to such withholding liability or (B) having the Company withhold from the number of shares of Common Stock otherwise issuable or deliverable pursuant to the exercise or settlement of the Award a number of shares with a Fair Market Value equal to such withholding liability, provided that with respect to shares withheld pursuant to clause (B), the number of such shares may not have a Fair Market Value greater than the minimum required statutory withholding liability unless determined by the Committee not to result in adverse accounting consequences.

(g) No Guarantees Regarding Tax Treatment. Participants shall be responsible for all taxes with respect to any Awards under the Plan. The Committee and the Company make no guarantees to any party regarding the tax treatment of Awards or payments made under the Plan. Neither the Committee nor the Company has any obligation to take any action to prevent the assessment of any tax on any party with respect to any Award under Section 409A of the Code or Section 457A of the Code or otherwise and none of the Company, any of its Subsidiaries or Affiliates, or any of their employees or representatives shall have any liability to a Participant with respect thereto.

(h) Data Protection. By participating in the Plan or accepting any rights granted under it, each Participant consents to the collection and processing of personal data relating to the Participant so that the Company and its Affiliates can fulfill their obligations and exercise their rights under the Plan and generally administer and manage the Plan. This data will include, but may not be limited to, data about participation in the Plan and shares offered or received, purchased or sold under the Plan from time to time and other appropriate financial and other data (such as the date on which the Awards were granted) about the Participant and the Participant's participation in the Plan.

(i) No Claim to Awards; No Rights to Continued Employment; Waiver. No employee of any member of the Company Group, or other Person, shall have any claim or right to be granted an Award under the Plan or, having been selected for the grant of an Award, to be selected for a grant of any other Award, except with respect to any Forfeited Units (as defined in the Partnership Agreement) that may be reallocated under the Partnership Agreement. There is no obligation for uniformity of treatment of Participants or holders or beneficiaries of Awards. The terms and conditions of Awards and the Committee's determinations and interpretations with respect thereto need not be the same with respect to each Participant and may be made selectively among Participants, whether or not such Participants are similarly situated. Neither the Plan nor any action taken hereunder shall be construed as giving any Participant any right to be retained in the employ or service of the Service Recipient or any other member of the Company Group, nor shall it be construed as giving any Participant any rights to continued service on the Board. The Service Recipient or any other member of the Company Group may at any time dismiss a Participant from employment or discontinue any consulting relationship, free from any liability or any claim under the Plan, unless otherwise expressly provided in the Plan or any Award Agreement. By accepting an Award under the Plan, a Participant shall thereby be deemed to have waived any claim to continued exercise or vesting of an Award or to damages or severance entitlement related to non-continuation of the Award beyond the period provided under the Plan or any Award Agreement, except to the extent of any provision to the contrary in any written employment contract or other agreement between the Service Recipient and/or any member of the Company Group and the Participant, whether any such agreement is executed before, on or after the Date of Grant.

(j) International Participants. With respect to Participants who reside or work outside of the United States of America and who are not (and who are not expected to be) "covered employees" within the meaning of Section 162(m) of the Code, the Committee may, in its sole discretion, amend the terms of the Plan and create or amend Sub-Plans or amend outstanding Awards with respect to such Participants in order to conform such terms with the requirements of local law or to obtain more favorable tax or other treatment for a Participant, any member of the Company Group.

(k) Designation and Change of Beneficiary. Each Participant may file with the Committee a written designation of one or more persons as the beneficiary(ies) who shall be entitled to receive the amounts payable

with respect to an Award, if any, due under the Plan upon his or her death. A Participant may, from time to time, revoke or change his or her beneficiary designation without the consent of any prior beneficiary by filing a new designation with the Committee. The last such designation received by the Committee shall be controlling; *provided, however*, that no designation, or change or revocation thereof, shall be effective unless received by the Committee prior to the Participant's death, and in no event shall it be effective as of a date prior to such receipt. If no beneficiary designation is filed by a Participant, the beneficiary shall be deemed to be his or her spouse or, if the Participant is unmarried at the time of death, his or her estate.

(l) Termination. Except as otherwise provided in an Award Agreement, unless determined otherwise by the Committee at any point following such event: (i) neither a temporary absence from employment or service due to illness, vacation or leave of absence (including, without limitation, a call to active duty for military service through a Reserve or National Guard unit) nor a transfer from employment or service with one Service Recipient to employment or service with another Service Recipient (or vice-versa) shall be considered a Termination; and (ii) if a Participant undergoes a Termination, but such Participant continues to provide services to the Company Group in another capacity, such change in status shall not be considered a Termination for purposes of the Plan. Further, unless otherwise determined by the Committee, in the event that any Service Recipient ceases to be a member of the Company Group (by reason of sale, divestiture, spin-off or other similar transaction), unless a Participant's employment or service is transferred to another entity that would constitute a Service Recipient immediately following such transaction, such Participant shall be deemed to have suffered a Termination hereunder as of the date of the consummation of such transaction.

(m) No Rights as a Stockholder. Except as otherwise specifically provided in the Plan or any Award Agreement, no Person shall be entitled to the privileges of ownership in respect of shares of Common Stock which are subject to Awards hereunder until such shares have been issued or delivered to such Person.

(n) Government and Other Regulations.

(i) The obligation of the Company to settle Awards in shares of Common Stock or other consideration shall be subject to all applicable laws, rules, and regulations, and to such approvals by governmental agencies as may be required. Notwithstanding any terms or conditions of any Award to the contrary, the Company shall be under no obligation to offer to sell or to sell, and shall be prohibited from offering to sell or selling, any shares of Common Stock pursuant to an Award unless such shares have been properly registered for sale pursuant to the Securities Act with the Securities and Exchange Commission or unless the Company has received an opinion of counsel (if the Company has requested such an opinion), satisfactory to the Company, that such shares may be offered or sold without such registration pursuant to an available exemption therefrom and the terms and conditions of such exemption have been fully complied with. The Company shall be under no obligation to register for sale under the Securities Act any of the shares of Common Stock to be offered or sold under the Plan. The Committee shall have the authority to provide that all shares of Common Stock or other securities of any member of the Company Group issued under the Plan shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the Plan, the applicable Award Agreement, the Federal securities laws, or the rules, regulations and other requirements of the Securities and Exchange Commission, the NYSE or any other securities exchange or inter-dealer quotation system on which the securities of the Company are listed or quoted and any other applicable Federal, state, local or non-U.S. laws, rules, regulations and other requirements, and, without limiting the generality of Section 9 of the Plan, the Committee may cause a legend or legends to be put on certificates representing shares of Common Stock or other securities of any member of the Company Group issued under the Plan to make appropriate reference to such restrictions or may cause such Common Stock or other securities of any member of the Company Group issued under the Plan in book-entry form to be held subject to the Company's instructions or subject to appropriate stop-transfer orders. Notwithstanding any provision in the Plan to the contrary, the Committee reserves the right to add any additional terms or provisions to any Award granted under the Plan that the Committee in its sole discretion deems necessary or advisable in order that such Award complies with the legal requirements of any governmental entity to whose jurisdiction the Award is subject.

(ii) The Committee may cancel an Award or any portion thereof if it determines, in its sole discretion, that legal or contractual restrictions and/or blockage and/or other market considerations would

make the Company's acquisition of shares of Common Stock from the public markets, the Company's issuance of Common Stock to the Participant, the Participant's acquisition of Common Stock from the Company and/or the Participant's sale of Common Stock to the public markets, illegal, impracticable or inadvisable. If the Committee determines to cancel all or any portion of an Award in accordance with the foregoing, the Company shall, subject to any limitations or reductions as may be necessary to comply with Section 409A of the Code, (A) pay to the Participant an amount equal to the excess of (I) the aggregate Fair Market Value of the shares of Common Stock subject to such Award or portion thereof canceled (determined as of the applicable exercise date, or the date that the shares would have been vested or issued, as applicable), over (II) the aggregate Exercise Price or Strike Price (in the case of an Option or SAR, respectively) or any amount payable as a condition of issuance of shares of Common Stock or Partnership Interests (in the case of any other Award). Such amount shall be delivered to the Participant as soon as practicable following the cancellation of such Award or portion thereof, or (B) in the case of Restricted Stock, Restricted Stock Units or Other Stock-Based Awards, provide the Participant with a cash payment or equity subject to deferred vesting and delivery consistent with the vesting restrictions applicable to such Restricted Stock, Restricted Stock Units or Other Stock-Based Awards, or the underlying shares thereof.

(o) Payments to Persons Other Than Participants. If the Committee shall find that any Person to whom any amount is payable under the Plan is unable to care for the Participant's affairs because of illness or accident, or is a minor, or has died, then any payment due to such Person or his or her estate (unless a prior claim therefor has been made by a duly appointed legal representative) may, if the Committee so directs the Company, be paid to his or her spouse, child, relative, an institution maintaining or having custody of such Person, or any other Person deemed by the Committee to be a proper recipient on behalf of such Person otherwise entitled to payment. Any such payment shall be a complete discharge of the liability of the Committee and the Company therefor.

(p) Nonexclusivity of the Plan. Neither the adoption of the Plan by the Board nor the submission of this Plan to the stockholders of the Company for approval shall be construed as creating any limitations on the power of the Board to adopt such other incentive arrangements as it may deem desirable, including, without limitation, the granting of stock options otherwise than under the Plan, and such arrangements may be either applicable generally or only in specific cases.

(q) Partnership Interests. With respect to an Award of Partnership Interests, in the event of a conflict or inconsistency as between the Plan and the Partnership Agreement or as between the Plan and the applicable Award Agreement, the Partnership Agreement and the Award Agreement shall govern and control, respectively.

(r) No Trust or Fund Created. Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between any member of the Company Group, on the one hand, and a Participant or other Person, on the other hand. No provision of the Plan or any Award shall require the Company, for the purpose of satisfying any obligations under the Plan, to purchase assets or place any assets in a trust or other entity to which contributions are made or otherwise to segregate any assets, nor shall the Company be obligated to maintain separate bank accounts, books, records or other evidence of the existence of a segregated or separately maintained or administered fund for such purposes. Participants shall have no rights under the Plan other than as unsecured general creditors of the Company, except that insofar as they may have become entitled to payment of additional compensation by performance of services, they shall have the same rights as other service providers under general law.

(s) Reliance on Reports. Each member of the Committee and each member of the Board shall be fully justified in acting or failing to act, as the case may be, and shall not be liable for having so acted or failed to act in good faith, in reliance upon any report made by the independent public accountant of any member of the Company Group and/or any other information furnished in connection with the Plan by any agent of the Company or the Committee or the Board, other than himself or herself.

(t) Relationship to Other Benefits. No payment under the Plan shall be taken into account in determining any benefits under any pension, retirement, profit sharing, group insurance or other benefit plan of the Company except as otherwise specifically provided in such other plan or as required by applicable law.

(u) Governing Law. The Plan shall be governed by and construed in accordance with the internal laws of the State of Delaware applicable to contracts made and performed wholly within the State of Delaware, without giving effect to the conflict of laws provisions thereof. EACH PARTICIPANT WHO ACCEPTS AN AWARD IRREVOCABLY WAIVES ALL RIGHT TO A TRIAL BY JURY IN ANY SUIT, ACTION OR OTHER PROCEEDING INSTITUTED BY OR AGAINST SUCH PARTICIPANT IN RESPECT OF THE PARTICIPANT'S RIGHTS OR OBLIGATIONS HEREUNDER.

(v) Severability. If any provision of the Plan or any Award or Award Agreement is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction or as to any Person or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to the applicable laws, or if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Award, such provision shall be construed or deemed stricken as to such jurisdiction, person or entity or Award and the remainder of the Plan and any such Award shall remain in full force and effect.

(w) Obligations Binding on Successors. The obligations of the Company under the Plan shall be binding upon any successor corporation or organization resulting from the merger, consolidation or other reorganization of the Company, or upon any successor corporation or organization succeeding to substantially all of the assets and business of the Company.

(x) Section 409A of the Code.

(i) Notwithstanding any provision of the Plan to the contrary, it is intended that the provisions of the Plan comply with Section 409A of the Code, and all provisions of the Plan shall be construed and interpreted in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A of the Code. Each Participant is solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on or in respect of such Participant in connection with the Plan (including any taxes and penalties under Section 409A of the Code), and neither the Service Recipient nor any other member of the Company Group shall have any obligation to indemnify or otherwise hold such Participant (or any beneficiary) harmless from any or all of such taxes or penalties. With respect to any Award that is considered "deferred compensation" subject to Section 409A of the Code, references in the Plan to "termination of employment" (and substantially similar phrases) shall mean "separation from service" within the meaning of Section 409A of the Code. For purposes of Section 409A of the Code, each of the payments that may be made in respect of any Award granted under the Plan is designated as separate payments.

(ii) Notwithstanding anything in the Plan to the contrary, if a Participant is a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) of the Code, no payments in respect of any Awards that are "deferred compensation" subject to Section 409A of the Code and which would otherwise be payable upon the Participant's "separation from service" (as defined in Section 409A of the Code) shall be made to such Participant prior to the date that is six months after the date of such Participant's "separation from service" or, if earlier, the date of the Participant's death. Following any applicable six month delay, all such delayed payments will be paid in a single lump sum on the earliest date permitted under Section 409A of the Code that is also a business day.

(iii) Unless otherwise provided by the Committee in an Award Agreement or otherwise, in the event that the timing of payments in respect of any Award (that would otherwise be considered "deferred compensation" subject to Section 409A of the Code) would be accelerated upon the occurrence of (A) a Change in Control, no such acceleration shall be permitted unless the event giving rise to the Change in Control satisfies the definition of a change in the ownership or effective control of a corporation, or a change in the ownership of a substantial portion of the assets of a corporation pursuant to Section 409A of the Code and any Treasury Regulations promulgated thereunder or (B) a Disability, no such acceleration shall be permitted unless the Disability also satisfies the definition of "Disability" pursuant to Section 409A of the Code and any Treasury Regulations promulgated thereunder.

(y) Clawback/Repayment. All Awards shall be subject to reduction, cancellation, forfeiture or recoupment to the extent necessary to comply with (i) any clawback, forfeiture or other similar policy adopted by the Board or Committee as in effect from time to time and (ii) applicable law. Further, to the extent that the Participant receives any amount in excess of the amount that the Participant should otherwise have received under the terms of the Award for any reason (including, without limitation, by reason of a financial restatement, mistake in calculations or other administrative error), the Participant shall be required to repay any such excess amount to the Company.

(z) Detrimental Activity. Notwithstanding anything to the contrary contained herein, if a Participant has engaged in any Detrimental Activity, as determined by the Committee, the Committee may, in its sole discretion, provide for one or both of the following:

(i) cancellation of any or all of such Participant's outstanding Awards; or

(ii) forfeiture by the Participant of any gain realized on the vesting or exercise of Awards, and to repay any such gain promptly to the Company.

(aa) Right of Offset. The Company will have the right to offset against its obligation to deliver shares of Common Stock (or other property or cash) under the Plan or any Award Agreement any outstanding amounts (including, without limitation, travel and entertainment or advance account balances, loans, repayment obligations under any Awards, or amounts repayable to the Company pursuant to tax equalization, housing, automobile or other employee programs) that the Participant then owes to any member of the Company Group, as applicable, and any amounts the Committee otherwise deems appropriate pursuant to any tax equalization policy or agreement. Notwithstanding the foregoing, if an Award is "deferred compensation" subject to Section 409A of the Code, the Committee will have no right to offset against its obligation to deliver shares of Common Stock (or other property or cash) under the Plan or any Award Agreement if such offset could subject the Participant to the additional tax imposed under Section 409A of the Code in respect of an outstanding Award.

(bb) No Fractional Shares. No fractional Shares shall be issued or delivered pursuant to the Plan or any Award, and the Committee shall determine whether cash, other securities, or other property shall be paid or transferred in lieu of any fractional Shares or whether such fractional Shares or any rights thereto shall be canceled, terminated, or otherwise eliminated.

(cc) Expenses; Gender; Titles and Headings. The expenses of administering the Plan shall be borne by the Company Group. Masculine pronouns and other words of masculine gender shall refer to both men and women. The titles and headings of the sections in the Plan are for convenience of reference only, and in the event of any conflict, the text of the Plan, rather than such titles or headings, shall control.

FORM OF TRANSITION SERVICES AGREEMENT

BETWEEN

BLACKSTONE HOLDINGS I L.P.

AND

PJT PARTNERS HOLDINGS LP

DATED AS OF , 2015

TRANSITION SERVICES AGREEMENT

THIS TRANSITION SERVICES AGREEMENT (this “**Agreement**”) is made and entered into as of _____, 2015, by and among Blackstone Holdings I L.P., a Delaware limited partnership (the “**Service Provider**” or “**Blackstone Holdings**”), and PJT Partners Holdings LP, a Delaware limited partnership (the “**Service Recipient**” or “**Carbon LP**”). Each of the Service Provider and the Service Recipient is sometimes referred to herein as a “**Party**” and collectively, as the “**Parties**”. All capitalized terms used in this Agreement but not defined herein shall have the respective meanings set forth in the Separation Agreement (as defined below) or the Transaction Agreement (as defined below), as applicable.

RECITALS

A. The board of directors of Blackstone Group Management L.L.C., as general partner of The Blackstone Group L.P., a Delaware limited partnership (“**BX**” and together with Blackstone Holdings, collectively, the “**Blackstone Parties**”), has determined that it is appropriate, desirable and in the best interests of BX and the holders of the issued and outstanding common units representing limited partner interests of BX to separate the Carbon Business from Blackstone and to divest the Carbon Business in the manner contemplated by the Separation and Distribution Agreement (as such may be amended from time to time, the “**Separation Agreement**”), dated as of _____, 2015, by and among BX, Blackstone Holdings, New Advisory GP L.L.C., a Delaware limited liability company and wholly-owned subsidiary of Blackstone Holdings (“**Original Carbon GP**”), PJT Partners Inc., a Delaware corporation (“**Carbon HoldCo**”), and Carbon LP, and the Transaction Agreement, dated as of October 9, 2014 (as such may be amended from time to time, the “**Transaction Agreement**”), by and among the Blackstone Parties, Original Carbon GP, Carbon, PJT Capital LP, a Delaware limited partnership (“**PJTC**”), PJT Management, LLC, a Delaware limited liability company and the general partner of PJTC, Mr. Paul J. Taubman and the other parties thereto.

B. In order to provide for an orderly transition under the Separation Agreement, the Service Provider desires to provide to the Service Recipient certain services for specified periods following the Closing Date, in accordance with and subject to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants and agreements contained in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, upon the terms and subject to the conditions set forth in this Agreement, the Parties, intending to be legally bound, hereby agree as follows:

ARTICLE I AGREEMENT TO PROVIDE TRANSITION SERVICES

Section 1.01 Agreement.

(a) The Service Provider hereby agrees to provide, or cause one or more members of its Group or its Affiliates or, with the prior consent of Carbon LP (not to be unreasonably withheld, conditioned or delayed), a contractor, subcontractor, vendor or other

third party provider (each, a “ **Third Party Provider** ”) to provide, upon the terms and subject to the conditions set forth herein, the Transition Services (as defined below) to the Service Recipient, and the Service Recipient hereby agrees to pay to the Service Provider the Service Fees (as defined below) and any other fees or costs payable pursuant Sections 2.01, 2.05 or 3.01; provided, however, that (i) any Service Fees payable hereunder shall not, subject to the requirements of Section 2.01(a), be increased as a result of any such outsourcing and (ii) the Service Provider shall remain primarily responsible for the performance of the Transition Services by any such Third Party Provider in a manner consistent with the requirements of Section 1.01(b) hereof. Irrespective of whether the Service Provider, an Affiliate or a Third Party Provider is providing a Transition Service, the Service Recipient may direct that any such Transition Service be provided directly to the Service Recipient or any other member of the Carbon Group.

(b) The Service Provider shall (and shall cause the respective members of its Group, Affiliates or Third Party Providers to) provide the Transition Services at consistent levels and with a consistent degree of care, diligence, priority, frequency and, as necessary, volume as such Transition Services were provided in the three (3) months prior to the date of the Transaction Agreement; provided, however, that the Service Provider shall in no event be obligated to provide services that are more extensive in type or scope than similar or comparable services provided by BX to the Carbon Business as of the date of the Transaction Agreement.

(c) The Parties declare and agree that each Party is engaged in a business that is independent from that of the other Party and the Service Provider shall perform its obligations as an independent contractor. It is expressly understood and agreed that nothing contained in this Agreement is intended to create an agency relationship, affiliate relationship or a partnership or joint venture. Neither Party is an agent or employee of the other. Neither Party has authority to represent or bind the other Party as to any matters.

Section 1.02 Transition Services .

(a) As used in this Agreement, the term “ **Transition Services** ” means the services set forth in Schedule B attached hereto (the “ **Scheduled Services** ”) and any Additional Services (as defined below) or Alternative Arrangements (as defined below).

(b) During the Term (as defined below), the Service Recipient may request, by providing the Service Provider with reasonable prior written notice, the provision of additional services, including the expansion of the scope of any existing Transition Services, that (i) are reasonably necessary for the operation of the Carbon Business and the Partnership Business as conducted in the last twelve (12) months prior to the Closing Date and (ii) cannot reasonably be provided by a member of the Carbon Group (the “ **Additional Services** ”). If the Parties mutually agree that such Additional Services shall be provided, taking into account the availability of such services from a third party on reasonable terms, the Parties hereto shall mutually agree, acting reasonably and in good faith, on the terms upon which the Service Provider would provide such Additional Services; provided that, the Service Fees (as defined below) of such Additional Services shall be based on market rates that are reasonably agreed to by the Parties to the extent not set forth in Schedule B. In the event that any such Additional Services are mutually agreed among the Parties, the Parties will enter into an amendment to this Agreement amending Schedule B to reflect such Additional Services.

Section 1.03 Cooperation; Access; Computer Security. The respective obligations of the Service Provider to provide the Transition Services are conditioned upon being provided with reasonable access at all applicable times, and all necessary rights to utilize, the Service Recipient's IT Assets, Information facilities, personnel and assets to the extent reasonably requested by the Service Provider in connection with the performance of its obligations hereunder. Each Party shall, and shall cause the respective members of its Group, its Affiliates, any Third Party Providers, if applicable, and its and their agents and representatives to, cooperate with each other and will cause their respective employees, agents and representatives to facilitate the provision of Transition Services. Without limiting the generality of the foregoing, the Service Recipient shall (i) make available (or cause to be provided) to the Service Provider reasonable access to IT Assets, facilities, personnel and assets to the extent required to perform the Transition Services, (ii) notify the Service Provider of any changes to operating environments or key personnel to the extent related to the provision of the Transition Services and (iii) provide timely decisions, approvals and acceptances required by the Service Provider to perform its obligations hereunder in a timely and efficient manner. While using or accessing any IT Assets of the other Party, each Party shall and shall cause the respective members of its Group, its Affiliates, any Third Party Providers, if applicable, and its and their agents and Representatives to (i) adhere in all respects to the other Party's controlled processes, policies and procedures (including any of the foregoing with respect to computer and network security), as may be communicated to such Party from time to time in writing, (ii) limit its use of or access to the other Party's IT Assets solely for purposes of providing or receiving the Transition Services; and (iii) cooperate with the other Party, at the other Party's request and expense, in the investigation of any apparent unauthorized access to such other Party's IT Assets.

Section 1.04 Transition Period.

(a) The term of this Agreement (the "**Term**") shall commence as of the Closing Date and shall continue until the date that is twenty four (24) months from the Closing Date (the "**Expiration Date**"), subject to earlier termination pursuant to Section 7.01 or Section 7.02.

(b) The Service Provider shall provide or cause to be provided the Transition Services during the period commencing on the Closing Date, unless a later date is otherwise agreed by the Parties pursuant to Section 1.02(b) for the provision of any Additional Services, and ending on the Expiration Date, unless an earlier date is otherwise specified for a Transition Service in Schedule B (for each Transition Service, such period being herein referred to as the "**Transition Period**").

(c) Each Transition Service provided hereunder shall be terminated at the end of its applicable Transition Period, unless otherwise terminated earlier pursuant to Section 7.01 or Section 7.02. The Service Provider shall be under no obligation to provide a Transition Service to the Service Recipient after the Transition Period applicable to such Transition Service.

Section 1.05 Limitations on Transition Services.

(a) Notwithstanding anything to the contrary contained herein or in Schedule B, the Service Provider shall have no obligation under this Agreement to: (i) operate the Service Recipient or any members of its Group or any portion thereof; (ii) advance funds; (iii) provide any Transition Service to the extent that the provision of such Transition Service would require the Service Provider to violate any applicable Law, client confidentiality, contractual obligations or fiduciary responsibilities; (iv) implement IT Assets, processes, plans or initiatives developed, acquired or utilized by the Service Recipient after the Closing Date except as otherwise agreed; (v) perform or cause to be performed any of the Transition Services for the benefit of any third party; or (vi) purchase, lease or license any IT Assets or equipment, expand its facilities, incur long-term capital expenses, maintain the employment of any specific employee or employ additional personnel in order to provide the Transition Services.

(b) To the extent that the provision of any Transition Services to the Service Recipient under this Agreement requires any new or additional third-party consents, licenses, rights, approvals or permissions by or on behalf of the Service Provider (the “**Third Party Consents**”) for the Service Recipient to receive and enjoy the full benefit of the Transition Services, and to use any deliverables provided in connection therewith, the obligation to provide such Transition Services is contingent upon receipt by the Service Provider of such Third Party Consents, it being acknowledged and understood that those third parties are not bound to this Agreement. The Service Provider shall use commercially reasonable efforts to obtain such Third Party Consents and shall keep the Service Recipient reasonably informed of the process to obtain such Third Party Consent; provided, however, that nothing contained herein shall require the Service Provider, or any member of its Group, to pay any fees or other payments to obtain such Third Party Consents other than those expressly set forth in Schedule B. Service Recipient shall reasonably assist the Service Provider in such efforts to obtain such Third Party Consents. If (i) the Service Provider fails to obtain the requisite Third Party Consent for any Transition Service or (ii) the provision of any Transition Service would violate any client confidentiality or fiduciary responsibilities, in each case, the Service Provider shall use commercially reasonable efforts to devise a reasonable alternative to such Transition Service which does not require such Third Party Consent or violate such client confidentiality or fiduciary responsibilities, as applicable (an “**Alternative Arrangement**”). All reasonable fees or costs associated with such Alternative Arrangements (“**Alternative Arrangement Costs**”) shall be shared equally by the Service Provider, on the one hand, and the Service Recipient, on the other. Nothing contained herein shall require the Service Provider to provide a Transition Service for which a Third Party Consent is required but has not been obtained.

(c) All employees and representatives of the Service Provider, members of its Group and its Affiliates shall be deemed for all purposes to be employees or representatives of the Service Provider, members of its Group or such Affiliates, as applicable. In performing the Transition Services, such employees and representatives shall be under the direction, control and supervision of the Service Provider, members of its Group or the applicable Affiliate thereof, and the Service Provider, members of its Group and its Affiliates shall have the sole right to exercise all authority with respect to the employment (including termination of employment), assignment and compensation of such employees and representatives.

(d) The Transition Services shall be available only for purposes of operating such business lines of the Carbon Business and the Partnership Business as existed as of the date of the Transaction Agreement and in such geographies as the Carbon Business and Partnership Business operated as of the date of the Transaction Agreement.

Section 1.06 Divestiture, Sale or Transfer of Assets. Nothing in this Agreement shall be deemed to limit the Service Provider's ability to divest, sell or otherwise transfer any of its assets necessary to provide the Transition Services; provided that the Service Provider's obligations to provide or cause to be provided the Transition Services in accordance with this Agreement for the duration of the applicable Transition Period shall not be abrogated or affected thereby.

ARTICLE II PAYMENT FOR TRANSITION SERVICES

Section 2.01 Service Fees; Costs and Expenses.

(a) In consideration for any of the Transition Services, the Service Recipient shall pay the Service Provider (or any designee of the Service Provider) fees (the “ **Service Fees** ”) for each Transition Service in an amount equal to the amount set forth in Schedule B in respect of a particular Transition Service. Except as otherwise noted therein, quarterly fees set forth in Schedule B for Transition Services rendered for a period that is less than one whole calendar quarter shall be determined by multiplying the quarterly rate for the relevant Transition Service set forth in Schedule B by the ratio of the number of days in the calendar quarter such Transition Service was provided over 90.

(b) The Service Recipient shall pay the Service Provider one half of any Alternative Arrangement Costs in addition to the Service Fees with respect to the applicable Scheduled Service.

(c) Any fees, license costs or other costs incurred by the Service Provider in connection with the performance of its obligations under this Agreement, including any fees or other costs to obtain any Third Party Consents pursuant to Section 1.05(b) but excluding any Alternative Arrangement Costs which are subject to Section 2.01(b), shall be paid (or reimbursed) by the Service Recipient in addition to the Service Fees.

(d) Any costs and expenses incurred in connection with retaining Third Party Providers may be billed directly to the Service Recipient; provided, that to the extent the Service Provider is required to make payments on behalf of the Service Recipient to Third Party Providers in connection with the provision of Transition Services, the Service Recipient shall promptly reimburse the Service Provider for the actual cost of such payments in addition to all applicable Service Fees.

Section 2.02 Invoicing Fees. Promptly after the end of each calendar quarter during the applicable Transition Period, the Service Provider will submit a statement of account to the Service Recipient with respect to the Service Fees for all of the Transition Services performed during such calendar quarter and other fees or costs payable pursuant to Sections 2.01, 2.05 or 3.01 (the “ **Invoiced Amount** ”). Unless otherwise specified in Schedule B, all invoices shall be

paid by the Service Recipient to the Service Provider by wire transfer of immediately available funds not later than thirty (30) calendar days after receipt of such invoice in accordance with the wiring instructions provided therein. To the extent necessary, local currency conversion on any such invoice shall be based on the Service Provider's then applicable internal exchange rate for the then-current month. To the extent that the Service Recipient and the Service Provider mutually determine that any amounts which have been invoiced hereunder are inaccurate, the Service Provider and the Service Recipient shall effect a "true-up" to reimburse the Service Recipient or the Service Provider, as applicable, promptly after such mutual determination (but in no event later than ten (10) business days following such mutual determination). To the extent that one Party makes such determination and the other Party disagrees with such determination or the amount of the disputed inaccuracy, the Parties shall comply with the dispute resolution procedures set forth in Section 8.11(a) below. If the Parties are unable to resolve such dispute after first complying with Section 8.11(a), the Service Recipient and the Service Provider shall submit any such disagreement to a nationally recognized independent certified public accountant, mutually selected by the Parties, under appropriate confidentiality provisions that are no less strict than as provided in Section 8.5 of the Separation Agreement (the "**Accountant**"). The determination of the Accountant with respect to any such dispute shall be completed within fifteen (15) days after the appointment of the Accountant (or as soon thereafter as the Accountant is able to render its determination), shall be determined in accordance with this Agreement and shall be final and binding upon the Service Recipient and the Service Provider (and, for the avoidance of doubt, neither Party shall have recourse to Section 8.11(b)). Any "true-up" payment shall be made to the other Party in accordance with the Accountant's determination no later than five (5) business days following such determination. The Accountant shall adopt the position of either the Service Recipient or the Service Provider with respect to the disputed item. The Service Provider and the Service Recipient shall bear the fees and expenses of the Accountant equally.

Section 2.03 No Right of Setoff. The Service Recipient will have no right to set off, discount or otherwise reduce or refuse to pay any Service Fees due to the Service Provider, whether because of: alleged payments, damages or liabilities owed by the Service Provider to Service Recipient; alleged or actual claims against the Service Provider; or any other financial obligation of the Service Provider to the Service Recipient, in each case, whether under the Separation Agreement, this Agreement, the Transaction Agreement or otherwise.

Section 2.04 Payment Only for Services Received. The Service Recipient shall compensate the Service Provider only for Transition Services actually received. The Service Recipient shall not make, or shall receive an appropriate credit with respect to, payment for Transition Services that are not provided to the Service Recipient for any reason.

Section 2.05 Migration and Integration; Disconnection and Disintegration. Notwithstanding anything to the contrary contained herein, in the Transaction Agreement or the Separation Agreement, (i) the Service Recipient shall bear all costs or expenses associated with integrating the Transition Services with the IT Assets, Information, facilities, personnel and assets of the Service Recipient and (ii) the Service Provider shall bear all costs or expenses associated with preparing the IT Assets, Information, facilities, personnel and assets of the Service Provider necessary to provide the Transition Services at a level sufficient to operate the Carbon Business as conducted prior to the Closing Date, including any disconnection and

separation of the Transition Services from any IT Assets, Information, facilities, personnel and assets of the Service Provider resulting from such preparation. Each Party shall reimburse the other Party for any costs or expenses incurred by such other Party which are to be borne by such Party pursuant to this Section 2.05.

Section 2.06 Default Rate. Any amounts not paid when due will accrue interest at a rate of LIBOR plus 500 basis points calculated on the basis of a year of three-hundred sixty (360) days (the “Applicable Rate”), calculated for each day from the due date until the date of the actual receipt of payment.

Section 2.07 Sales Taxes. All amounts payable under this Agreement are exclusive of any goods, sales, services, use, turnover, value added or other tax of a similar nature (“Sales Tax”). If Sales Tax is chargeable in respect of any Transition Service provided in accordance with this Agreement for which the Service Provider is required to account to the relevant tax authority, the Service Recipient shall pay to the Service Provider (in addition to and at the same time as paying any other consideration for such Transition Service) an amount equal to the amount of such Sales Tax.

Section 2.08 Record Keeping and Audits. The Service Provider shall maintain true and correct records of all receipts, invoices, reports and other documents relating to the Transition Services rendered hereunder in accordance with its standard accounting practices and procedures, consistently applied. The Service Provider shall retain such accounting records and make them available to Service Recipient’s auditors, for a period of not less than six (6) years from the close of each fiscal year of the Service Recipient during which Transition Services were provided; provided, however, that the Service Provider may, at its option, provide one copy of such accounting records to the Service Recipient, and thereby terminate the above retention requirements. The Service Recipient may, at its sole cost and expense, have the applicable records of the Service Provider audited to verify the accuracy, completeness and appropriateness of the charges for the Transition Services hereunder; provided, however, that (x) Service Provider shall not be required to provide information to Service Recipient or its Representatives that would reasonably be expected to (i) result in the waiver or limitation of any attorney-client or other legal privilege available to Service Provider or its Affiliates, (ii) result in a breach of any confidentiality obligation of Service Provider or its Affiliates to a third party or (iii) violate any applicable Law. Any such audit shall be conducted no more than twice and shall be conducted during the Term or within 90 calendar days following the conclusion thereof upon at least thirty (30) days’ advance notice during normal business hours and in a manner that does not interfere unreasonably with the Service Provider’s business. Any underpayment or overbilling determined by such audit shall be addressed in accordance with Section 2.02.

ARTICLE III ADDITIONAL ARRANGEMENTS

Section 3.01 Access to Service Providers. The Service Provider hereby covenants and agrees that the Service Recipient’s employees and agents will be given access during regular business hours to individuals responsible for the Transition Services and shall provide such Persons with all information, materials, data and records as they may reasonably request and that are necessary for the purposes of allowing such Persons to exercise general oversight and to

monitor the performance of the Transition Services. The Service Recipient shall bear all of the out-of-pocket costs and expenses (including attorneys' fees, but excluding reimbursement for general overhead, salaries and employee benefits) reasonably incurred by the Service Provider in connection with the foregoing.

Section 3.02 Disaster Recovery Procedures. The Service Provider shall use commercially reasonable efforts to ensure that all IT Assets owned and controlled by Service Provider and related to the provision of Transition Services have disaster recovery procedures consistent with, but in no event more extensive than, those in place in the last twelve (12) months prior to the date of the Transaction Agreement.

**ARTICLE IV
DISCLAIMER; FORCE MAJEURE; LIMITATION OF LIABILITY;
INDEMNIFICATION**

Section 4.01 Warranty Disclaimer. EXCEPT AS EXPRESSLY PROVIDED IN THIS AGREEMENT, THE SERVICE PROVIDER AND THE SERVICE RECIPIENT HEREBY EXPRESSLY DISCLAIM ALL REPRESENTATIONS AND WARRANTIES, EXPRESS OR IMPLIED, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY, SUITABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, WITH RESPECT TO THE TRANSITION SERVICES. UNLESS OTHERWISE EXPRESSLY SET FORTH IN THIS AGREEMENT, ALL TRANSITION SERVICES ARE PROVIDED ON AN "AS IS, WHERE IS" BASIS WITHOUT WARRANTY OF ANY KIND.

Section 4.02 Force Majeure. Except for the obligation to pay for Transition Services already provided, no Party (or any Person acting on its behalf) shall have any liability or responsibility for failure to fulfill any obligation (other than a payment obligation) under this Agreement so long as and to the extent to which the fulfillment of such obligation is prevented, frustrated, hindered or delayed as a consequence of circumstances of Force Majeure. A Party claiming the benefit of this provision shall, as soon as reasonably practicable after the occurrence of any such event: (a) notify the other applicable Parties of the nature and extent of any such Force Majeure condition and (b) use commercially reasonable efforts to remove any such causes and resume performance under this Agreement as soon as feasible.

Section 4.03 Limitation of Liability. IN NO EVENT SHALL ANY PARTY, MEMBERS OF ITS GROUP OR ITS AFFILIATES, OR ANY OF THEIR SHAREHOLDERS, ITS OWNERS, DIRECTORS, OFFICERS, EMPLOYEES, AGENTS OR REPRESENTATIVES BE LIABLE FOR ANY PUNITIVE OR SPECIAL DAMAGES OR ANY OTHER DAMAGES THAT ARE REMOTE, SPECULATIVE OR NOT REASONABLY FORESEEABLE AND PROXIMATELY CAUSED BY THE PERFORMANCE OR NONPERFORMANCE HEREUNDER GIVING RISE TO INDEMNIFICATION OR THE PROVISION OF OR FAILURE TO PROVIDE ANY OF THE TRANSITION SERVICES HEREUNDER (INCLUDING LOST PROFITS OR LOSS OF BUSINESS OPPORTUNITY, BUSINESS INTERRUPTION LOSS, LOSS OF FUTURE REVENUE, PROFITS OR INCOME, LOSS OF BUSINESS REPUTATION, LOSS OF CUSTOMERS OR OPPORTUNITY OR SIMILAR DAMAGES), EXCEPT WITH RESPECT TO A THIRD PARTY CLAIM FOR WHICH A PARTY IS ENTITLED TO INDEMNIFICATION

HEREUNDER. THE AGGREGATE DAMAGES FOR WHICH THE SERVICE PROVIDER, MEMBERS OF ITS GROUP, AND ITS AFFILIATES AND ANY OF THEIR RESPECTIVE SHAREHOLDERS, OWNERS, DIRECTORS, OFFICERS, EMPLOYEES, AGENTS OR REPRESENTATIVES, TAKEN TOGETHER, SHALL BE LIABLE IN CONNECTION WITH OR AS A RESULT OF THIS AGREEMENT OR THE TRANSITION SERVICES SHALL NOT EXCEED THE AMOUNT OF SERVICE FEES REASONABLY EXPECTED TO RECEIVED BY THE SERVICE PROVIDER UNDER THIS AGREEMENT (OTHER THAN SERVICE FEES THAT ARE CHARGED TO THE SERVICE RECIPIENT FOR REIMBURSEMENT OF DIRECT THIRD PARTY COSTS) ASSUMING THAT ALL TRANSITION SERVICES WERE PROVIDED THROUGH AND UNTIL THE EXPIRATION DATE.

Section 4.04 Indemnification.

(a) Each Party will indemnify, defend and hold harmless the other Party, the members of its Group and its Affiliates and their respective stockholders, members, managers, officers, directors, agents and other representatives (collectively, the “**Other Party Indemnitees**”) from any and all Liabilities suffered, paid or incurred by such Other Party Indemnitees and arising out of or resulting from third-party claims due to (i) any gross negligence or willful or intentional misconduct or (ii) any knowing and intentional material breach of this Agreement that is a consequence of a deliberate act or deliberate omission to act undertaken by the breaching party with the actual knowledge of and intent by the members of any such breaching party’s board of directors (or equivalent governing body) or executive officers that the taking of such act, or failure to act, would result in a material breach of the Agreement on the part of the indemnifying Party relating to such Party’s performance under this Agreement.

(b) Service Recipient shall indemnify, defend and hold harmless Service Provider, its Affiliates and their respective Representatives (the “**Provider Indemnified Parties**”) from and against all Liabilities (including in respect of any third party claim) arising out of, relating to or in connection with:

(i) any act or omission of Service Provider, its Affiliates or any of their respective Representatives in the performance of the Transition Services or of any duty, obligation or service under this Agreement (other than any Liabilities for which Service Provider has indemnified Service Recipient pursuant to Section 4.04(a)); and

(ii) any breach of any payment obligation of Service Recipient under this Agreement.

Section 4.05 Exclusion of Other Remedies. The provisions of Section 4.04 of this Agreement shall, to the maximum extent permitted by applicable Law, be the sole and exclusive remedies of the Other Party Indemnitees and the Provider Indemnified Parties, as applicable, for any claim, loss, damage, expense or liability, whether arising from statute, principle of common or civil law, principles of strict liability, tort, contract or otherwise under this Agreement.

**ARTICLE V
CONFIDENTIALITY**

Section 5.01 Confidentiality. The Parties acknowledge that certain Confidential Information may be shared or disclosed during the performance of this Agreement. The Parties agree that all Confidential Information will be subject to the confidentiality provisions of Section 8.5 of the Separation Agreement and such Confidential Information will be used only for the purposes of this Agreement and in connection with performing the Transition Services. Notwithstanding anything to the contrary provided herein or in Section 8.5 of the Separation Agreement, the obligations of the Parties under this Section 5.01 shall survive the expiration or earlier termination of this Agreement; provided, however, that in any event, the obligations of the Parties under this Section 5.01 shall expire on the third anniversary of the Closing Date (or, in the case of Confidential Information disclosed after the Effective Time, three (3) years from the date of such disclosure). “Confidential Information” of a Party hereunder shall include (i) all user access credentials and passwords to a Party’s IT Assets; and (ii) all non-public, confidential or proprietary information concerning or provided by a Third Party Provider.

**ARTICLE VI
INTELLECTUAL PROPERTY**

Section 6.01 Ownership of Intellectual Property. Unless expressly agreed otherwise in the Separation Agreement, the Transaction Agreement, this Agreement or in Schedule B, each Party agrees that any Intellectual Property of the other Party, member of its Group or its Affiliates or licensors made available to such Party, members of its Group or its Affiliates in connection with the Transition Services, and any derivative works, additions, modifications, translations or enhancements thereof created by a Party, member of its Group or its Affiliates pursuant to this Agreement, are and shall remain the sole property of the original owner of such Intellectual Property.

Section 6.02 License to Intellectual Property. If the provision or receipt of the Transition Services requires the use by Services Provider or Services Recipient (or, in each case, a member of its Group or its Affiliates), as applicable, of the Intellectual Property (other than Trademarks) of the other Party, then the other Party hereby grants to Services Provider or Services Recipient (or, in each case, a member of its Group or its Affiliates), as applicable, the limited, non-exclusive, non-sublicensable (except as to Third Party Providers in connection with the provision or receipt of the Transition Services, but not for the unrelated use of such parties), non-transferable and royalty-free right, on an “as is,” warranty-free basis, to use and exercise all rights in such Intellectual Property for the sole purpose of, and only to the extent and duration necessary for, the provision or receipt of the Transition Services, pursuant to the terms and conditions of this Agreement. For avoidance of doubt, the foregoing license in no way limits or broadens the licenses provided in Sections 6.5(c) and 6.5(d) of the Separation Agreement.

ARTICLE VII TERMINATION

Section 7.01 Termination Rights. This Agreement or any or all of the Transition Services may be terminated at any time prior to the Expiration Date:

(a) by the Service Recipient upon thirty (30) days' prior written notice and effective immediately upon the expiration of such thirty (30) day period, except that if any Transition Service is being provided by a Third Party Provider, the timing of the effectiveness of an early termination of such Transition Service shall be mutually agreed upon by the Service Provider and the Service Recipient so that there is no material disruption to, or additional costs to be incurred with respect to, any services provided by such Third Party Provider (including services provided by such Third Party Provider that are outside of the scope of this Agreement);

(b) by the Service Provider, if the Service Recipient commits a material breach of any of its representations, warranties, covenants, agreements or obligations contained in this Agreement and fails to cure such breach within sixty (60) days after receipt of notice thereof; provided that the failure by Service Recipient to pay any amount, not subject to dispute in accordance with Section 2.02, for more than thirty (30) days after such payment was due shall constitute a material breach of this Agreement; or

(c) by either Party immediately upon written notice if (i) the other Party (A) commences a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect, (B) seeks the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, (C) consents to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, (D) makes a general assignment for the benefit of creditors or takes any action to authorize any of the foregoing or (ii) required to do so by any Governmental Authority.

Section 7.02 Termination Upon Change in Control Event. This Agreement will terminate and be of no further force or effect immediately upon transfer or sale of all or substantially all of the assets of Carbon LP, Carbon HoldCo or PJTC or other similar direct or indirect change in control (including by sale of voting securities or by merger or otherwise) of Carbon LP, Carbon HoldCo or PJTC.

Section 7.03 Effect of Termination. In the event of early termination of this Agreement or any or all Transition Services by the Service Recipient, the Service Recipient shall be liable for all costs and expenses incurred by the Service Provider attributable thereto and which would not have been incurred but for the provision of such Transition Services, including fees for early termination or cancellation of contracts. The provisions of Section 4.01 (Warranty Disclaimer), Section 4.03 (Limitation of Liability), Section 4.04 (Indemnification), Article V (Confidentiality) and Article VIII (General Provisions) shall survive the termination or expiration of this Agreement unless otherwise agreed to in writing by both Parties. The provisions of Article II (Payments for Transition Services) shall survive such termination or expiration and the Service Recipient shall remain liable to the Service Provider for all amounts payable thereunder in respect of Transition Services provided prior to the effective date of such termination or expiration.

**ARTICLE VIII
GENERAL PROVISIONS**

Section 8.01 Assignment. This Agreement shall not be assignable, in whole or in part, directly or indirectly, by any Party without the prior written consent of the other Parties (not to be unreasonably withheld, conditioned or delayed), and any attempt to assign any rights or obligations arising under this Agreement without such consent shall be void; provided, that no such consent shall be required for (a) the Service Recipient to assign any or all of its rights or obligations arising under this Agreement to its Affiliates that operate the Carbon Business and the Partnership Business or (b) the Service Provider to assign any or all of its rights or obligations arising under this Agreement to any of its Affiliates that is reasonably capable of providing the Transition Services or as provided in Section 1.01; provided further, that the Parties shall remain primarily responsible for the performance of their obligations under this Agreement notwithstanding any such assignment pursuant to either clause (a) or (b) of this Section 8.01.

Section 8.02 Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the Parties hereto and their respective successors and assigns.

Section 8.03 Title and Headings. Titles and headings to sections herein are inserted for the convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

Section 8.04 Interpretation. The Parties have participated jointly in the negotiation and drafting of this Agreement. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the Party drafting or causing any instrument to be drafted.

Section 8.05 Amendments. This Agreement may not be amended or modified except by an instrument or instruments in writing signed and delivered on behalf of both Parties.

Section 8.06 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

Section 8.07 Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction or other authority to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated so long as the legal or economic substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party. Upon such a determination, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the fullest extent possible.

Section 8.08 Governing Law. This Agreement and the rights and duties of the Parties hereunder shall be governed by, and construed in accordance with, the Law of the State of Delaware.

Section 8.09 Conflicts. In the case of a conflict between the terms and conditions of this Agreement and any Schedule to this Agreement, the terms and conditions of such Schedule shall control and govern as it relates to the Transition Services to which such terms and conditions apply.

Section 8.10 No Agency, Authority or Franchise. Neither the Service Recipient nor the Service Provider shall act or represent or hold itself out as having authority to act as an agent or partner of the other, or in any way bind or commit the other to any obligations. Nothing contained in this Agreement shall be construed as creating a partnership, joint venture, agency, trust or other association of any kind, each Party being individually responsible only for its obligations as set forth in this Agreement. Furthermore, nothing contained in this Agreement, or any Party's performance under this Agreement, shall be construed as creating a franchisee/franchisor relationship. Except as expressly otherwise provided in this Agreement or the Separation Agreement, the Service Provider shall have no obligation to provide any assistance of any kind or character to the Service Recipient in connection with the Service Recipient's conduct of its business or affairs or otherwise, including the applicable business of the Service Recipient.

Section 8.11 Dispute Resolution.

(a) Any dispute, controversy or claim arising out of, relating to or in connection with this Agreement, or the breach, termination or validity thereof (a "**Dispute**"), shall be resolved by submitting such Dispute first to the supervising managers of the Parties most immediately responsible for the issue giving rise to the Dispute who shall seek to resolve such Dispute through informal good faith negotiation. If the Dispute is not resolved at that level of management within seven (7) Business Days after the claiming Party verbally notifies the other Party of the Dispute, then the Dispute shall be escalated to the applicable Parties' designated senior executive for resolution.

(b) In the event such designated senior executives fail to meet or, if they meet, fail to resolve the Dispute within an additional seven (7) Business Days, then the claiming Party will provide the other Party with a written notice describing the nature of the Dispute, and the Dispute shall be submitted to and finally resolved by arbitration in accordance with the CPR Institute for Dispute Resolution Rules for Non-Administered Arbitration ("**CPR Rules**") then currently in effect, except the scope of discovery, if any, shall be in accordance with the Federal Rules of Civil Procedure then currently in effect (as interpreted and enforced by the applicable arbitration panel). The composition of the arbitration panel shall be determined in accordance with CPR Rule 5.4. The arbitration panel shall consist of three arbitrators. Notwithstanding the foregoing, if any dispute otherwise subject to arbitration pursuant to this Section 8.11(b) involves, as a party in their individual capacity, multiple senior managing directors of BX who have agreed to exclusive arbitration clauses using the then-existing Rules of Arbitration of the International Chamber of Commerce ("**ICC Rules**"), then all references herein to "CPR Rules" shall instead refer to the ICC Rules and the arbitrator-selection process contained in such other agreement.

(c) The arbitration shall be governed by the Federal Arbitration Act, 9 U.S.C. §§ 1 et seq., and judgment upon the award rendered by the arbitrators may be entered by any

court having jurisdiction thereof; provided, however, performance under this Agreement shall continue if reasonably possible during any arbitration proceedings. The place of arbitration shall be in New York City, New York. The language of the arbitration shall be in English.

(d) The arbitral panel's award shall be final, conclusive, and binding upon the parties to the arbitration subject only to the right (if any) of any party to commence proceedings to vacate the award on any ground permitted under 9 U.S.C. § 10.

(e) The procedures specified in this Section 8.11 shall be the sole and exclusive procedures for the resolution of any Dispute; provided, however, that a party may file a complaint to seek a preliminary injunction or other provisional judicial relief, including for the purpose of compelling a party to arbitrate, or enforcing an arbitration award hereunder, if, in its sole judgment, such action is necessary. Despite such action, the Parties will continue to participate in good faith pursuant to the procedures set forth in this Section 8.11.

(f) To the extent a party brings an action pursuant to clause (d) or (e) above, EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF THE FEDERAL AND STATE COURTS OF THE STATE OF DELAWARE FOR THE PURPOSE OF ANY JUDICIAL PROCEEDING BROUGHT IN ACCORDANCE WITH THE PROVISIONS OF THIS SECTION 8.11, OR ANY JUDICIAL PROCEEDING ANCILLARY TO AN ARBITRATION OR CONTEMPLATED ARBITRATION DESCRIBED IN CLAUSE (a). The Parties acknowledge that the forum designated by this Section 8.11 has, and will have, a reasonable relation to this Agreement, and to the Parties' relationship with one another.

(g) Each of the Parties hereto waives, to the fullest extent permitted by applicable Law, any objection which such party now or hereafter may have to personal jurisdiction or to the laying of venue of any such ancillary suit, action or proceeding brought in any court referred to in this Section 8.11 and agrees not to plead or claim the same. Each Party agrees (i) that service of process, summons, notice or document by registered mail addressed to them in accordance with Section 8.16 shall be effective service of process against it for any such Proceeding brought in any such court, (ii) to waive and hereby waives, to the fullest extent permitted by applicable Law, any objection which it may now or hereafter have to the laying of venue of, and the defense of an inconvenient forum to the maintenance of, any such proceeding in any such court, and (iii) that a final judgment in any such proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by applicable Law. Nothing in this paragraph shall affect or eliminate any right to serve process in any other manner permitted by applicable Laws.

(h) EACH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY SUCH ANCILLARY SUIT, ACTION OR PROCEEDING BROUGHT IN ANY COURT REFERRED TO IN THIS SECTION 8.11.

(i) Unless otherwise agreed in writing, the Parties will continue to provide service and honor all other commitments under this Agreement during the course of dispute resolution pursuant to the provisions of this Section 8.11 with respect to all matters not subject to such dispute resolution.

Section 8.12 Schedules. All schedules annexed hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth in full herein.

Section 8.13 No Third-Party Beneficiaries. This Agreement is not intended to, and will not, confer any rights or remedies upon any Person other than the Parties and their respective successors and permitted assigns.

Section 8.14 Entire Agreement. This Agreement (including the schedules hereto), together with the Separation Agreement and the Transaction Agreement, constitute the entire agreement of the Parties hereto with respect to the subject matter hereof and supersede all prior agreements and undertakings with respect to the subject matter hereof, both written and oral. None of this Agreement, the Separation Agreement and the Transaction Agreement shall be deemed to contain or imply any restriction, covenant, representation, warranty, agreement or undertaking of any Party with respect to the transactions contemplated hereby or thereby other than those expressly set forth herein or therein, and none shall be deemed to exist or be inferred with respect to the subject matter hereof.

Section 8.15 Time Periods. Unless specified otherwise, any action required hereunder to be taken within a certain number of days shall be taken within that number of calendar days (and not Business Days); provided, however, that if the last day for taking such action falls on a weekend or a holiday in the United States, the period during which such action may be taken shall be automatically extended to the next Business Day.

Section 8.16 Notices. All notices and other communications required or permitted to be given hereunder shall be in writing and shall be deemed given if delivered personally, transmitted by facsimile or e-mail (and confirmed), mailed by registered or certified mail with postage prepaid and return receipt requested, or sent by commercial overnight courier, courier fees prepaid (if available; otherwise, by the next best class of service available), to the parties as the following addresses:

(i) if to BX:

The Blackstone Group L.P.
345 Park Avenue
New York, NY 10154
Attn: Michael Chae, John Finley
Fax:
Email:

with a copy to:

Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017
Attn: Josh Bonnie; Eric Swedenburg
Fax:
Email:

(ii) if to Carbon LP:

Attn:

Fax:

Email:

with a copy to:

Weil, Gotshal & Manges LLP

767 Fifth Avenue

New York, NY 10153

Attn: Barry M. Wolf; Michael J. Aiello

Fax:

Email:

[SIGNATURE PAGE FOLLOWS THIS PAGE]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first written above.

BLACKSTONE HOLDINGS I L.P.

By: Blackstone Holdings I/II GP Inc., as general partner

By: _____
Name:
Title:

PJT PARTNERS HOLDINGS LP

By: PJT Partners Inc., as general partner

By: _____
Name:
Title:

[*Signature Page to Transition Services Agreement*]

FORM OF
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 (as defined herein)
Dated as of , 2015

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TAX MATTERS AGREEMENT

This TAX MATTERS AGREEMENT (this “**Agreement**”) is dated as of _____, 2015, by and among THE BLACKSTONE GROUP L.P., a Delaware limited partnership (“**BX**”), BLACKSTONE HOLDINGS I/II GP INC., a Delaware corporation (“**Holdings I/II GP**”), PJT PARTNERS INC., a Delaware corporation (“**Carbon HoldCo**”), PJT PARTNERS HOLDINGS LP, a Delaware limited partnership (“**Carbon LP**”), STONECO IV CORPORATION, a Delaware corporation (“**StoneCo IV**”), _____, a Delaware corporation (“**Little SpinCo**”), PJT CAPITAL LP, a Delaware limited partnership (“**PJTC**”), (vi) PJT MANAGEMENT, LLC, a Delaware limited liability company and the general partner of PJTC (“**PJTM**”) and (vii) the Persons identified as Seller Parties on the signature pages hereto (the “**Seller Parties**”) (each a “**Party**” and collectively the “**Parties**”).

WITNESSETH:

WHEREAS, BX, acting through its direct and indirect Subsidiaries, currently conducts a number of businesses, including the Carbon Business;

WHEREAS, the Board of Directors of BX (the “**Board**”) has determined that it is appropriate, desirable and in the best interests of BX and its unitholders to separate the Carbon Business from BX and to divest the Carbon Business in the manner contemplated by the Separation Agreement and the Transaction Agreement, dated as of October 9, 2014 (as the same may be amended, restated or otherwise modified from time to time in accordance with its terms, the “**Transaction Agreement**”), among BX, Blackstone Holdings, Original Carbon GP, Carbon LP, PJTC, PJTM and the Founder;

WHEREAS, in order to effect the Separation, the Board has determined that it is appropriate, desirable and in the best interests of BX and its unitholders (i) to enter into a series of transactions whereby Carbon HoldCo and/or one or more members of the Carbon Group will, collectively, own all of the Carbon Assets and, where appropriate, assume (or retain) all of the Carbon Liabilities and (ii) for BX to distribute to the holders of BX Common Units on a pro rata basis (without consideration being paid by such unitholders) all of the Carbon Class A Shares held by BX upon the consummation of the Carbon Reorganization;

WHEREAS, it is the intention of the Parties that the Distributions and the Merger qualify for the Intended Tax-Free Treatment; and

WHEREAS, as a result of the Acquisition, the Separation, the Distributions and the Merger, the Parties desire to enter into this Tax Matters Agreement to provide for certain Tax matters, including the assignment of responsibility for the preparation and filing of Tax Returns, the payment of and indemnification for Taxes (including Taxes with respect to the Distributions, the Merger and related transactions as contemplated in the Separation Agreement and the other Ancillary Agreements), entitlement to refunds of Taxes, and the prosecution and defense of any Tax controversies.

NOW, THEREFORE, in consideration of the forgoing and the mutual agreements, provisions and covenants contained in this Agreement, the Parties hereby agree as follows:

ARTICLE I.

DEFINITIONS

SECTION 1.1. General. Capitalized terms used in this Agreement and not defined herein shall have the meanings that such terms have in the Separation Agreement. As used in this Agreement, the following terms shall have the following meanings:

“ **Affiliate** ” is defined in the Separation Agreement.

“ **Agreement** ” is defined in the preamble hereof.

“ **Ancillary Agreements** ” is defined in the Separation Agreement.

“ **Acquisition** ” means the acquisition of the Acquired Interests by Acquirer, as defined in and contemplated by the Transaction Agreement.

“ **Big Spin** ” means the distribution of the stock of Carbon HoldCo by Holdings I/II GP to BX.

“ **Blackstone Group** ” is defined in the Separation Agreement.

“ **Blackstone Holdings** ” is defined in the Separation Agreement.

“ **Board** ” is defined in the recitals hereof.

“ **Breaching Party** ” is defined in Section 4.2.

“ **Business** ” is defined in the Separation Agreement.

“ **Business Day** ” is defined in the Separation Agreement.

“ **BX** ” is defined in the preamble hereof.

“ **BX Common Units** ” is defined in the Separation Agreement.

“ **BX Subsidiary** ” means any Subsidiary of BX other than a Carbon Party.

“ **Capped Percentage** ” means 48%.

“ **Carbon HoldCo** ” is defined in the preamble hereof.

“ **Carbon Assets** ” is defined in the Separation Agreement.

“ **Carbon Business** ” is defined in the Separation Agreement.

“ **Carbon Class A Shares** ” is defined in the Separation Agreement.

“ **Carbon Class B Shares** ” shall mean the shares of Class B common stock of Carbon HoldCo, par value \$0.01 per share.

“ **Carbon Group** ” is defined in the Separation Agreement.

“ **Carbon Liabilities** ” is defined in the Separation Agreement.

“ **Carbon LP** ” is defined in the preamble hereof.

“ **Carbon Party** ” means Carbon HoldCo, any Carbon Subsidiary, Little SpinCo, and any Little SpinCo Subsidiary, as applicable.

“ **Carbon Reorganization** ” is defined in the Separation Agreement.

“ **Carbon Subsidiary** ” means any Subsidiary of Carbon HoldCo.

“ **Closing of the Books Method** ” means the apportionment of items between portions of a taxable period based on a closing of the books and records on the Distribution Date (as if the Distribution Date was the end of the taxable period).

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

“ **Consents** ” is defined in the Separation Agreement.

“ **Consolidated Tax Return** ” means any Tax Return filed pursuant to Section 1502 of the Code, or any comparable combined, consolidated, or unitary group Tax Return filed under state, local or foreign Tax law with respect to which BX or a BX Subsidiary is the parent entity and that includes any Carbon Party.

“ **Conversion or Exchange Event** ” is defined in Section 4.1(c).

“ **Default Interest Rate** ” is defined in the Separation Agreement.

“ **Distributing Corporation** ” or “ **Distributing Corporations** ” means Holdings I/II GP and/or StoneCo IV, individually or collectively, as applicable.

“ **Distribution** ” or “ **Distributions** ” means the Big Spin and the Little Spin, individually or collectively, as applicable.

“ **Distribution Date** ” means the day on which the Distributions and the Separation are effected.

“ **Effective Time** ” is defined in the Separation Agreement.

“ **Employee Matters Agreement** ” is defined in the Separation Agreement.

“ **Exchange Agreement** ” is defined in the Separation Agreement.

“ **Final Determination** ” means the final resolution of liability for any Tax for any taxable period, including any related interest or penalties, by or as a result of: (i) a final and unappealable decision, judgment, decree or other order by any court of competent jurisdiction; (ii) a closing agreement or accepted offer in compromise under Section 7121 or 7122 of the Code, or comparable agreement under the laws of other jurisdictions which resolves the entire Tax liability for any taxable period; (iii) any allowance of a refund or credit in respect of an overpayment of Tax, but only after the expiration of all periods during which such refund may be recovered by the jurisdiction imposing the Tax; or (iv) any other final disposition.

“ **Force Majeure** ” is defined in the Separation Agreement.

“ **Founder** ” means Mr. Paul J. Taubman.

“ **Framework Agreement** ” is defined in the Separation Agreement.

“ **Group** ” is defined in the Separation Agreement.

“ **Holdings I/II GP** ” is defined in the preamble hereof.

“ **Income Tax** ” means any income, franchise or similar Taxes imposed on (or measured by) net income or net profits.

“ **Income Tax Returns** ” means all Tax Returns relating to Income Taxes.

“ **Intended Tax-Free Treatment** ” means (i) that the contributions of certain assets and liabilities relating to the Carbon Business to Big SpinCo and Little SpinCo by the applicable Distributing Corporation qualify as reorganizations within the meaning of Section 368(a)(1)(D) of the Code and that no gain or loss be recognized under Section 361 of the Code with respect to such contributions, (ii) that the Big Spin and the Little Spin qualify as tax-free distributions under Sections 355 and 361 of the Code and that no gain or loss be recognized under Section 355 of the Code with respect to such distributions and (iii) that the Merger qualifies as a reorganization pursuant to Section 368(a) of the Code.

“ **IRS** ” means the United States Internal Revenue Service.

“ **Little Spin** ” means the distribution of the stock of Little SpinCo by StoneCo IV, to Blackstone Holdings III L.P., a Delaware limited partnership.

“ **Little SpinCo** ” is defined in the preamble hereof.

“ **Little SpinCo Subsidiary** ” means any Subsidiary of Little SpinCo.

“ **Losses** ” has the meaning ascribed to the term “Indemnifiable Losses” in the Separation Agreement.

“ **Measurement Percentage** ” is defined in Section 4.1(c).

“ **Merger** ” means the merger of Little SpinCo with and into Carbon HoldCo, with Carbon HoldCo surviving.

“ **Non-Breaching Party** ” is defined in Section 4.2.

“ **Opinion** ” means the opinion delivered by Simpson Thacher & Bartlett LLP pursuant to Section 7.1 of the Separation Agreement.

“ **Original Carbon GP** ” is defined in the Separation Agreement.

“ **Party** ” is defined in the preamble hereof.

“ **Payment Period** ” is defined in Section 2.4(d).

“ **Person** ” means any individual, corporation, company, partnership (limited or general), limited liability company, joint venture, association, trust, unincorporated organization or other entity.

“ **PJTC** ” is defined in the preamble hereof.

“ **PJT Entity** ” means PJTM, PJTC and any of their respective Subsidiaries.

“ **PJTM** ” is defined in the preamble hereof.

“ **Proceeding** ” means any audit, examination or other proceeding involving any Taxing Authority with respect to Taxes.

“ **Prohibited Acts** ” is defined in Section 4.1(a).

“ **Pro-Rated Method** ” means the apportionment of items between portions of a Straddle Period based on the number of days in the portion of such Straddle Period ending on the Distribution Date in comparison to the number of days in the portion of such Straddle Period beginning after the Distribution Date (i.e., without regard to when any items are realized within such taxable period).

“ **Reorganization Taxes** ” means Taxes that are (i) imposed or incurred as a result of either Distribution failing to qualify for the Intended Tax-Free Treatment and (ii) imposed on Carbon HoldCo or Little SpinCo as a result of the Merger failing to qualify for the Intended Tax-Free Treatment.

“ **Replacement Award** ” is defined in the Employee Matters Agreement.

“ **Restricted Period** ” means the two-year period commencing on the Distribution Date.

“ **Retention Award** ” is defined in the Employee Matters Agreement.

“ **Ruling** ” means the letter ruling, if any, issued by the IRS in response to the ruling request submitted by Holdings I/II GP and StoneCo IV on March 24, 2015 (as supplemented) regarding certain aspects of the Big Spin and the Little Spin for U.S. federal income tax purposes.

“ **Section 355(e) Calculations** ” means the illustrative calculations set forth in Exhibit A.

“ **Seller Parties** ” is defined in the preamble hereof.

“**Separation**” is defined in the Separation Agreement.

“ **Separation Agreement** ” means the Separation and Distribution Agreement, dated as of , 2015, between BX, Blackstone Holdings, Original Carbon GP, Carbon HoldCo and Carbon LP.

“ **Starting Percentage** ” means % in the case of the Big Spin and % in the case of the Little Spin, as reflected in the Section 355(e) Calculations.

“ **StoneCo IV** ” is defined in the preamble hereof.

“ **Straddle Period** ” is defined in Section 2.1(a).

“ **Stub Taxable Period** ” is defined in Section 3.4(c).

“ **Subsidiary** ” is defined in the Separation Agreement.

“ **Tax** ” or “ **Taxes** ” means (i) all taxes, charges, fees, imposts, levies or other assessments imposed by a Taxing Authority, including all income, gross receipts, capital, sales, use, gains, ad valorem, value added, transfer, franchise, profits, inventory, capital stock, license, withholding, payroll, employment, social security, unemployment, excise, severance, stamp, occupation, property estimated taxes, custom duties, fees, assessments and charges of any kind whatsoever

and (ii) any liability for the payment of any amount of the type described in clause (i) above payable by reason of contract or assumption (other than pursuant to a commercial agreement entered into in the ordinary course of business, the primary subject matter of which is not Tax matters) or transferee or successor liability or operation of law or arising as a result of being (or having been) a member of any group or being (or having been) included or required to be included in any Tax Return related thereto. Whenever the term “Tax” or “Taxes” is used, it shall include penalties, fines, additions to tax and interest thereon.

“ **Taxing Authority** ” means any governmental authority (whether United States or non-United States, and including, any state, municipality, political subdivision or governmental agency) responsible for the imposition of any Tax.

“ **Tax Returns** ” means all reports, returns, statements, schedules, notices, forms or other documents or information (including any elections, declarations, schedules, estimates, claims for refunds, information returns and amended returns) required to be filed or that may be filed for any period with any Taxing Authority in connection with any Tax or Taxes (whether domestic or foreign).

“ **Tax Sharing Agreements** ” is defined in Section 5.1 .

“ **Transaction Agreement** ” is defined in the recitals hereof.

SECTION 1.2. References; Interpretation . References in this Agreement to any gender include references to all genders, and references to the singular include references to the plural and vice versa. The words “include,” “includes” and “including” when used in this Agreement shall be deemed to be followed by the phrase “without limitation.” Unless the context otherwise requires, references in this Agreement to Articles, Sections and Exhibits shall be deemed references to Articles and Sections of, and Exhibits to, such Agreement. The word “extent” in the phrase “to the extent” means the degree to which a subject or other thing extends, and such phrase does not simply mean “if”. Reference to any agreement, document or instrument means such agreement, document or instrument as amended or otherwise modified from time to time in accordance with the terms thereof, and if applicable hereof. Unless the context otherwise requires, the words “hereof,” “hereby” and “herein” and words of similar meaning when used in this Agreement refer to this Agreement in its entirety and not to any particular Article, Section or provision of this Agreement. All references to any period of days shall be to the relevant number of calendar days unless otherwise specified. All references to dollars or \$ shall be references to United States dollars.

ARTICLE II.

ALLOCATION OF TAX LIABILITIES

SECTION 2.1. Payment of Taxes .

(a) Taxes Upon Filing and Adjusted Taxes . The Party responsible for, or responsible for causing, the preparation of a Tax Return pursuant to Sections 3.1 and 3.2 shall pay or cause to be paid to the relevant Taxing Authority all Taxes due or payable in connection with such Tax Return (including any amounts relating to adjustments to such Tax Return) and shall be entitled to any refunds (including, for the avoidance of doubt, any similar credit or offset against Taxes) in connection therewith; provided, however, (i) except as provided in clause (ii) of this sentence, with respect to any Tax Return of a Carbon Party for (a) any taxable period that ends on or before the Distribution Date, BX shall be responsible for, and shall be entitled to any refunds of, Taxes (including any amounts relating to adjustments to such Tax Return) relating to such taxable period and (b) any taxable period that begins on or before and includes

but does not end on the Distribution Date (a “**Straddle Period**”), BX shall be responsible for, and shall be entitled to any refunds of, Taxes (including any amounts relating to adjustments to such Tax Return) relating to the portion of the Straddle Period ending on the Distribution Date and Carbon HoldCo shall be responsible for, and shall be entitled to any refunds of, Taxes (including any amounts relating to adjustments to such Tax Return) relating to the portion of the Straddle Period beginning after the Distribution Date; and (ii) with respect to any Tax Return of a PJT Entity for (x) any taxable period that ends on or before the Distribution Date, the Seller Parties shall be responsible for, and shall be entitled to any refunds of, any Taxes (including any amounts relating to adjustments to such Tax Return) relating to such taxable period and (y) any Straddle Period, the Seller Parties shall be responsible for, and shall be entitled to any refunds of, any Taxes (including any amounts relating to adjustments to such Tax Return) relating to the portion of the Straddle Period ending on the Distribution Date and Carbon HoldCo shall be responsible for, and shall be entitled to any refunds of, any Taxes (including any amounts relating to adjustments to such Tax Return) relating to the portion of the Straddle Period beginning after the Distribution Date. For the purposes of this Section 2.1(a), (i) Taxes imposed on a periodic basis (such as real or personal property Taxes or Taxes that are based upon occupancy) shall be apportioned between the two portions of a Straddle Period in accordance with the Pro-Rated Method and (ii) Taxes not described in clause (i) above (such as Taxes that are based upon or related to income or receipts or Taxes imposed in connection with any sale or other transfer or assignment of property) shall be apportioned between the two portions of a Straddle Period in accordance with the Closing of the Books Method. Notwithstanding anything to the contrary, for purposes of this Section 2.1(a), any Taxes imposed on a Carbon Party accrued on the Distribution Date but after the Separation in respect of transactions that are outside the ordinary course of business shall be allocated to the taxable period beginning after the Distribution Date or the portion of a Straddle Period ending after the Distribution Date, as the case may be.

(b) Reorganization Taxes. Notwithstanding anything in this Section 2.1 to the contrary, and except as provided in Article IV, BX shall be responsible for, and shall be entitled to any refunds of, any Reorganization Taxes.

(c) Income Taxes prior to the Distribution. Notwithstanding anything in this Section 2.1 to the contrary, and except as provided in Article IV, (i) BX shall be responsible for any Income Taxes attributable to allocations of income to it or any BX Subsidiary as a result of any ownership of any Carbon Party or any entity conducting the Carbon Business and (ii) the Seller Parties shall be responsible for any Income Taxes attributable to allocations of income to them as a result of their ownership of any PJT Entity, in each case, for any taxable period that ends on or before the Distribution Date or the portion of any Straddle Period ending on the Distribution Date. Unless prohibited by applicable law, the Parties agree to close the taxable period of each Carbon Party as of the close of business on the Distribution Date. If applicable law does not permit such action, the taxable period of any Carbon Party that is treated as a partnership (or other pass-through entity) shall, for purposes of this Section 2.1(c), be deemed to terminate at the end of the Closing Date.

SECTION 2.2. Indemnity.

(a) Subject to Article IV, BX shall (and shall cause the other members of the Blackstone Group to) indemnify Carbon HoldCo and its Affiliates and the Seller Parties from all liability for Taxes for which BX is responsible pursuant to Section 2.1 and any related Losses.

(b) Subject to Article IV, Carbon HoldCo shall (and shall cause the other members of the Carbon Group to) indemnify BX and its Affiliates (or the applicable Distributing Corporation) and the Seller Parties from all liability for Taxes for which Carbon HoldCo is responsible pursuant to Section 2.1 and any related Losses.

(c) Subject to Article IV, the Seller Parties shall indemnify BX and its Affiliates and Carbon HoldCo and its Affiliates from all liability for Taxes for which the Seller Parties are responsible pursuant to Section 2.1 and any related Losses.

(d) Unless otherwise agreed in writing, the indemnifying Party shall pay to the indemnified Party the amount required to be paid pursuant to Section 2.2(a), (b) or (c) above within thirty (30) days of being notified of the amount due by the indemnified Party. The notice by the indemnified Party requesting such payment shall be accompanied by the calculations and other information used to determine the indemnifying Party's obligations hereunder. Such payment shall be paid by the indemnifying Party to the indemnified Party by wire transfer of immediately available funds to an account designated by the indemnified Party by written notice to the indemnifying Party prior to the due date of such payment.

SECTION 2.3. Contests.

(a) The right to control the conduct of any Proceeding shall belong to the Party responsible (or whose Affiliate is responsible) under applicable law for the underlying Taxes to which such Proceeding relates; provided, that if the Party not controlling a Proceeding could have an indemnification obligation for an adjustment to Tax resulting from such Proceeding, such Party shall be entitled to participate in (but not control) such Proceeding at its own cost and expense. Notwithstanding anything to the contrary in this Section 2.3(a), (i) BX shall have the right to control the conduct of any Proceeding that relates to a Tax Return of any Carbon Party (other than any PJT Entity) for a taxable period that ends on or before the Distribution Date, (ii) if a Proceeding relates to a Tax Return of any Carbon Party for a Straddle Period, BX and Carbon HoldCo shall have joint control over such Proceeding, and neither BX nor Carbon HoldCo shall settle such Proceeding without the other's consent, (iii) BX shall have the right to control any Proceeding with respect to a Consolidated Tax Return and (iv) if the right to control the conduct of a Proceeding with respect to any taxable period that ends on or before the Distribution Date, any Straddle Period, or any Stub Taxable Period belongs to Carbon HoldCo or Carbon LP, Carbon HoldCo or Carbon LP shall use reasonable best efforts to defend in such Proceeding any position that relates to the past practices of BX and its Affiliates.

(b) After the Distribution Date, each Party shall promptly notify the other Party in writing upon receipt of written notice of the commencement of any Proceeding or of any demand or claim upon it, which, if determined adversely, would be grounds for indemnification from such other Party under this Agreement; provided that failure to provide notice pursuant to this sentence shall not relieve any Party of its obligations pursuant to this Agreement except to the extent such Party is actually prejudiced as a result thereof. Each Party shall, on a timely basis, keep such other Party informed of all developments in any such Proceeding and provide such other Party with copies of all pleadings, briefs, orders, and other correspondence pertaining thereto.

(c) Subject to the provisions of Section 3.8, BX, Carbon HoldCo and Seller Parties shall (and shall cause their respective Subsidiaries to) reasonably cooperate with one another in a timely manner with respect to any Proceeding or of any demand or claim, which, if determined adversely, would be grounds for indemnification under this Agreement. BX, Carbon HoldCo and Seller Parties agree that such cooperation shall include making available to the other Party, during normal business hours, all books, records and information, officers and employees (without substantial interruption of employment) necessary or useful in connection with any such Proceeding. The Party requesting or otherwise entitled to any books, records, information, officers or employees pursuant to this Section 2.3(c) shall bear all reasonable out-of-pocket costs and expenses (except reimbursement of salaries, employee benefits and general overhead) incurred in connection with providing such books, records, information, officers or employees.

SECTION 2.4. Treatment of Payments: After Tax Basis.

(a) Unless otherwise required by a Final Determination, this Agreement or as otherwise agreed to between the Parties, any payment made pursuant to this Agreement (other than any payment of interest pursuant to Section 2.4(c)) by: (i) any Carbon Party to BX or a Distributing Corporation shall be treated for all Tax purposes as a distribution by Carbon HoldCo to the applicable Distributing Corporation with respect to the stock of Carbon HoldCo or Little SpinCo, as applicable, occurring immediately before the relevant Distribution; (ii) BX or a Distributing Corporation to any Carbon Party shall be treated for all Tax purposes as a tax-free contribution by the applicable Distributing Corporation to Carbon HoldCo or Little SpinCo, as applicable, with respect to its stock occurring after Carbon HoldCo or Little SpinCo, as applicable, is directly owned by such Distributing Corporation and immediately before the relevant Distribution; (iii) a Seller Party shall be treated for all Tax purposes as a contribution by such Seller Party to the applicable PJT Entity immediately before the Acquisition; or (iv) any Carbon Party to a Seller Party shall be treated for all Tax purposes as a distribution by the applicable PJT Entity immediately before the Acquisition; and in each case, no Party shall take any position inconsistent with such treatment. In the event that a Taxing Authority asserts that a Party's treatment of a payment pursuant to this Agreement should be other than as required pursuant to this Agreement (ignoring any potential inconsistent or adverse Final Determination), such Party shall use its commercially reasonable efforts to contest such challenge.

(b) To the extent that any liability for Taxes or Losses that is subject to indemnification under this Agreement gives rise to a deduction, credit or other Tax benefit to the indemnified Party or any of its Affiliates, the amount of any payment made under this Agreement shall be decreased by taking into account any actual reduction in Taxes (determined on a with and without basis) of the indemnified Party or any of its Affiliates resulting from such Tax benefit (including as a result of the Merger or any election set forth in Section 4.4). If (i) such actual reduction in Taxes of the indemnified Party or its Affiliate occurs in a taxable period following the period in which the indemnification payment is made or (ii) there is any adjustment to the liability for Taxes for which one Party or any Affiliates is responsible hereunder as a result of the Merger or any Distribution failing to qualify for the Intended Tax-Free Treatment (including as a result of the effectiveness of any election set forth in Section 4.4) and such adjustment gives rise to a deduction, credit or other Tax benefit to the other Party or any of its Affiliates, the indemnified Party (or, in the case of (ii), the other Party) shall on an annual basis pay the indemnifying Party (or, in the case of (ii), the responsible Party) the amount of the actual reduction in Taxes (determined on a with and without basis).

(c) Payments made pursuant to this Agreement that are not made within the period prescribed in this Agreement or, if no period is prescribed, within thirty (30) days after demand for payment is made (the "**Payment Period**") shall bear interest for the period from and including the date immediately following the last date of the Payment Period through and including the date of payment at the Default Interest Rate. Such interest will be payable at the same time as the payment to which it relates and shall be calculated on the basis of a year of 365 days and the actual number of days for which due.

ARTICLE III.

PREPARATION AND FILING OF TAX RETURNS

SECTION 3.1. BX's Responsibility for the Preparation and Filing of Tax Returns.

(a) BX shall prepare or cause to be prepared all Consolidated Tax Returns and any Income Tax Returns of any Carbon Party (other than any PJT Entity) for a taxable period ending on or before the Distribution Date.

(b) To the extent any Carbon Party is included in any Consolidated Tax Return of a Distributing Corporation for a taxable period that includes the Distribution Date, such Distributing Corporation shall cause to be included in such Consolidated Tax Return the results of such Carbon Party on the basis of the Closing of the Books Method consistent with Treas. Reg. Section 1.1502-76(b)(2)(i); provided; however; that any items arising from any transactions outside the ordinary course of business that occur on the Distribution Date but after the Separation shall be treated as occurring on the day after the Separation under Treas. Reg. Section 1.1502-76(b)(1)(ii)(2)(B).

SECTION 3.2. Carbon HoldCo's Responsibility for the Preparation and Filing of Tax Returns. Subject to Sections 3.1(a), 3.3 and 3.4, Carbon HoldCo shall prepare or cause to be prepared all Tax Returns for any taxable period ending on or before the Distribution Date or any Straddle Period that it or any other Carbon Party (other than any PJT Entity) is legally obligated to file after the Distribution Date according to the laws of the relevant taxing jurisdiction and with the appropriate Taxing Authority.

SECTION 3.3. Seller Parties' Responsibility for the Preparation and Filing of Tax Returns. The Seller Parties shall prepare or cause to be prepared all Tax Returns of the PJT Entities for periods that end on or before the Distribution Date.

SECTION 3.4. Manner of Preparation.

(a) Notwithstanding Section 3.1 of this Agreement, Carbon HoldCo shall have the right to review, comment on and approve (not to be unreasonably withheld, delayed or conditioned) any Tax Returns that any Carbon Party has an obligation to file but are required to be prepared, or required to be caused to be prepared, by BX pursuant to Section 3.1. BX shall, to the extent reasonably practicable, deliver to Carbon HoldCo any such Tax Returns at least thirty (30) days prior to the date on which they are required to be filed, and Carbon HoldCo shall respond with any comments on, or approval of, such Tax Returns as soon as reasonably practicable after receipt. In the event the Parties are unable to agree on any items included in such Tax Return, then a reasonable amount of time prior to the due date for filing such Tax Return, any disputed issues shall be submitted to an independent accounting firm to determine whether there is "substantial authority" (within the meaning of Treas. Reg. Sec. 1.6662-4(d)) to support BX's position with respect to any disputed items. The independent accounting firm's determination with respect to such disputed items will be final and binding on the Parties, and any disputed items for which the independent accounting firm determines there is "substantial authority" to support BX's position shall be reflected on any applicable Tax Return. The cost of the independent accounting firm shall be shared equally by BX and Carbon HoldCo.

(b) Notwithstanding Section 3.2 of this Agreement, BX shall have the right to review, comment on and approve (not to be unreasonably withheld, delayed or conditioned) any Tax Returns required to be prepared, or required to be caused to be prepared, by Carbon HoldCo for any taxable period (or portion thereof) ending on or prior to the Distribution Date. Carbon HoldCo shall, to the extent reasonably practicable, deliver to BX any such Tax Returns at least thirty (30) days prior to the date on which they are required to be filed, and BX shall respond with any comments on, or approval of, such Tax Returns as soon as reasonably practicable after receipt. In the event the Parties are unable to agree on any items included in such Tax Return, then a reasonable amount of time prior to the due date for filing such Tax Return, any disputed issues shall be submitted to an independent accounting firm for a final binding resolution, the cost of which shall be shared equally by BX and Carbon HoldCo. If any dispute with respect to a Tax Return is not resolved prior to the due date for filing such Tax Return, such Tax Return shall be filed in the manner that Carbon HoldCo deems correct without prejudice to BX's rights hereunder.

(c) To the extent permitted by law, any taxable period of any Carbon Party for any federal, state, local or foreign Tax purposes that would otherwise include but not end on the Distribution Date

shall be bifurcated into two separate taxable periods, one ending on the Distribution Date and the other beginning on the day following the Distribution Date (each a “ **Stub Taxable Period** ”), and a separate Tax Return for each Stub Taxable Period shall be prepared and filed by the Party responsible for such preparation and filing pursuant to Sections 3.1, 3.2 or 3.3.

(d) All Tax Returns for which Carbon HoldCo is responsible pursuant to Section 3.2 shall be prepared in a manner consistent with past practices of BX and any of its Affiliates (including with respect to any Tax Return filed pursuant to Section 1502 of the Code), except as otherwise required by applicable law.

(e) All Tax Returns filed on or after the Distribution Date shall be prepared in a manner that is consistent with the Opinion, the Ruling, or any other rulings obtained from other Taxing Authorities in connection with the Distributions (in the absence of a Final Determination to the contrary) and shall be prepared and filed on a timely basis (including pursuant to extensions) by the Party responsible for such preparation and filing pursuant to Sections 3.1, 3.2 or 3.3.

(f) Except to the extent required by a Final Determination, no Carbon Party shall amend any Tax Return relating to a taxable period (or portion thereof) ending on or before to the Distribution Date without the written consent of BX (which consent may be withheld in its sole discretion); provided that this Section 3.4(f) shall not apply to any PJT Entity.

SECTION 3.5. Costs and Expenses of Preparation. The Party responsible for preparing any Tax Return under Sections 3.1, 3.2 or 3.3 shall be responsible for the costs and expenses associated with preparing and filing such Tax Returns.

SECTION 3.6. Carrybacks. To the extent permitted by law, each Carbon Party shall elect to forego a carryback of any net operating losses, capital losses or credits for any taxable period ending after the Distribution Date to a taxable period, or portion thereof, ending on or before the Distribution Date. Notwithstanding anything herein to the contrary, no Carbon Party shall have any right to receive the benefit of any carryback of Tax attributes created in a taxable period beginning after the Distribution Date into a Consolidated Tax Return.

SECTION 3.7. Retention of Records; Access.

(a) BX and Carbon HoldCo shall, and shall cause each of their Subsidiaries to, retain adequate records, documents, accounting data and other information (including computer data) necessary for the preparation and filing of all Tax Returns required to be filed by BX or Carbon HoldCo (or their respective Subsidiaries) hereunder and for any Proceeding relating to such Tax Returns or to any Taxes payable by BX or Carbon HoldCo (or their respective Subsidiaries) hereunder.

(b) BX and Carbon HoldCo shall, and shall cause each of their Subsidiaries to, provide reasonable access to (i) all records, documents, accounting data and other information (including computer data) necessary for the preparation and filing of all Tax Returns required to be filed by BX or Carbon HoldCo (or their respective Subsidiaries) and for any Proceeding relating to such Tax Returns or to any Taxes payable by BX or Carbon HoldCo (or their respective Subsidiaries) and (ii) its personnel and premises, for the purpose of the preparation, review or audit of such Tax Returns, or in connection with any Proceeding, in each case, as reasonably requested by either BX or Carbon HoldCo.

(c) The obligations set forth above in Sections 3.7(a) and 3.7(b) shall continue until the longer of (i) the time of a Final Determination or (ii) expiration of all applicable statutes of limitations, to which the records and information relate. For purposes of the preceding sentence, each Party shall assume that no applicable statute of limitations has expired unless such Party has received notification or otherwise has actual knowledge that such statute of limitations has expired.

SECTION 3.8. Confidentiality; Ownership of Information; Privileged Information. The provisions of Article VIII of the Separation Agreement relating to confidentiality of information, ownership of information, privileged information and related matters shall apply with equal force to any records and information prepared and/or shared by and among the Parties in carrying out the intent of this Agreement.

ARTICLE IV.

DISTRIBUTIONS AND RELATED TAX MATTERS

SECTION 4.1. Opinion Requirement for Major Transactions Undertaken by Carbon HoldCo During the Restricted Period.

(a) Other than pursuant to the transactions contemplated in the Separation Agreement or with respect to any Replacement Award of Carbon Class A Shares or any Retention Award of Carbon Class A Shares, Carbon HoldCo agrees that following the Effective Time and during the Restricted Period it shall not (i) merge or consolidate with or into any other entity, (ii) liquidate or partially liquidate (within the meaning of such terms as defined in Section 346 and Section 302, respectively, of the Code), (iii) sell or transfer or permit Carbon LP to sell or transfer all or substantially all of its assets or Carbon LP's assets, as applicable (within the meaning of Rev. Proc. 77-37, 1977-2 C.B. 568) in a single transaction or series of related transactions, or sell or transfer any portion of its assets that would violate the "continuity of business enterprise" requirement of Treas. Reg. Section 1.368-1(d), (iv) modify the terms of its equity (including, for the avoidance of doubt, to take any action (or fail to take any action) that results in the acquisition by a holder of its equity of power to vote in the election of directors of its board), (v) redeem or otherwise repurchase any of its capital stock other than pursuant to open market stock repurchase programs meeting the requirements of Section 4.05(1)(b) of Rev. Proc. 96-30, 1996-1 C.B. 696, (vi) cease the active conduct of its (or Little SpinCo's) trade or business within the meaning of Section 355(b) of the Code, (vii) issue any of its equity or issue rights to acquire any of its equity, (viii) cause or permit any class of equity to become entitled to an increased vote with respect to the election of directors of its board, (ix) take any action or positions inconsistent with any representations or covenants of Carbon HoldCo that are included in any representation letter from Carbon HoldCo relating to the Opinion or (x) enter into any negotiations, agreements or arrangements with respect to transactions or events (including any transactions described in clauses (i)-(viii) (and, for this purpose, including any redemptions made pursuant to open market stock repurchase programs), stock issuances (pursuant to the exercise of options or otherwise), option grants, capital contributions or acquisitions, entering into any partnership or joint venture arrangements, or a series of such transactions or events, but excluding the Distributions), that may cause either Distribution to be treated as part of a plan pursuant to which one or more persons acquire directly or indirectly stock of Carbon HoldCo in a manner that may cause Section 355(e) of the Code to apply to either Distribution (the acts listed in clauses (i)-(x) collectively, the "**Prohibited Acts**").

(b) Notwithstanding Section 4.1(a), Carbon HoldCo may take any of the Prohibited Acts, subject to Section 4.2, if (x) it first obtains (at its expense) an opinion at no less than a "should level" in form and substance reasonably acceptable to BX of a nationally recognized law firm or a "big four" accounting firm reasonably acceptable to BX, which opinion may be based on usual and customary factual representations (reasonably acceptable to BX) or (y) at Carbon HoldCo's request, BX (at the expense of Carbon HoldCo) obtains a ruling from the IRS, that such Prohibited Act or Prohibited Acts, and any transaction related thereto, should not or will not, as the case may be (a) affect (i) any of the conclusions set forth in the Opinion, (ii) the qualification of either Distribution as a reorganization within the meaning of Section 368(a)(1)(D) and tax-free distribution under Section 355 of the Code, (iii) the

status of the stock of Carbon HoldCo or Little SpinCo distributed in either Distribution as qualified property pursuant to Section 355(d) or Section 355(e) of the Code, (iv) the nonrecognition of gain to a Distributing Corporation or its shareholders in either Distribution and (v) the qualification of the Merger as a reorganization within the meaning of Section 368(a)(1)(A) of the Code in which no gain or loss is recognized by Carbon HoldCo, Little SpinCo or their respective shareholders or (b) cause the Measurement Percentage to exceed the Capped Percentage. Carbon HoldCo may also take any of the Prohibited Acts, subject to Section 4.2, with the consent of the BX in BX's sole and absolute discretion. During the Restricted Period, Carbon HoldCo shall provide all information reasonably requested by BX relating to any transaction involving an acquisition (directly or indirectly) of stock of Carbon HoldCo (including as successor to Little SpinCo) within the meaning of Section 355(e) of the Code.

(c) Notwithstanding Section 4.1(a), Carbon HoldCo may (w) issue or cause to be transferred Carbon Class A Shares to holders of Carbon LP units pursuant to the Exchange Agreement or (x) cause or permit all or any portion of the voting power of any Carbon Class B Shares to become entitled to an increased vote with respect to the election of directors of Carbon HoldCo (as described in Section 4.3(A)(2) of Carbon HoldCo's Certificate of Incorporation) (each, a "**Conversion or Exchange Event**") to the extent that the Measurement Percentage (as determined by Carbon HoldCo taking into account BX's reasonable comments as provided in this Section 4.1(c)) with respect to each Distribution would not exceed the Capped Percentage immediately after a Conversion or Exchange Event occurs; provided, however, that no later than twenty (20) days prior to any Conversion or Exchange Event (other than a Conversion or Exchange Event that Carbon HoldCo may effect pursuant to Section 4.1(b) and for which Carbon HoldCo receives an opinion or ruling pursuant to Section 4.1(b) that provides such Conversion or Exchange Event should or will, as the case may be, not result in a direct or indirect acquisition (within the meaning of Section 355(e) of the Code) of stock of Carbon HoldCo that is part of a plan (or series of related transactions) that involves the Distribution), (i) Carbon HoldCo shall provide notice to BX of such Conversion or Exchange Event, (ii) such notice shall include, with respect to both Distributions, Carbon HoldCo's calculations of the Measurement Percentages both immediately before and immediately after such Conversion or Exchange Event occurs, the underlying factual assumptions made in making such calculations and documentary evidence reasonably satisfactory to BX corroborating such factual assumptions and (iii) Carbon HoldCo shall take into account any reasonable comments of BX (which BX shall provide no later than ten (10) days after receipt of such notice) in reaching a final determination of the Measurement Percentages. Solely for the purposes of Sections 4.1(b) and 4.1(c), the "**Measurement Percentage**", with respect to each Distribution, shall equal the total percentage (by vote or value) of the stock of Carbon HoldCo (as successor to Little SpinCo in the case of the Little Spin) directly or indirectly acquired as part of a plan that includes such Distribution pursuant to which one or more Persons acquire stock in Carbon HoldCo or Little SpinCo (or Carbon HoldCo as successor to Little SpinCo) (including, for the avoidance of doubt, as a result of any Conversion or Exchange Event), it being understood that (a) the Starting Percentages shall represent the Measurement Percentages immediately following the Separation, (b) any change in the ownership of the vote or value of Carbon HoldCo caused by a transaction for which Carbon HoldCo has obtained an opinion or ruling pursuant to Section 4.1(b) that provides such transaction should or will, as the case may be, not result in a direct or indirect acquisition (within the meaning of Section 355(e) of the Code) of stock of Carbon HoldCo that is part of a plan (or series of related transactions) that involves the Distribution shall not be considered as acquired as part of such a plan, (c) any change in the ownership of the vote or value of Carbon HoldCo as a result of any Conversion or Exchange Event for which Carbon HoldCo has not obtained an opinion or ruling pursuant to Section 4.1(b) that provides such Conversion or Exchange Event should or will, as the case may be, not result in a direct or indirect acquisition (within the meaning of Section 355(e) of the Code) of stock of Carbon HoldCo that is part of a plan (or series of related transactions) that involves the Distribution shall be considered as acquired as part of such a plan, (d) the Measurement Percentages shall be calculated in a manner consistent with the methodologies reflected in the Section 355(e) Calculations and (e) the facts and circumstances as they exist at the time shall be taken into account (including the effect of any rulings

received in the Ruling). This definition and the application thereof is intended to monitor compliance with Section 355(e) of the Code and the Treasury Regulations promulgated thereunder and shall be interpreted accordingly by the Parties in good faith.

SECTION 4.2. Indemnification for Reorganization Taxes. If, after the Effective Time, (i) a Party or any of its Affiliates takes any action or enters into any agreement to take any action, including any of the Prohibited Acts as defined in Section 4.1(a), or (ii) if there is any direct or indirect acquisition (within the meaning of Section 355(e) of the Code) of a Distributing Corporation's stock, Carbon HoldCo's stock, or Little SpinCo's stock, and as a result any Reorganization Taxes are imposed on or incurred by a Party or any of its Affiliates, then such Party (the "**Breaching Party**") shall indemnify and hold harmless the other Party or Parties (the "**Non-Breaching Party**") and any of their Affiliates against any such Taxes (and any related Losses) imposed upon or incurred by the Non-Breaching Party or any of its Affiliates (and any such Taxes of BX unitholders to the extent the Non-Breaching Party or any BX Subsidiary is liable with respect to such Taxes, whether to a Taxing Authority, to a unitholder or to any other person (but excluding, for the avoidance of doubt, any Tax distributions BX unitholders may be entitled to receive from BX as a result of such Reorganization Taxes)) as a result, unless such Taxes would, in any event, have been imposed upon or incurred by the Non-Breaching Party or any of its Affiliates without regard to such actions, breaches or events, as determined at such time; provided, however, that Carbon HoldCo and its Affiliates shall not be required to indemnify BX or its Affiliates pursuant to this Section 4.2 for any Taxes described in clause (i) of the definition of Reorganization Taxes that would not have been imposed but for the IRS or any other Taxing Authority successfully asserting that, immediately before the Acquisition, (i) (a) the total percentage (by vote or value) of the stock of Carbon HoldCo directly or indirectly acquired as part of a plan that includes the Big Spin pursuant to which one or more Persons acquire stock in Carbon HoldCo, exceeded (b) the Starting Percentage for the Big Spin or (ii) (x) the total percentage (by vote or value) of the stock of Carbon HoldCo (as successor to Little SpinCo) directly or indirectly acquired as part of a plan that includes the Little Spin pursuant to which one or more Persons acquire stock in Little SpinCo (or Carbon HoldCo as successor to Little SpinCo), exceeded (y) the Starting Percentage for the Little Spin. The Non-Breaching Party and any of its Affiliates shall be indemnified and held harmless under this Section 4.2 without regard to whether an opinion or ruling pertaining to the action pursuant to Section 4.1(b) was obtained, whether the Non-Breaching Party gave its consent to such action pursuant to Section 4.1(b) or otherwise or whether Carbon HoldCo was otherwise permitted to take such action pursuant to Section 4.1.

SECTION 4.3. Refund of Amounts. Should a Party or any of its Affiliates receive a refund in respect of any Taxes for which such Party was indemnified by the other Party pursuant to this Article IV, or should any such amounts that would otherwise be refundable to such Party or any of its Affiliates be applied or credited by the Taxing Authority to obligations of such Party or any of its Affiliates unrelated to such Taxes, then such Party shall, promptly following receipt (or notification of credit), remit such refund or an amount equal to such credit (including any statutory interest that is included in such refund or credited amount) to the other Party, net of any Taxes and expenses incurred in connection with the receipt thereof.

SECTION 4.4. Protective Section 336(e) Elections.

(a) For Carbon HoldCo. Holdings I/II GP and Carbon HoldCo shall make a protective election under Section 336(e) of the Code (and any similar election under state or local law) with respect to the Big Spin in accordance with Treas. Reg. Section 1.336-2(h) and (j) (and any applicable provisions under state and local law) and shall cooperate in the timely completion and/or filings of such elections and any related filings or procedures (including filing or amending any Tax Returns to implement an election that becomes effective). This Section 4.4(a) is intended to constitute a binding, written agreement to make an election under Section 336(e) of the Code with respect to the Big Spin.

(b) For Little SpinCo. StoneCo IV and Carbon HoldCo (as successor to Little SpinCo) shall make a protective election under Section 336(e) of the Code (and any similar election under state or local law) with respect to the Little Spin in accordance with Treas. Reg. Section 1.336-2(h) and (j) (and any applicable provisions under state and local law) and shall cooperate in the timely completion and/or filings of such elections and any related filings or procedures (including filing or amending any Tax Returns to implement an election that becomes effective). This Section 4.4(b) is intended to constitute a binding, written agreement to make an election under Section 336(e) of the Code with respect to the Little Spin.

ARTICLE V.

MISCELLANEOUS

SECTION 5.1. Tax Sharing Agreements. Any benefit or liability resulting from any Tax sharing, indemnification or similar agreements, written or unwritten, as between any of the Parties or their respective Subsidiaries, on the one hand, and any other third party, on the other hand (other than the Separation Agreement, this Agreement or any other Ancillary Agreement) (“**Tax Sharing Agreements**”), shall remain the benefit or liability of such Party or its respective Subsidiary; provided, however, that the Party responsible under this Agreement for any Taxes shall be responsible for any related liability in respect of such Taxes under any Tax Sharing Agreement, and be entitled to any related benefit in respect of such Taxes under any Tax Sharing Agreement. No Party shall be entitled to indemnification under this Agreement in respect of Taxes to the extent such Party or one of its Subsidiaries is indemnified under any Tax Sharing Agreement, and the Parties shall (and shall cause their Subsidiaries to) use commercially reasonable efforts to pursue any indemnification rights under any Tax Sharing Agreement if such indemnification would reduce the other Party’s responsibility for such Taxes under this Agreement.

SECTION 5.2. Complete Agreement; Construction. This Agreement, including any Exhibits, the other Ancillary Agreements, the Separation Agreement and the Transaction Agreement shall constitute the entire agreement between the Parties with respect to the subject matter hereof and shall supersede all prior negotiations, commitments, course of dealings and writings with respect to such subject matter. Except as expressly set forth in any other Ancillary Agreement, the Separation Agreement or the Transaction Agreement: (a) all matters relating to Taxes and Tax Returns of the Parties and their respective Subsidiaries shall be governed exclusively by this Agreement; and (b) for the avoidance of doubt, in the event of any conflict between any other Ancillary Agreement, the Separation Agreement or the Transaction Agreement, on the one hand, and this Agreement, on the other hand, with respect to such matters, the terms and conditions of this Agreement shall govern.

SECTION 5.3. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

SECTION 5.4. Survival of Agreements. Except as otherwise contemplated by this Agreement, all covenants and agreements of the Parties contained in this Agreement shall survive the Effective Time and remain in full force and effect in accordance with the terms of this Agreement.

SECTION 5.5. Notices. All notices and other communications required or permitted to be given hereunder shall be in writing and shall be deemed given if delivered personally, transmitted by facsimile or e-mail (and confirmed), mailed by registered or certified mail with postage prepaid and return receipt requested, or sent by commercial overnight courier, courier fees prepaid (if available; otherwise, by the next best class of service available), to the parties at the following addresses:

To any member of the Blackstone Group:

The Blackstone Group L.P.
345 Park Avenue
New York, NY 10154
Attn: Michael Chae, John Finley
Facsimile: (212) 583-5749
E-mail: Chae@Blackstone.com; John.Finley@Blackstone.com

with a copy (which shall not constitute notice) to:

Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, NY 10017
Attn: Josh Bonnie; Eric Swedenburg
Facsimile: (212) 455-2502
Email: jbonnie@stblaw.com; eswedenburg@stblaw.com.

To any member of the Carbon Group:

To any Seller Party:

or to such other Person or address as any party shall specify by notice in writing to the other parties in accordance with this Section 5.5. All such notices or other communications shall be deemed to have been received on the date of the personal delivery or delivery by e-mail (if confirmed) or facsimile (if delivery confirmation is received), or on the third Business Day after the mailing or dispatch thereof; provided that notice of change of address shall be effective only upon receipt.

SECTION 5.6. Waivers and Consents. The failure of any Party to require strict performance by any other Party of any provision in this Agreement will not waive or diminish that Party's right to demand strict performance thereafter of that or any other provision hereof. Any consent required or permitted to be given by any Party to the other Parties under this Agreement shall be in writing and signed by the Party giving such consent and shall be effective only against such Party (and its Group).

SECTION 5.7. Amendments.

(a) This Agreement may not be amended except by an instrument or instruments in writing signed and delivered on behalf of BX, Blackstone Holdings, Carbon HoldCo, Carbon LP and the Founder (on behalf of himself, the PJT Entities and the other Seller Parties); provided, however, that this Agreement may not be amended in any manner that would adversely and disproportionately affect any Seller Party in any material respect (as compared to any other Seller Party) except by an instrument in writing signed and delivered on behalf of such Seller Party.

(b) At any time prior to the Effective Time, any Party hereto which is entitled to the benefits hereof may (i) extend the time for the performance of any of the obligations or other acts of the other Parties and (ii) waive compliance with any of the agreements of any other Party or conditions contained herein. Any agreement on the part of a Party hereto to any such extension or waiver shall be valid only with respect to the Party agreeing to such extension or waiver and only if set forth in an instrument in writing signed and delivered on behalf of such Party.

SECTION 5.8. Assignment. This Agreement shall not be assigned by any Party hereto without the prior written consent of the other Parties. This Agreement shall inure to the benefit of and be binding upon the Parties hereto and their respective successors and assigns.

SECTION 5.9. Certain Termination and Amendment Rights. This Agreement may not be terminated except (x) to the extent the Transaction Agreement has been terminated according to its terms, in which case this Agreement shall automatically terminate and be of no further force and effect or (y) after the Distribution Date, by written consent of each of the Parties.

SECTION 5.10. Subsidiaries. BX shall cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth herein to be performed by any member of the Blackstone Group. Carbon HoldCo shall cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth herein to be performed by any member of the Carbon Group.

SECTION 5.11. Third Party Beneficiaries. This Agreement is solely for the benefit of the Parties and should not be deemed to confer upon third parties any remedy, claim, obligation, liability, reimbursement, claim of action or other right in excess of those existing without reference to this Agreement.

SECTION 5.12. Title and Headings. Titles and headings to sections herein are inserted for the convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

SECTION 5.13. Exhibits. Any Exhibits shall be construed with and as an integral part of this Agreement to the same extent as if the same had been set forth verbatim herein. Nothing in the Exhibits constitutes an admission of any liability or obligation of any member of the Carbon Group or Blackstone Group or any of their respective Affiliates to any third party, nor, with respect to any third party, an admission against the interests of any member of the Carbon Group or Blackstone Group or any of their respective Affiliates.

SECTION 5.14. Governing Law. THIS AGREEMENT AND THE RIGHTS AND DUTIES OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF DELAWARE.

SECTION 5.15. Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction or other authority to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such a determination, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the fullest extent possible.

SECTION 5.16. Force Majeure. No Party (or any Person acting on its behalf) shall have any liability or responsibility for failure to fulfill any obligation (other than a payment obligation) under this Agreement or, unless otherwise expressly provided therein, or any other Ancillary Agreement or the Separation Agreement, so long as and to the extent to which the fulfillment of such obligation is prevented, frustrated, hindered or delayed as a consequence of circumstances of Force Majeure. A Party claiming the benefit of this provision shall, as soon as reasonably practicable after the occurrence of any such event: (a) notify the other applicable Parties of the nature and extent of any such Force Majeure condition and (b) use commercially reasonable efforts to remove any such causes and resume performance under this Agreement as soon as feasible.

SECTION 5.17. Interpretation. The Parties have participated jointly in the negotiation and drafting of this Agreement. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the Party drafting or causing any instrument to be drafted.

SECTION 5.18. No Duplication; No Double Recovery. Nothing in this Agreement is intended to confer to or impose upon any Party a duplicative right, entitlement, obligation or recovery with respect to any matter arising out of the same facts and circumstances.

[Signature Pages Follow]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the day and year first above written.

THE BLACKSTONE GROUP, L.P.

By: _____
Name:
Title:

BLACKSTONE HOLDINGS I/II GP INC.

By: _____
Name:
Title:

STONECO IV CORPORATION

By: _____
Name:
Title:

PJT PARTNERS INC.

By: _____
Name:
Title:

PJT PARTNERS HOLDINGS L.P.

By: _____
Name:
Title:

[*Remainder of page intentionally left blank*]

By: _____
Name:
Title:

PJT CAPITAL LP

By: _____
Name:
Title:

PJT MANAGEMENT, LLC

By: _____
Name:
Title:

SELLER PARTY

By: _____
Name:

FORM OF 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 _____, 2015

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EMPLOYEE MATTERS AGREEMENT

This Employee Matters Agreement (this “**Agreement**”) is dated as of _____, 2015, by and among (i) The Blackstone Group L.P., a Delaware limited partnership (“**BX**”), (ii) Blackstone Holdings I.L.P., a Delaware limited partnership (“**Blackstone Holdings**”) and together with BX, collectively, the “**Blackstone Parties**”), (iii) New Advisory GP L.L.C., a Delaware limited liability company and wholly-owned subsidiary of Blackstone Holdings (“**Original PJT GP**”), (iv) PJT Partners Inc., a Delaware corporation (“**PJT HoldCo**”), (v) PJT Partners Holdings LP (“**PJT LP**”), a Delaware limited partnership wholly-owned by Blackstone Holdings and certain of its Affiliates (as limited partners) and Original PJT GP (as general partner), (vi) PJT Capital LP, a Delaware limited partnership (“**PJTC**”), and (vii) PJT Management, LLC, a Delaware limited liability company and the general partner of the PJTC (“**PJTM**”). Each of the Blackstone Group and the PJT Group (as defined in the Separation Agreement) are sometimes referred to herein as a “**Party**” and collectively, as the “**Parties**”.

RECITALS:

WHEREAS, the Board of Directors of Blackstone Group Management L.L.C. (the “**Board**”), as a general partner of BX, determined that it is appropriate, desirable, and in the best interests of BX and the Blackstone Common Unitholders to separate the PJT Business from Blackstone (the “**Separation**”) and to divest the PJT Business in the manner contemplated by the Separation and Distribution Agreement by and among BX, Blackstone Holdings, Original PJT GP, PJT HoldCo and PJT LP, dated as of _____, 2015 (the “**Separation Agreement**”);

WHEREAS, in order to effect the Separation, the Board has determined that it is appropriate, desirable and in the best interests of BX and the Blackstone Common Unitholders (as defined herein) (i) to enter into a series of transactions whereby PJT LP, either directly or through one or more direct or indirect Subsidiaries, will, collectively, own all of the PJT Assets and assume (or retain) all of the PJT Liabilities and (ii) for BX to distribute to the Blackstone Common Unitholders on a pro rata basis (without consideration being paid by such unitholders) all of the issued and outstanding PJT Class A Shares held by BX upon the consummation of the PJT Reorganization;

WHEREAS, pursuant to the Separation Agreement, the Parties have entered into this Agreement for the purpose of allocating Assets, Liabilities and responsibilities with respect to certain employee matters and employee compensation and benefit plans and programs between and among them and to address certain other employment-related matters.

NOW, THEREFORE, in consideration of the foregoing and the representations, warranties and covenants and agreements contained herein, and intending to be legally bound hereby, the Parties agree as follows:

ARTICLE I
DEFINITIONS AND INTERPRETATION

Section 1.1 Definitions. Capitalized terms used but not defined herein shall have the meanings assigned to such terms in the Separation Agreement and the following terms shall have the following meanings:

“ **Agreement** ” has the meaning set forth in the preamble.

“ **Benefit Arrangement** ” means, with respect to an entity, each compensation or employee benefit plan, program, policy, agreement or other arrangement, whether or not “employee benefit plans” (within the meaning of Section 3(3) of ERISA, whether or not subject to ERISA), including any benefit plan, bonuses, program, policy, agreement or arrangement providing cash- or equity-based compensation or incentives, health, medical, dental, vision, disability, accident or life insurance benefits or vacation, severance, retention, change in control, termination, deferred compensation, individual employment or consulting, retirement, pension or savings benefits, supplemental income, retiree benefit, relocation or other fringe benefit (whether or not taxable), or employee loans, that are sponsored or maintained by such entity (or to which such entity contributes or is required to contribute or in which it participates), and excluding workers’ compensation plans, policies, programs and arrangements.

“ **Blackstone Benefit Arrangement** ” means any Benefit Arrangement sponsored, maintained or contributed to by any member of the Blackstone Group or any ERISA Affiliate thereof.

“ **Blackstone Bonus Deferral Plan** ” means the Sixth Amended and Restated Blackstone Group Bonus Deferral Plan (including, as applicable to prior year’s awards, the prior versions of such Bonus Deferral Plan).

“ **Blackstone Common Unit** ” means an issued and outstanding common unit representing a limited partner interest of BX.

“ **Blackstone Common Unitholder** ” means a holder of Blackstone Common Units.

“ **Blackstone Equity Award** ” means an equity award granted by BX or Blackstone Holdings under the Blackstone Bonus Deferral Plan or the Blackstone Equity Incentive Plan.

“ **Blackstone Equity Incentive Plan** ” means the Blackstone Group Amended and Restated 2007 Equity Incentive Plan, as amended.

“ **Blackstone Holdings** ” has the meaning set forth in the preamble.

“ **Blackstone Holdings Units** ” means the issued and outstanding common units of Blackstone Holdings.

“ **Blackstone Parties** ” has the meaning set forth in the preamble.

“ **Blackstone Post-Distribution Value** ” means the closing per unit price of Blackstone Common Units on the Closing Date.

“ **Blackstone Pre-Distribution Value** ” means the closing per unit price of Blackstone Common Units on the Trading Day immediately preceding the Distribution Date.

“ **Blackstone Reimbursement Account Plan** ” has the meaning set forth in Section 4.2.

“ **Blackstone Savings Plan** ” means The Blackstone Group 401(k) Savings Plan.

“ **Blackstone VWAP** ” means, for any specified period, the volume weighted average per share price of Blackstone Common Units trading on the NYSE.

“ **Blackstone Welfare Plans** ” means any employee welfare benefit plan maintained by BX or any member of the Blackstone Group and in which PJT Personnel participate.

“ **Board** ” has the meaning set forth in the recitals.

“ **BX** ” has the meaning set forth in the preamble.

“ **Code** ” means the United States Internal Revenue Code of 1986 (or any successor statute), as amended from time to time.

“ **Converted Blackstone Award** ” has the meaning set forth in Section 5.1(a).

“ **Converted Blackstone Award Post-Separation Value** ” means, during the True-Up Measurement Period (or, if applicable, a designated period within such True-Up Measurement Period), the sum of (x) the product of (i) the Blackstone VWAP during such period and (ii) the number of shares of Blackstone Common Units or Blackstone Holdings Units, as applicable, that were subject to a Converted Blackstone Award immediately prior to its conversion into a Replacement Award and (y) the product of (i) the PJT VWAP during such period and (ii) the number of shares of PJT Class A Shares that would have been distributed in respect of such Converted Blackstone Award if the Blackstone Common Units or Blackstone Holdings Units underlying such Converted Blackstone Award has been issued and outstanding as of the Effective Time.

“ **Employment Tax Return** ” means any return, report, certificate, form or similar statement or document (including any related or supporting information or schedule attached thereto and any information return, amended tax return, claim for refund or declaration of estimated Employment Tax) required to be supplied to, or filed with, a Tax authority in connection with the determination, assessment or collection of any Employment Tax or the administration of any laws, regulations or administrative requirements relating to any Employment Tax (whether or not a payment is required to be made with respect to such filing).

“ **Employment Taxes** ” means any federal, state, local or foreign Taxes, charges, fees, duties, levies, imposts, rates or other assessments or obligations imposed on, due or asserted to be due from (i) employees or deemed employees of the Blackstone Group or employees or deemed employees of the PJT Group or (ii) the Blackstone Group or the PJT Group as employers or deemed employers of such employees, including employers' and employees' portions of Federal

Insurance Contributions Act (“ **FICA** ”) Taxes, employers’ Federal Unemployment Tax Act (“ **FUTA** ”) taxes and state and local unemployment insurance taxes (“ **SUTA** ”), and employers’ withholding, reporting and remitting obligations with respect to any such Taxes or employees’ federal, state and local income taxes that are imposed on or due from employees or deemed employees of the Blackstone Group or the PJT Group.

“ **ERISA** ” means the Employee Retirement Income Security Act of 1974, as amended.

“ **ERISA Affiliate** ” means with respect to any Person, each business or entity which is a member of a “controlled group of corporations,” under “common control” or a member of an “affiliated service group” with such Person within the meaning of Sections 414(b), (c) or (m) of the Code, or required to be aggregated with such Person under Section 414(o) of the Code, or under “common control” with such Person within the meaning of Section 4001(a)(14) of ERISA.

“ **Forfeited Replacement Award Reimbursement** ” has the meaning set forth in Section 5.3.

“ **Former PJT Personnel** ” means any individual who, immediately prior to such individual’s separation from the Blackstone Group, PJTC, or their respective Affiliates, primarily provided services in respect of the PJT Business.

“ **Founder** ” means Mr. Paul J. Taubman.

“ **HIPAA** ” means the Health Insurance Portability and Accountability Act of 1996, as amended.

“ **IRS** ” means the United States Department of the Treasury Internal Revenue Service.

“ **Leave of Absence** ” means any approved leave of absence, whether paid or unpaid, that is protected by Law or provided for under a policy, program or agreement of any member of the Blackstone Group including USERRA Leave, leave under the Family and Medical Leave Act or corresponding state law or any short-term or long-term disability policy, program, or arrangement of any member of the Blackstone Group.

“ **New PJT Equity Plan** ” has the meaning set forth in Section 5.5.

“ **Non-Competition Agreement** ” means any agreement, and any attachments or schedules thereto, entered into by and between an individual and BX or its Affiliates, pursuant to which the individual has agreed, among other things, to certain restrictions relating to non-competition, non-solicitation and/or confidentiality, in order to protect the business of BX and its Affiliates.

“ **OPEB Plan** ” means health and welfare plans that provide post-employment welfare benefits (*i.e.* , any retiree medical, dental, vision and/or life benefits) and, when immediately preceded by “Blackstone,” means any OPEB Plan maintained by any member of the Blackstone Group and, when immediately preceded by “PJT,” means any OPEB Plan maintained by any member of the PJT Group.

“ **Order** ” means any: (i) order, judgment, injunction, edict, decree, ruling, pronouncement, determination, decision, opinion, verdict, sentence, subpoena, writ or award issued, made, entered, rendered or otherwise put into effect by or under the authority of any court, administrative agency or other Governmental Authority or any arbitrator or arbitration panel or (ii) Contract with any Governmental Authority entered into in connection with any Action.

“ **Original PJT GP** ” has the meaning set forth in the preamble.

“ **Park Hill Bonus Plan** ” means the document identified on Schedule 1.5(a) attached hereto.

“ **Participating Company** ” means BX or any Person (other than an individual) participating in a Blackstone Benefit Arrangement.

“ **Party** ” or “ **Parties** ” has the meaning set forth in the preamble.

“ **Person** ” means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization or a Governmental Authority.

“ **PHG** ” shall mean PHG Holdings LLC.

“ **PHG GP** ” shall mean PHG GP Inc.

“ **PJTC** ” has the meaning set forth in the preamble.

“ **PJTM** ” has the meaning set forth in the preamble.

“ **PJT Benefit Arrangement** ” means any Benefit Arrangement sponsored, maintained or contributed to by the PJT Business.

“ **PJT Business** ” means the BX businesses (conducted through certain of its Subsidiaries) of (i) providing financial and strategic advisory services (which does not include, for the avoidance of doubt, BX’s capital markets and related capital markets services business, BX’s private wealth unit and wealth management services business, and businesses and activities related to the funds of BX and its Affiliates, including those that are designated by BX as “IRBD” or “GSO”), (ii) restructuring and reorganization advisory services and (iii) fund placement services (conducted through the Park Hill Group).

“ **PJT HoldCo** ” has the meaning set forth in the preamble.

“ **PJT LP** ” has the meaning set forth in the preamble.

“ **PJT LP Unit** ” means a unit of limited partnership interests in PJT LP.

“ **PJT Per Share TEV** ” means [\$].

“ **PJT Personnel** ” means any individual who primarily provides services to any member of the PJT Business as of the Effective Time (other than any Retained Personnel), which individuals are listed on Exhibit B hereto. Such PJT Personnel may include individuals who are employed by, or otherwise primarily providing services to, either a member of the PJT Business or the Blackstone Group as of immediately before the Effective Time.

“ **PJT Personnel Retained Blackstone Equity Award** ” has the meaning set forth in Section 5.1(b).

“ **PJT Reimbursement Account Plan** ” has the meaning set forth in Section 4.2.

“ **PJT RSUs** ” means restricted share units of PJT HoldCo and settled in PJT Class A Shares or in cash, at the election of PJT HoldCo.

“ **PJT Savings Plan** ” has the meaning set forth in Section 3.2.

“ **PJT VWAP** ” means, for any specified period, the volume weighted average per share price of PJT Class A Shares trading on the NYSE.

“ **PJT Welfare Plan** ” has the meaning set forth in Section 4.1.

“ **Replacement Award** ” has the meaning set forth in Section 5.1(a).

“ **Replacement Award Post-Separation Value** ” means, during the True-Up Measurement Period (or, if applicable, a designated period within such True-Up Measurement Period), the product of (x) the PJT VWAP during such applicable period and (y) the number of shares of PJT Class A Shares or PJT LP Units, as applicable, subject to a Replacement Award.

“ **Retained Personnel** ” means the individuals identified on Exhibit A.

“ **Retention Award** ” has the meaning set forth in Section 5.6.

“ **Separation** ” has the meaning set forth in the recitals.

“ **Separation Agreement** ” has the meaning set forth in the recitals.

“ **Severance Protections** ” has the meaning set forth in Section 2.2(b).

“ **Special Equity Award** ” means an equity award of deferred Blackstone Common Units or Blackstone Holdings Units identified as a “Special Equity Award,” “Wealth Accumulation Plan Award,” or “Star Award” and issued under the Blackstone Equity Incentive Plan.

“ **Third Party Claim** ” shall have the meaning set forth in Section 7.4(b).

“ **Trading Day** ” means the period of time during any given calendar day, commencing with the determination of the opening price on the NYSE and ending with the determination of the closing price on the NYSE.

“ **True-Up Adjustment** ” has the meaning set forth in Section 5.2.

“ **True-Up Measurement Period** ” means the 180 calendar days following the Closing Date, commencing with the first Trading Day after the Closing Date.

“ **USERRA Leave** ” means a leave of absence in respect of which reemployment rights are protected under the Uniformed Services Employment and Reemployment Rights Act.

Section 1.2 References; Interpretation. Unless the context otherwise requires:

(a) references in this Agreement to Articles, Sections, Exhibits and Schedules shall be deemed references to Articles and Sections of, Exhibits and Schedules to, this Agreement;

(b) references in this Agreement to any time shall be to the then prevailing New York City, New York time unless otherwise expressly provided herein; and

(c) references to an individual as an “Employee” are descriptive only and are not necessarily intended to mean that an individual is in fact an employee of any Party.

Section 1.3 Relation to Other Documents. To the extent there is any inconsistency between this Agreement and the terms of another agreement pertaining to the Separation that is the subject of this Agreement and such inconsistency (i) arises in connection with or as a result of employment with or the performance of services before or after the Separation for any member of the Blackstone Group or PJT Group and (ii) relates to the allocation of Liabilities attributable to the employment, service, termination of employment or termination of service of all present or former Blackstone employees or PJT Personnel or any of their dependents and beneficiaries (and any alternate payees in respect thereof) and other service providers (including any individual who is, or was or is determined to be an independent contractor, temporary employee, temporary service worker, consultant, freelancer, agency employee, leased employee, on-call worker, incidental worker, or non-payroll worker or in any other employment, non-employment, or retainer arrangement, or relationship with any member of the Blackstone Group or the PJT Group), the terms of this Agreement shall prevail.

ARTICLE II

GENERAL PRINCIPLES

Section 2.1 Assumption and Retention of Liabilities; Related Assets.

(a) Effective as of the Effective Time, except as otherwise expressly provided for in this Agreement, Blackstone shall, or shall cause one or more members of the Blackstone Group to, assume or retain, as applicable, and pay, perform, fulfill and discharge, in due course in full:

(i) all Liabilities under all Blackstone Benefit Arrangements (other than PJT Benefit Arrangements) which exist as of the Effective Time;

(ii) subject to Section 2.1(a)(iii) below, all Liabilities with respect to the employment, service, termination of employment or termination of service (or otherwise) of all (A) employees (other than PJT Personnel and Former PJT Personnel) of any member of the Blackstone Group and their dependents and beneficiaries (and any alternate payees in respect thereof) and (B) other service providers (including any individual who is, or was, or is determined to be an

independent contractor, temporary employee, temporary service worker, consultant, freelancer, agency employee, leased employee, on-call worker, incidental worker, or non-payroll worker or in any other employment, non-employment, or retainer arrangement, or relationship with any member of the Blackstone Group), in each case to the extent such other service provider Liability arose in connection with or as a result of the performance of services for businesses other than the PJT Business before, at or after the Effective Time or the performance of services for any member of the Blackstone Group before the Effective Time;

(iii) all Liabilities with respect to the employment, service, termination of employment or termination of service of Former PJT Personnel whose employment or services with the Blackstone Group terminated prior to the Separation and other Liabilities to Former PJT Personnel solely to the extent such Liabilities arose out of, or were related to, events that occurred prior to the Separation, except in each case to the extent such Liabilities are described on or arise out of contracts set forth on Schedule 2.1(a)(iii) attached hereto; and

(iv) any other Liabilities or obligations expressly assigned to BX or any of its Affiliates under this Agreement.

(b) Effective as of the Effective Time, except as otherwise expressly provided for in this Agreement but notwithstanding the provisions of Section 2.1(a), PJT LP shall, or shall cause one or more members of the PJT Group to, assume or retain, as applicable, and pay, perform, fulfill and discharge, in due course in full:

(i) all Liabilities under all PJT Benefit Arrangements;

(ii) all Liabilities set forth on Schedule 2.1(a)(iii) attached hereto and all other Liabilities (other than with respect to Liabilities retained by the Blackstone Group pursuant to Section 2.1(a)(iii)) with respect to the employment, service, termination of employment or termination of service (or otherwise) of (A) all PJT Personnel and their dependents and beneficiaries (and any alternate payees in respect thereof) and (B) other service providers (including any individual who is, or was, or is determined to be an independent contractor, temporary employee, temporary service worker, consultant, freelancer, agency employee, leased employee, on-call worker, incidental worker, or non-payroll worker or in any other employment, non-employment, or retainer arrangement, or relationship with any member of the PJT Group), in each case to the extent such Liability arose in connection with or as a result of the performance of services for the PJT Business before, at or after the Effective Time; and

(iii) any other Liabilities or obligations expressly assigned to PJT LP or any of its Affiliates under this Agreement.

(c) From time to time after the Effective Time, the Parties shall promptly reimburse one another, upon reasonable request of the Party requesting reimbursement and the presentation by such Party of such substantiating documentation as the other Party shall reasonably request, for the cost of any obligations or Liabilities satisfied or assumed by the Party requesting reimbursement or its Affiliates that are, or that have been made pursuant to this Agreement, the responsibility of the other Party or any of its Affiliates. Any such reimbursement shall be on a fair-market-value, arm's-length basis.

(d) Subject to Section 8.7, BX shall be the responsible party for preparing and timely filing or causing to be prepared and timely filed all Employment Tax Returns of any member of the Blackstone Group. BX shall be liable for all Employment Taxes due on any such Employment Tax Return. BX, at its sole expense, shall have exclusive control over the conduct and resolution of any audit, litigation, contest, dispute, or other proceeding relating to Employment Taxes of any member of the Blackstone Group.

(e) Subject to Section 8.7, PJT HoldCo shall be the responsible party for preparing and timely filing or causing to be prepared and timely filed all Employment Tax Returns of any member of the PJT Group with respect to periods (or portions thereof) following the Closing Date. PJT HoldCo shall be liable for all Employment Taxes due on any such Employment Tax Return. PJT HoldCo, at its sole expense, shall have exclusive control over the conduct and resolution of any audit, litigation, context, dispute, or other proceeding relating to Employment Taxes of the PJT Group.

Section 2.2 Treatment of Cash Compensation and Severance Arrangements.

(a) For a period of at least twelve (12) months following the Effective Time, PJT HoldCo shall, or shall cause a member of the PJT Group to, provide to each PJT Personnel who remains employed during such period with (i) a base salary/draw and annual cash bonus opportunity (expressed as a percentage of base salary/draw) that are no less favorable in the aggregate (excluding guarantees) than those provided to such PJT Personnel immediately before the Effective Time and (ii) other compensation and employee benefits (excluding equity and/or equity-based compensation) that are substantially similar in the aggregate to those benefits provided to such PJT Personnel immediately before the Effective Time. Without limiting the generality of the foregoing, PJT shall maintain the Park Hill Bonus Plan in accordance with the terms of each Park Hill Bonus Plan.

(b) Until the first anniversary of the Effective Time, PJT HoldCo shall, or shall cause a member of the PJT Group to, provide severance protections described on Schedule A to PJT Personnel described on Schedule A (“**Severance Protections**”). BX shall, or shall cause a member of the Blackstone Group to, reimburse PJT in cash on a monthly basis for the PJT Group’s pre-tax costs of providing the Severance Protections, including the employer portion of the payroll tax obligations arising in connection with providing the Severance Protections, whether paid as severance or pursuant to settlement of litigation or potential litigation arising out of the termination of the employment of any PJT Personnel identified on Schedule A; provided, that no reimbursement shall be provided for (x) any termination of PJT Personnel that occurs after the first anniversary of the Effective Time or (y) the value of any accelerated vesting of equity or equity-based awards. To the extent PJT HoldCo, or any member of the PJT Group, provides severance benefits to PJT Personnel identified on Schedule A in amounts greater than, or to individuals not covered by, the Severance Protections, BX will have no obligation to, or to cause a member of the Blackstone Group to, reimburse PJT HoldCo, or any member of the PJT Group, for such excess benefits unless otherwise approved in writing by Blackstone’s Global Head of Human Resources.

Section 2.3 Participation in Blackstone Benefit Arrangements. Except as otherwise expressly provided for in this Agreement or as otherwise expressly agreed to in writing between the Parties, (i) effective as of the Effective Time, PJT HoldCo and each member of the PJT Group, to the extent applicable, shall cease to be a Participating Company in any Blackstone Benefit Arrangement and (ii) each PJT Participant, effective as of the Effective Time, shall cease to participate in, be covered by, accrue benefits under, be eligible to contribute to or have any rights under any Blackstone Benefit Arrangement except to the extent of obligations that accrued before the Effective Time, which obligations will remain a liability of the Blackstone Group unless expressly assumed by the PJT Group pursuant to this Agreement), and Blackstone and PJT HoldCo shall, or cause the applicable member of the PJT Group to, take all necessary action to effectuate each such cessation.

Section 2.4 Service Recognition. Effective as of the Effective Time PJT HoldCo shall, and shall cause each member of the PJT Group to, give each PJT Personnel full credit for purposes of eligibility, vesting, determination of level of benefits, and, to the extent applicable, benefit accruals and benefit subsidies under any PJT Benefit Arrangement (other than under any equity-based plan or arrangements covering grants made after the Effective Time to the extent not otherwise expressly provided for herein or in any other agreement) for such individual's service with any member of the Blackstone Group or PJT Group or any predecessor thereto prior to the Closing Date, to the same extent permitted by Applicable Law and the terms of the applicable PJT Benefit Arrangements and to the same extent such service was recognized by an applicable similar Blackstone Benefit Arrangement immediately prior to the Closing Date; provided, that, such service shall not be recognized to the extent such recognition would result in the duplication of benefits. In addition, and without limiting the generality of the foregoing provisions of this Section 2.4, (i) PJT HoldCo shall cause each PJT Personnel to be immediately eligible to participate, without any waiting time, in any and all PJT Benefit Arrangements to the extent coverage under the PJT Benefit Arrangement is comparable to a Blackstone Benefit Arrangement in which the PJT Personnel participated immediately before the Closing Date and (ii) for purposes of each PJT Benefit Arrangement providing medical, dental, pharmaceutical or vision benefits to any PJT Personnel, PJT HoldCo shall cause all pre-existing condition exclusions and actively-at-work requirements of such PJT Benefit Arrangement to be waived for such employee and his or her covered dependents, except to the extent such conditions would not have been waived under the comparable Blackstone Benefit Arrangement in which such employee participated immediately prior to the Closing Date, and PJT HoldCo shall cause any eligible expenses incurred by such employee and his or her covered dependents during the portion of the plan year of the Blackstone Benefit Arrangement ending on the date such employee's participation in the corresponding PJT Benefit Arrangement begins to be taken into account under such PJT Benefit Arrangement for purposes of satisfying all deductible, coinsurance and maximum out-of-pocket requirements applicable to such employee and his or her covered dependents for the applicable plan year as if such amounts had been paid in accordance with the PJT Benefit Arrangement.

Section 2.5 No Acceleration of Benefits. Except as otherwise provided in this Agreement, no provision of this Agreement shall be construed to create any right, or accelerate vesting or entitlement, to any compensation or benefit whatsoever on the part of any PJT Personnel or other former, current or future employee of the Blackstone Group or PJT Group under any Benefit Arrangement of the Blackstone Group or PJT Group.

Section 2.6 Amendment Authority. Except as otherwise provided in this Agreement, nothing in this Agreement is intended to prohibit any member of the Blackstone Group, PJT Group or PJT Group from amending or terminating any employee benefit plans, policies and compensation programs at any time on or after the Closing Date.

Section 2.7 No Commitment to Employment or Benefits. Nothing contained in this Agreement shall be construed (i) as a commitment or agreement on the part of any person to continue employment with the Blackstone Group or the PJT Group or, except as otherwise provided in this Agreement, (ii) as a commitment on the part of the Blackstone Group or the PJT Group to continue the compensation or benefits of any person for any period, (iii) to provide any recall or similar rights to an individual on layoff or any type of Leave of Absence, (iv) to establish, amend or modify any benefit plan or arrangement, or (v) to prevent the PJT Group from terminating any employee for any reason. This Agreement is solely for the benefit of the Blackstone Group and the PJT Group and, except to the extent otherwise expressly provided herein, nothing in this Agreement, express or implied, is intended to confer any rights, benefits, remedies, obligations or Liabilities under this Agreement upon any Person, including any PJT Personnel or other current or former employee, officer, director or contractor of the Blackstone Group or the PJT Group, other than the Parties and their respective successors and assigns.

Section 2.8 Certain Employment Transfers. BX shall, or shall cause one or more members of the Blackstone Group to, cause each of the PJT Personnel to be employed by a member of the PJT Group immediately before the Effective Time.

ARTICLE III

QUALIFIED DEFINED CONTRIBUTION PLANS

Section 3.1 Participation of PJT Personnel in the Blackstone Savings Plan; Vesting. BX shall, or shall cause one or more members of the Blackstone Group to, cause each PJT Personnel to become fully vested in such PJT Personnel's account balances under the Blackstone Savings Plan as of the date on which such PJT Personnel ceases to be employed by the Blackstone Group (which, generally, will be the Closing Date).

Section 3.2 PJT Savings Plan. Effective as of the Closing Date, PJT HoldCo shall, or shall have caused one or more members of the PJT Group to, establish or maintain a defined contribution savings plan or plans and related trust or trusts intended to satisfy the requirements of Sections 401(a) and 401(k) of the Code (such defined contribution savings plan or plans, the "**PJT Savings Plan**"). PJT HoldCo shall, or shall cause one or more members of the PJT Group to, be responsible for taking all necessary, reasonable, and appropriate action to establish, maintain and administer the PJT Savings Plan so that it is qualified under Section 401(a) of the Code, that it satisfies the requirements of Section 401(k) of the Code and that the related trust thereunder is exempt under Section 501(a) of the Code, and as soon as reasonably practicable following the Closing Date PJT HoldCo shall, or shall cause one or more members of the PJT Group to, take all steps reasonably necessary to obtain a favorable determination from the IRS as to such qualification if one is not then applicable to the PJT Savings Plan. PJT HoldCo shall, or shall cause one or more members of the PJT Group to, be responsible for any and all Liabilities (including Liability for funding) and other obligations with respect to the PJT Savings Plan.

Section 3.3 Transfer of Plan Assets and Liabilities. As soon as practicable following the Effective Time, BX shall, or shall cause one or more members of the Blackstone Group to, cause any and all accounts of PJT Personnel under the Blackstone Savings Plan, and the value of the assets attributable to such accounts, to be transferred to the PJT Savings Plan in a “transfer of assets or liabilities” in accordance with Section 414(l) of the Code. BX shall, or shall cause one or more members of the Blackstone Group to, effectuate at least one subsequent transfer no later than seven (7) months following the Effective Time with respect to any individuals who become PJT Personnel after the Effective Time. The assets to be transferred shall be transferred in-kind (except as a third-party administrator may otherwise require), including as applicable in the form of promissory notes evidencing plan loans. PJT HoldCo shall cause the administrator of, and the trustee of the trust established under, the PJT Savings Plan to accept such transfer, subject to Applicable Law. Prior to the transfer, BX and PJT HoldCo or their respective Affiliates shall notify the IRS of the transfer by timely filing Forms 5310-A, to the extent such filings are required.

ARTICLE IV

HEALTH AND WELFARE PLANS

Section 4.1 Health and Welfare Plan Participation. Effective as of the Closing Date, PJT HoldCo shall, or shall cause an Affiliate to, establish or maintain health and welfare plans for the benefit of PJT Personnel (collectively, the “**PJT Welfare Plans**”).

Section 4.2 Reimbursement Account Plans. Effective as of the Closing Date PJT HoldCo shall, or shall have caused one or more members of the PJT Group to, have established a health and dependent care reimbursement account plan (the “**PJT Reimbursement Account Plan**”) with features substantially similar to those contained in the Blackstone Administrative Services Partnership LP Health and Welfare Plan (or any successor thereto) as in effect immediately prior to the Closing Date (the “**Blackstone Reimbursement Account Plan**”). PJT shall assume responsibility for administering under the PJT Reimbursement Account Plan all reimbursement claims of PJT Personnel incurred in the calendar year in which the Closing Date occurs, whether such claims arose before, on and after the Closing Date. No more than forty-five (45) calendar days following the Closing Date (or such later time as mutually agreed by BX and PJT HoldCo), (A) BX shall, or shall cause one or more members of the Blackstone Group to, cause to be transferred to PJT HoldCo, or such member of the PJT Group as PJT HoldCo designates, an amount in cash, cash-like securities or other cash equivalents equal to the excess, if any, of all contributions to the Blackstone Reimbursement Account Plan made with respect to the calendar year in which the Closing occurs (and, if the transfer occurs in any calendar year before April 1, the preceding calendar year) by or on behalf of any PJT Personnel prior to the Closing Date over the amount previously distributed to the PJT Personnel under the Blackstone Reimbursement Account Plan for the calendar year in which the Closing occurs (and, if the transfer occurs in any calendar year before April 1, the preceding calendar year), and (B) PJT HoldCo shall cause to be transferred to BX, or such member of the Blackstone Group as BX designates, an amount in cash, cash-like securities or other cash equivalents equal to the excess, if any, of the amount previously distributed

to the PJT Personnel under the Blackstone Reimbursement Account Plan for the calendar year in which the Closing occurs (and, if the transfer occurs in any calendar year before April 1, the preceding calendar year) over all contributions to the Blackstone Reimbursement Account Plan made with respect to the calendar year in which the Closing occurs (and, if the transfer occurs in any calendar year before April 1, the preceding calendar year) by or on behalf of any PJT Personnel prior to the Closing Date.

Section 4.3 Certain Liabilities.

(a) Insured Benefits. With respect to employee welfare and fringe benefits that are provided through the purchase of insurance, BX shall, or shall cause one or more members of the Blackstone Group to, timely pay all premiums in respect of coverage of PJT Personnel who participated in Blackstone Benefit Arrangements in respect of the period through the Closing Date, and PJT HoldCo Welfare Plans shall maintain Liability in respect of any and all claims of PJT Personnel that are incurred under such plans.

(b) Self-Insured Benefits. With respect to employee welfare and fringe benefits that are provided on a self-insured basis, (i) BX shall, or shall cause one or more members of the Blackstone Group to, fully perform, pay and discharge, under the Blackstone Welfare Plans, all claims of PJT Personnel that are incurred under such plans through the Closing Date and (ii) PJT HoldCo shall, or shall cause one or more members of the PJT Group to, fully perform, pay and discharge, under the PJT Welfare Plans, after the Closing Date, all claims of PJT Personnel that are incurred on or after the Closing Date. For purposes of this Section 4.3(b), a claim or Liability is deemed to be incurred: with respect to medical, dental, vision and/or prescription drug benefits, upon the rendering of health services giving rise to such claim or Liability; with respect to life insurance, accidental death and dismemberment and business travel accident insurance, upon the occurrence of the event giving rise to such claim or Liability; and with respect to disability benefits, upon the date of an individual's disability, as determined by the disability benefit insurance carrier or claim administrator, giving rise to such claim or Liability.

Section 4.4 Time-Off Benefits. PJT HoldCo shall credit (or continue to credit) or cause to be credited (or cause to continue to be credited) each PJT Personnel as of the Closing Date with the amount of accrued but unused vacation time, paid time off and other time-off benefits as such PJT Personnel had with BX as of immediately prior to the Closing Date.

ARTICLE V

EQUITY AND INCENTIVE COMPENSATION AWARDS

Section 5.1 Treatment of Blackstone Equity Awards of PJT Personnel.

(a) Immediately following the Effective Time, except as otherwise agreed in writing between BX and an award holder, fifty percent (50%) of each outstanding unvested Blackstone Equity Award held by PJT Personnel, other than any such unvested Blackstone Equity Award which is scheduled to vest within 180 calendar days following the Effective Time, will be converted and cancelled (each, a “**Converted Blackstone Award**”) and replaced by a comparable

equity award in accordance with this Agreement (a “ **Replacement Award** ”). Such Replacement Award will be (i) an award of PJT RSUs for each Converted Blackstone Award denominated in Blackstone Common Units and (ii) denominated in PJT LP Units for each Converted Blackstone Award denominated in Blackstone Holdings Units. The number of shares of PJT Class A Shares or PJT LP Units, as applicable, subject to each Replacement Award will be equal to a quotient, the numerator of which is equal to the product of (x) the number of Blackstone Common Units or Blackstone Holdings Units, as applicable, subject to the Converted Blackstone Award and (y) the Blackstone VWAP for the twenty (20)-Trading Day period ended on August 14, 2015, and the denominator of which is the PJT Per-Share TEV. The Replacement Award will be subject to identical vesting and settlement terms as those that applied to such Converted Blackstone Award immediately before the Effective Time; provided, that any vesting conditions and settlement based on continued service to Blackstone or its Affiliates will be based on continued service to PJT HoldCo or its Affiliates.

(b) The portion of any Blackstone Equity Award held by PJT Personnel that is not a Converted Blackstone Award will remain a Blackstone Equity Award (the “ **PJT Personnel Retained Blackstone Equity Award** ”). Each PJT Personnel Retained Blackstone Equity Award, except as otherwise agreed in writing between BX and an award holder, either (i) will be adjusted to reflect the value of a distribution of PJT Class A Shares or PJT LP Units or (ii) will receive a distribution from BX of PJT Class A Shares or PJT LP Units, in each case, in connection with the transactions contemplated hereby in accordance with the terms of the Blackstone Equity Incentive Plan, as determined by BX.

Section 5.2 True-Up of Replacement Awards . If during every full twenty-Trading Day period within the True-Up Measurement Period, the Replacement Award Post-Separation Value is less than the Converted Blackstone Award Post-Separation Value during the applicable twenty-Trading Day period, then the Replacement Award holder will be credited with an adjustment to such Replacement Award (a “ **True-Up Adjustment** ”). The True-Up Adjustment, if applicable, will provide the holder of a Replacement Award with the right to receive equity or a cash payment based on the excess, if any (the “ **True-Up Value** ”), of (x) the Converted Blackstone Award Post-Separation Value for the last 20 Trading Days of the True-Up Measurement Period over (y) the value of the Replacement Award Post-Separation Value for the last 20 Trading Days of the True-Up Measurement Period. The True-Up Adjustment will be payable by BX and settled in cash, Blackstone Common Units, or PJT Class A Shares, as determined by BX in its sole discretion as soon as practicable following the True-Up Measurement Period. If the True-Up Adjustment is settled in Blackstone Common Units or PJT Class A Shares, the Replacement Award holder will receive a number of units or shares, as applicable, with a value equal to the True-Up Value using the Blackstone VWAP or PJT VWAP, as applicable, during the last 20 Trading Days of the True-Up Measurement Period. The True-Up Adjustment will be subject to such other terms and conditions as determined by BX in its sole discretion after consultation with PJT HoldCo. For the avoidance of doubt, a holder of a Replacement Award that is forfeited prior to the end of the True-Up Measurement Period will not be entitled to receive a True-Up Adjustment in respect of such Replacement Award.

Section 5.3 Forfeiture of Replacement Awards . On the tenth (10th) Business Day following the end of the each fiscal quarter, PJT HoldCo or one of its Affiliates will pay to BX or one its Affiliates an amount equal to the product of (x) the number of Replacement Award

shares or units forfeited during the preceding fiscal quarter and (y) the twenty (20)-Trading Day PJT VWAP immediately preceding and including the last day of the preceding fiscal quarter (the “ **Forfeited Replacement Award Reimbursement** ”). The Forfeited Replacement Award Reimbursement will be paid in cash or in PJT Class A Shares, at the election of PJT HoldCo. For the avoidance of doubt, PJT HoldCo will not reimburse BX for the value of any forfeited True-Up Adjustment or any forfeited Replacement Award which corresponds to a Converted Blackstone Award that was granted with respect to the 2014 calendar year pursuant to the Blackstone Bonus Deferral Plan. PJT HoldCo shall promptly notify Blackstone upon the termination of services of any PJT Personnel resulting in a forfeited Replacement Award.

Section 5.4 Change of Control; Separation from Service. For the avoidance of doubt, (i) the Separation shall not constitute a “Change of Control” under the Blackstone Equity Plan or the Blackstone Bonus Deferral Plan (or their respective underlying documents) and (ii) the transfer of employment and services by a holder of Blackstone Equity Awards from BX and its Affiliates to PJT HoldCo and its Affiliates (and the Separation) shall not constitute a “separation of service” (to the extent not otherwise prohibited by applicable law) for purposes of the Blackstone Equity Plan or the Blackstone Bonus Deferral Plan (or their respective underlying award agreements).

Section 5.5 New PJT Equity Plan. No later than the Effective Time, PJT shall adopt a plan that will provide equity-based awards (including, without limitation, the Replacement Awards) to PJT Personnel (the “ **New PJT Equity Plan** ”). The New PJT Equity Plan shall be approved by the shareholders of PJT HoldCo prior to the Effective Time.

Section 5.6 Retention Awards. At the Effective Time, BX shall, or shall cause one or more members of the Blackstone Group to, cause PJT HoldCo, in consultation with the Founder, to issue to PJT Personnel retention awards in the form of PJT Class A Shares, PJT LP Units, and cash-based awards (collectively, the “ **Retention Awards** ”) on such terms as set forth on Schedule B-1 hereto, with the form of equity and amount of such award for each recipient as specified on Schedule B-2.

Section 5.7 Savings Clause. The Parties hereby acknowledge that the provisions of this ARTICLE V are intended to achieve certain Tax, legal and accounting objectives and, in the event such objectives are not achieved, the Parties agree to negotiate in good faith regarding such other actions that may be necessary or appropriate to achieve such objectives.

Section 5.8 SEC Registration. As soon as practicable following the Effective Time, PJT HoldCo shall prepare and file with the SEC a registration statement on Form S-8 (or another appropriate form) registering under the Securities Act the offering of at least a number of PJT Class A Shares issuable under the New PJT Equity Plan. PJT HoldCo shall keep such registration statement effective (and maintain the current status of the prospectus required thereby) for so long as any PJT Class A Shares issued pursuant to this ARTICLE V remain outstanding.

ARTICLE VI

ADDITIONAL COMPENSATION MATTERS

Section 6.1 Workers' Compensation Liabilities. Effective as of the Closing Date, PJT HoldCo shall, or shall cause one or more members of the PJT Group to, assume all Liabilities for PJT Personnel related to any and all workers' compensation claims and coverage, whether arising under any law of any state, territory, or possession of the U.S. or the District of Columbia, and arising after the Closing Date (the "**Workers' Compensation Liabilities**"), and PJT HoldCo shall, or shall cause one or more members of the PJT Group to, be fully responsible for the administration of all such claims; provided, however, if the event giving rise to a workers' compensation claim occurs over a period both preceding and following the Closing Date, the claim shall be jointly covered under the applicable plans of PJT HoldCo and BX and equitably apportioned between them in accordance with Applicable Law or the applicable plan documents. If no member of the PJT Group is able to assume any Workers' Compensation Liabilities or the administration of any related claim because of the operation of applicable state law or for any other reason, BX shall, or shall cause one or more members of the Blackstone Group to, retain such Liabilities and PJT HoldCo shall, or shall cause one or more members of the PJT Group to, reimburse and otherwise fully indemnify BX and all members of the Blackstone Group for all Workers' Compensation Liabilities, including the costs of administering the plans, programs or arrangements under which any such Liabilities have accrued or otherwise arisen.

Section 6.2 Code Section 409A. Notwithstanding anything in this Agreement to the contrary (including the treatment of supplemental and deferred compensation plans, outstanding long-term incentive awards and annual incentive awards as described herein), the Parties agree to negotiate in good faith regarding the need for any treatment different from that otherwise provided herein to ensure that the treatment of such supplemental or deferred compensation or long-term incentive award, annual incentive award or other compensation does not cause the imposition of a Tax under Section 409A of the Code. In no event, however, will any Party be liable to another in respect of any Taxes imposed under Section 409A of the Code. For the avoidance of doubt, the transfer of employment and services by a holder of Blackstone Equity Awards from BX and its Affiliates to PJT HoldCo and its Affiliates (and the Separation) on or prior to the Effective Date shall not be intended to constitute a "separation of service" for purposes of Section 409A of the Code.

Section 6.3 Certain Payroll and Annual Cash Incentive Matters.

(a) Post-Distribution Payroll for Pre-Distribution Service. Subject to Section 9.15, in the case of each PJT Personnel, the employer of such individual as of immediately before the Closing Date shall be responsible for paying (and the W-2 and other payroll reporting obligations for) the payroll amount due to such individual for the payroll period (or portion thereof) ending on the Closing Date.

(b) Annual Cash Incentives. At the Effective Time, PJT HoldCo shall, or shall cause one or more members of the PJT Group to, assume all liabilities for annual incentive arrangements ("**Bonus Arrangements**") with respect to PJT Personnel. PJT HoldCo, or one or more members of the PJT Group, shall pay the Bonus Arrangements in respect of 2015 to PJT

Personnel who are employees (and not partners) no later than such time as Bonus Arrangements are typically paid by the PJT Group to PJT Personnel in the ordinary course of business, provided that with respect to payments under the Park Hill Bonus Plan, such payment date will be no later than 75 calendar days following the Effective Date (in either case, the “**PJT Bonus Payment Date**”). On the day immediately preceding the PJT Bonus Payment Date, BX shall, or shall cause one or more members of the Blackstone Group to, pay PJT HoldCo (in the case of Bonus Arrangements covering employees) or to the PJT Personnel (in the case of Bonus Arrangements covering partners) an amount equal to the cash portion of any Bonus Arrangements accrued to such PJT Personnel as of the Effective Date (the “**Accrued Bonuses**”). Subject to BX’s consent (such consent not to be unreasonably withheld), in the event that due to subsequent developments or events occurring following the Effective Time, including, without limitation, an increase in the levels of compensation in the investment banking industry, there is a material increase in bonuses actually paid to such PJT Personnel above the levels anticipated by the Accrued Bonuses, BX shall be obligated to pay to PJT HoldCo its pro rata portion of such incremental increase based on the portion of the calendar year prior to the Effective Time. On the Effective Date, with respect to any portion of the Accrued Bonuses which is deferred compensation or would have been denominated in Blackstone Common Units or Blackstone Holdings Units pursuant to the terms of the Blackstone Bonus Deferral Plan (the “**Non-Cash Portion**”), BX shall, or shall cause one or more members of the Blackstone Group to, pay to PJT HoldCo or such member of the PJT Group as PJT HoldCo designates an amount in cash equal to the Non-Cash Portion of the Accrued Bonuses. Payment of Bonus Arrangements in respect of 2015 shall be made in accordance with the terms set forth on Schedule 8.7.

Section 6.4 Tax Benefits. If any member of the PJT Group actually realizes a cash benefit (including a reduction in payments under the Tax Receivable Agreement or a reduction in cash Taxes otherwise payable) as a result of (i) any True-Up Adjustment (including, without limitation, in connection with the receipt, vesting or delivery of any cash, equity or other property as a result of such True-Up Adjustment), (ii) any PJT Personnel Retained Blackstone Equity Award (including, without limitation, in connection with the receipt, vesting or delivery of any cash, equity or other property pursuant to the foregoing) or (iii) the payment (whether by a member of the Blackstone Group or the PJT Group) of any Accrued Bonuses (including, without limitation, in connection with the receipt, vesting or delivery of any cash, equity or other property attributable to the cash or Non-Cash Portion of any Accrued Bonuses), then PJT HoldCo shall pay the net amount of such cash benefit or such reduction in Taxes to BX (or such member of the Blackstone Group as BX designates). Any such payments shall be made on an annual basis within 9 months following the end of the relevant taxable period in which the applicable member of the PJT Group actually realized such cash benefit or such reduction in Taxes and shall be net of the tax costs on income, if any, to any member of the PJT Group resulting from the payments made by BX in connection with any of its foregoing obligations. PJT HoldCo shall cooperate (and shall cause other members of the PJT Group to cooperate) with BX’s reasonable requests in determining the amount of any cash benefit or reduction in Taxes that could give rise to a payment under this Section 6.4.

ARTICLE VII

INDEMNIFICATION

Section 7.1 Indemnification. The Parties acknowledge that any claim for indemnification, whether or not based upon, attributable to, resulting from or arising under this Agreement shall be subject to and made in accordance with Article VIII (Indemnification) of the Separation Agreement.

ARTICLE VIII

GENERAL AND ADMINISTRATIVE

Section 8.1 Sharing of Information. To the extent permitted by Applicable Law, BX and PJT HoldCo shall provide to each other and their respective agents and vendors all Information (other than attorney-client privileged Information or attorney work product) as the other may reasonably request to enable the requesting Party to defend or prosecute claims, to administer efficiently and accurately each of its Benefit Arrangements (including in connection with audits or other proceedings maintained by any Governmental Authority), to facilitate the treatment of equity awards and compensation matters as contemplated under this Agreement, to timely and accurately comply with and report under Section 14 of the Securities Exchange Act of 1934, as amended and the Code, to determine the scope of, as well as fulfill, all of its other obligations under this Agreement, and otherwise to comply with provisions of Applicable Law. Such Information shall, to the extent reasonably practicable, be provided in the format and at the times and places requested, but in no event shall the Party providing such Information be obligated to incur any out-of-pocket expenses not reimbursed by the Party making such request or make such Information available outside of its normal business hours and premises. Any Information shared or exchanged pursuant to this Agreement shall be subject to the confidentiality requirements set forth in ARTICLE IX of the Separation Agreement; provided, that, notwithstanding anything in such ARTICLE IX and without otherwise limiting the provisions of such ARTICLE IX, each of the Parties shall comply with any requirement of Applicable Law in regard to the confidentiality of the Information (whether relating to employee records or otherwise) that is shared with another Party in accordance with this Section 8.1. The Parties also hereby agree to enter into any business associate agreements that may be required for the sharing of any Information pursuant to this Agreement to comply with the requirements of HIPAA. The Parties shall use their best efforts to secure consents or authorizations from employees, former employees and their respective dependents to the extent required to permit the Parties to share Information as contemplated in this Section 8.1.

Section 8.2 Reasonable Efforts/Cooperation. Each of the Parties shall use commercially reasonable efforts (subject to, and in accordance with Applicable Law) to be take promptly, or cause to be taken promptly, all actions, and to do promptly, or cause to be done promptly, and to assist and cooperate with the other Parties in doing, all things reasonably necessary, proper or advisable under Applicable Laws or contractual obligations to carry out the intent and purposes of this Agreement, including, without limitation, adopting plans or plan amendments and facilitating the treatment of equity awards and compensation matters as

contemplated under this Agreement. Each of the Parties shall cooperate fully on any issue relating to the transaction contemplated by this Agreement for which the other Party seeks a determination letter or private letter ruling from the IRS, an advisory opinion from the Department of Labor or any other filing, consent or approval with respect to or by a Governmental Authority.

Section 8.3 Effect on Employment. Without limiting Section 2.3 or Section 2.4, except as expressly provided in this Agreement, the mere occurrence of the Separation shall not cause any employee to be deemed to have incurred a termination of employment which entitles such individual to the commencement of benefits under any of the Blackstone Benefit Arrangements (provided that PJT Personnel may become eligible for a distribution from the Blackstone Savings Plan in accordance with the terms of such plan).

Section 8.4 Consent of Third Parties. If any provision of this Agreement is dependent on the Consent of any third party and such Consent is withheld, the Parties hereto shall use their reasonable best efforts to implement the applicable provisions of this Agreement to the fullest extent practicable. If any provision of this Agreement cannot be implemented due to the failure of such third party to consent, the Parties hereto shall negotiate in good faith to implement the provision (as applicable) in a mutually satisfactory manner.

Section 8.5 Access to Employees. On and after the Closing Date, BX and PJT HoldCo shall, and shall cause each of their respective Affiliates to, use their best efforts to make available to each other those of their employees who may reasonably be needed in order to defend or prosecute any legal or administrative Action (other than a legal action between or among any of the Parties) to which any employee, director or Benefit Arrangement of the Blackstone Group or PJT Group is a party and which relates in any way to their respective employment or to their respective Benefit Arrangements prior to the Closing Date. The Party to whom an employee is made available in accordance with this Section 8.5 shall pay or reimburse the other Party for all reasonable, pre-approved expenses which may be incurred by such employee in connection therewith, including all reasonable travel, lodging, and meal expenses, but excluding any amount for such employee's time spent in connection herewith.

Section 8.6 Beneficiary Designation/Release of Information/Right to Reimbursement. Without limiting the provisions of Section 2.7 or other provisions of this Agreement, to the extent permitted by Applicable Law and except as otherwise provided for in this Agreement, all beneficiary designations, authorizations for the release of Information and rights to reimbursement made by or relating to PJT Personnel under Blackstone Benefit Arrangements shall be transferred to and be in full force and effect under the corresponding PJT Benefit Arrangements until such beneficiary designations, authorizations or rights are replaced or revoked by, or no longer apply, to the relevant PJT Personnel.

Section 8.7 Certain Compensation Arrangements. Without limiting the generality of this Article VIII, the Parties shall cooperate in good faith and share information to implement and administer the terms of the Replacement Awards, the PJT Personnel Retained Blackstone Equity Awards, the True-Up Adjustment, the Retention Awards and the Bonus Arrangements and any other applicable arrangements, in each case, as contemplated under the terms of this Agreement and as further set forth in Schedule 8.7 attached hereto, in order to facilitate the Parties' respective obligations to each other and to the PJT Personnel.

ARTICLE IX

MISCELLANEOUS

Section 9.1 Entire Agreement. This Agreement, including the Exhibits and Schedules, and the Separation Agreement, including any related annexes, schedules and exhibits, as well as any other agreements and documents referred to herein and therein, shall together constitute the entire agreement between the Parties with respect to the subject matter hereof and thereof and shall supersede all prior negotiations, agreements and understandings of the Parties of any nature, whether oral or written, with respect to such subject matter. In the event of any conflict between the terms and conditions of the body of this Agreement and the terms and conditions of any Schedule or Exhibit, the terms and conditions of such Schedule or Exhibit shall control, unless specifically provided otherwise in this Agreement.

Section 9.2 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to any choice or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Delaware.

Section 9.3 Waiver of Jury Trial. EACH OF THE PARTIES IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 9.4 Notices. All notices and other communications required or permitted to be given hereunder shall be in writing and shall be deemed given if delivered personally, transmitted by facsimile or e-mail (and confirmed), mailed by registered or certified mail with postage prepaid and return receipt requested, or sent by commercial overnight courier, courier fees prepaid (if available; otherwise, by the next best class of service available), to the parties at the following addresses:

- (a) If to any member of the PJT Group:

PJT Partners Inc.

Attn: _____

Facsimile: _____

Email: _____

with a copy to (which shall not constitute notice):

Weil, Gotshal & Manges LLP
767 Fifth Avenue
New York, NY 10153

Attn: Barry Wolf, Esq.; Michael Aiello, Esq.
Facsimile: (212) 310-8007
Email: Barry.Wolf@weil.com;
Michael.Aiello@weil.com

(b) If to any member of the Blackstone Group:

The Blackstone Group L.P.
345 Park Avenue
New York, NY 10154
Attn: John Finley; Michael Chae
Facsimile: (212) 583-5749
E-mail: John.Finley@blackstone.com
Chae@blackstone.com

with a copy to (which shall not constitute notice):

Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, NY 10017-3954
Attn: Gregory T. Grogan, Esq.
Facsimile: (212) 455-2502
E-mail: ggrogan@stblaw.com

or to such other Person or address as any party shall specify in notice by writing to the other parties in accordance with this Section 9.4. All such notices or other communications shall be deemed to have been received on the date of the personal delivery or delivery by e-mail (if confirmed) or facsimile (if delivery confirmation is received), or, on the third Business Day after the mailing or dispatch thereof; provided that notice of change of address shall be effective only upon receipt.

Section 9.5 Amendments; Waivers and Consents.

(a) This Agreement may be amended except by an instrument or instruments in writing signed and delivered on behalf of the Blackstone Parties, PJT HoldCo and PJT LP. At any time prior to the Effective Time, any party hereto which is entitled to the benefits hereof may (i) extend the time for the performance of any obligations or other acts of the other parties, (ii) waive any inaccuracy in the representations and warranties of any other party contained herein or in any document delivered pursuant hereto, and (iii) waive compliance with any of the agreements of any other party or conditions contained herein. Any agreement on the part of a party hereto to any such extension or waiver shall be valid only with respect to the party agreeing to such extension or waiver and only if set forth in an instrument in writing, signed and delivered on behalf of such party.

(b) The failure of any Party to require strict performance by the other Party of any provision in this Agreement will not waive or diminish that Party's right to demand strict performance thereafter of that or any other provision hereof. Any consent required or permitted to be given by any Party to the other Parties under this Agreement shall be in writing and signed by the Party giving such consent and shall be effective only against such party (and its Group).

Section 9.6 Termination. This Agreement shall terminate without further action at any time before the Closing upon termination of the Separation Agreement. If terminated, no Party shall have any Liability of any kind to the other Party or any other Person on account of this Agreement, except as provided in the Separation Agreement.

Section 9.7 No Third-Party Beneficiaries. Except (i) as provided in Article VII with respect to indemnification of Indemnitees, which is intended to benefit and be enforceable by the Persons specified therein as Indemnitees and (ii) as specifically provided herein, this Agreement is solely for the benefit of the Parties and does not confer on third parties (including any employees of any member of the Blackstone Group or the PJT Group) any remedy, claim, reimbursement, claim of action or other right in addition to those existing without reference to this Agreement.

Section 9.8 Assignability; Binding Effect. This Agreement is not assignable by any Party without the prior written consent of the other Parties and any attempt to assign this Agreement without such consent shall be void and of no effect. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns.

Section 9.9 Construction; Interpretation. Titles and headings to sections herein are inserted for the convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement. Whenever required by the context, any pronoun used in this Agreement or the Schedules and Exhibits hereto shall include the corresponding masculine, feminine or neuter forms, and the singular forms of nouns, pronouns and verbs shall include the plural and vice versa. Reference to any agreement, document, or instrument means such agreement, document or instrument as amended or otherwise modified from time to time in accordance with the terms thereof, and if applicable hereof. Whenever the words “include,” “includes” or “including” are used in this Agreement, they shall be deemed to be followed by the words “without limitation.” The words “hereof,” “herein” and “hereunder” and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. The Parties have participated jointly in the negotiation and drafting of this Agreement. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the Party drafting or causing any instrument to be drafted.

Section 9.10 Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction or other authority to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the fullest extent possible.

Section 9.11 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

Section 9.12 Relationship of Parties. Nothing in this Agreement shall be deemed or construed by the Parties or any third party as creating the relationship of principal and agent, partnership, joint venture or joint employer relationship between or among the Parties, it being understood and agreed that no provision contained herein, and no act of the Parties, shall be deemed to create any relationship between or among the Parties other than the relationship set forth herein.

Section 9.13 Subsidiaries. BX shall cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth herein to be performed by any member of the Blackstone Group. PJT HoldCo shall cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth herein to be performed by any member of the PJT Group.

Section 9.14 Dispute Resolution. Any controversy, dispute or claim arising out of, in connection with, or in relation to the interpretation, performance, nonperformance, validity, termination or breach of this Agreement or otherwise arising out of, or in any way related to this Agreement or the transactions contemplated hereby or thereby shall be subject to the dispute resolutions procedures set forth in Article IX of the Separation Agreement.

Section 9.15 Payroll and Related Taxes. With respect to the PJT Personnel who were employees of a member of the Blackstone Group immediately prior to the Effective Time, the parties shall cause their respective Affiliates to (to the extent permitted by applicable Law and practicable) (a) treat the applicable member of the PJT Group as a “successor employer” and the applicable member of the Blackstone Group as a “predecessor,” within the meaning of Sections 3121(a)(1) and 3306(b)(1) of the Code, to the extent appropriate, for purposes of Taxes imposed under the United States Federal Insurance Contributions Act, as amended (“**FICA**”), or the United States Federal Unemployment Tax Act, as amended (“**FUTA**”) and (b) file tax returns, exchange wage payment information, and report wage payments made by the respective predecessor and successor employer on IRS Forms W-2 or similar earnings statements to such PJT Personnel for the tax year in which the Effective Time occurs, in a manner provided in Section 5.02(1) of Revenue Procedure 2004-53. For the avoidance of doubt, the collection of payroll taxes under FICA and FUTA for the tax year during which the Effective Time occurs will not restart upon or following the Effective Time with respect to the PJT Personnel who were employees of a member of the Blackstone Group immediately prior to the Effective Time.

[Remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the day and year first above written.

[INSERT PARTY ENTITY SIGNATURE BLOCKS]

FORM OF PJT PARTNERS INC. BONUS DEFERRAL PLAN**Purpose**

The 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 2015 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) 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 Common Shares 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 Share” has the meaning set forth in 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 Shares, 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.

“ Investment Date ” means the January 1 immediately following the Fiscal Year in respect of which a Participant’s Annual Bonus is earned, which shall be the date on which such Participant’s Bonus Deferral Amount is deemed invested in Common Shares in accordance with 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 equity 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 Board or the committee or subcommittee thereof to whom the Board delegates authority to administer the Plan, 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 such delegation is consistent with applicable law and guidelines established by the Board from time to time.

“ 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 or (ii) (A) the Participant’s age plus years of service with the Company 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.

“ 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 meanings set forth in Sections 4.01(b) and 6.01. “Vesting Period” has the meaning set forth in Section 4.01(b).

“ VWAP ” means the 30-day volume weighted average trading price of a Common Share (as reported on the national exchange on which the Common Shares are listed on each such date) over the 30-day period (only counting trading days for Common Shares) immediately preceding the relevant measurement date.

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, 2015, 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):

<u>Portion of Annual Bonus</u>	<u>Marginal Deferral Rate Applicable to Such Portion</u>	<u>Effective Deferral Rate for Entire Annual Bonus*</u>
\$ 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 and shall occur immediately prior to the Investment Date for such Fiscal Year. 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) On the Investment Date, the Participant's entire Bonus Deferral Amount corresponding to such Investment Date shall automatically and mandatorily be notionally invested in the number of Common Shares (the Participant's "Deferral Shares") that is equal to such Bonus Deferral Amount divided by the VWAP of a Common Share as of the corresponding Annual Bonus Notification Date, rounded up to the nearest whole number. 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 Deferral Shares credited to such Participant.

ARTICLE IV. VESTING

4.01. Vesting.

(a) Deferral Shares. Subject to Article VI, and except as otherwise provided in Sections 6.01(f) and 6.01(g), one-third of the Deferral Shares granted to a Participant in respect of a given Investment Date will vest (but will only be deliverable pursuant to Article V) on the January 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, Deferral Shares 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(f) and 6.01(g), the date upon which all or a portion of a Participant's Deferral Shares vest in accordance with the provisions of this Section 4.01 shall be referred to as the "Vesting Date" for such Deferral Shares. The period between the Investment Date in respect of which a Deferral Share is granted and the Vesting Date on which such Deferral Share 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 Shares shall generally be delivered to Participants on a date intended to coincide with a date upon which the underlying Common Shares (or, if applicable, other securities) may next be traded or converted by the Participant (subject to further restrictions due to Firm policies in place at such time) as set forth below:

(a) Window Period for Delivery of Deferral Shares. The “Delivery Date” for each Deferral Share shall be a date selected by the Plan Administrator which falls between the first February 1 and March 1 following the Vesting Date applicable to such Deferral Share.

(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), 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 Shares, the number of Common Shares subject to such Deferral Shares (or, at the Plan Administrator’s sole discretion, which will likely be only in rare occasions, an amount in cash equal to the VWAP of such number of Common Shares as of the date of such payment). Notwithstanding the foregoing, if the Plan Administrator determines, in its sole discretion, that the issuance of Common Shares may raise tax, securities law or administrative concerns to the Company or the Participant, then distributions to such Participant hereunder shall not be made in Common Shares but instead (in the Plan Administrator’s sole discretion, which will likely be only in rare occasions), may be made in cash or other securities, 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 necessary to ensure compliance under federal or state securities laws or to avoid adverse tax or other consequences to the Company or the Participant.

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 of such Participant's Deferral Shares, vesting and delivery (if any) of such Deferral Shares 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, such Participant's Deferral Shares (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 Deferral Shares 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 Deferral Shares) 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 Deferral Shares shall be forfeited without payment.

(d) Retirement. In the event of a Participant's Retirement from the Company, all of such Participant's unvested Deferral Shares 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 Deferral Shares which remain 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 Deferral Shares 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 Deferral Shares) 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 his or her Deferral Shares remain subject to vesting pursuant to this Section 6.01, such Participant's Deferral Shares which remain 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 Deferral Shares, 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 Deferral Shares).

(g) Change in Control. Notwithstanding anything to the contrary herein, in the event of a Change in Control, such Participant's Deferral Shares which remain 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 Deferral Shares).

(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.
ADMINISTRATION**

7.01. 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.

7.02. 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 VIII.
AMENDMENTS AND TERMINATION**

8.01. 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 Participants' Deferral Shares will continue to vest and be delivered, or be forfeited, as otherwise provided herein. Notwithstanding the foregoing, no alteration, amendment or modification of the Plan shall adversely affect the rights of the Participant in any amounts or shares accrued by or credited to such Participant prior to such action without the Participant's written consent unless the Plan Administrator determines, in its sole discretion, that such alteration, modification or amendment is necessary for the Plan to comply with the requirements of Section 409A of the Code and the regulations promulgated thereunder.

8.02. 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 8.02 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 IX.
GENERAL PROVISIONS

9.01. 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 Shares. 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.

9.02. 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.

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

(a) Except as set forth in Section 9.03(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, Deferral Shares represent 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 Deferral Shares.

(b) Participants shall be entitled to receive dividend equivalent payments paid on a current basis with respect to their outstanding Deferral Shares (whether vested or unvested) in form and amounts corresponding to the payments that such Participants would have received as dividend payments if they directly held the Common Shares underlying such outstanding

Deferral Shares on the relevant dividend payment date. A Participant's right to receive such dividend equivalent payments with respect to Deferral Shares shall cease upon the forfeiture or settlement of such Deferral Shares.

9.04. 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.

9.05. Successors. The obligations of the Company under this Plan shall be binding upon the successors of the Company.

9.06. Governing Law. The Plan shall be subject to and construed in accordance with the laws of the State of New York.

9.07. 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.

9.08. 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.

Subsidiaries of PJT Partners Inc.

The following is a list of the subsidiaries that PJT Partners Inc. will have immediately after the completion of the spin-off.

Name	Jurisdiction
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

The Blackstone logo consists of the word "Blackstone" in a white, serif font, centered within a dark rectangular background.

, 2015

To the Unitholders of Blackstone:

I am pleased to inform you that on October 7, 2014, the board of directors of our general partner approved a plan to separate Blackstone's financial and strategic advisory services, restructuring and reorganization advisory services and Park Hill Group businesses from Blackstone to form an independent, publicly traded company called PJT Partners. Following completion of the transaction, the new company will be a leading global independent financial advisory firm.

We are proud of Blackstone's roots as an advisory firm dating back to its formation in 1985 and the integral role it has played in building our successful global business and brand. The decision to pursue a separation is not one that was entered into lightly, but we believe it represents a great opportunity to make a strong advisory business even stronger and further unlock its potential value to the benefit of our common unitholders.

The spin-off will free our advisory businesses from the current constraints on their expansion opportunities that have arisen from the growth and broadening of our asset management business. Our advisory professionals have been effectively precluded from competing for engagements in many transactions where the potential for an investment by a Blackstone fund created an actual or perceived conflict of interest.

In addition, Blackstone will be better positioned to devote its full efforts and resources toward the unrestricted growth of its core asset management businesses and better serving its fund investors, free from conflict management and other challenges caused by being a part of a combined enterprise with our advisory businesses.

Paul J. Taubman will serve as PJT Partners' Chairman and Chief Executive Officer. Before departing to found PJT Capital LP (together with its general partner and their respective subsidiaries, "PJT Capital"), an independent financial advisory firm, Mr. Taubman spent 30 years at Morgan Stanley where he served as Co-President of the Institutional Securities Group. Prior to becoming Co-President, he was the Head of Global Investment Banking and Head of its Global Mergers and Acquisitions Department. In addition to being one of the preeminent investment bankers in the world, Mr. Taubman is a proven leader with the experience and skill to lead this business in its new life as an independent public company.

We believe combining the strong heritage and track record of Blackstone's advisory businesses with Mr. Taubman's team and vision of creating a next generation advisory platform, will lead to substantial growth and value creation of the combined business. Moreover, we believe that the opportunity to practice at a dedicated advisory firm whose core mission is providing client-focused advice and solutions is a compelling proposition for practitioners that increasingly seek to leave behind large financial institutions.

On the distribution date, we will distribute on a pro rata basis Class A common stock of PJT Partners Inc. to our common unitholders of record as of _____, New York time, on _____, the spin-off record date. Each common unitholder of Blackstone will receive one share of Class A common stock of PJT Partners Inc. for every _____ common units of Blackstone held by such unitholder on the record date. The distribution of these shares will be made in book-entry form, which means that no physical share certificates will be issued. Following the spin-off, shareholders may request that their shares of Class A common stock be transferred to a brokerage or other account at any time. Prior to consummating the spin-off, PJT Partners will acquire PJT Capital.

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The consummation of the spin-off and related transactions, including the acquisition of PJT Capital, is subject to certain conditions, as described in the enclosed information statement. Approval by Blackstone's common unitholders of the spin-off, including the acquisition of PJT Capital and the distribution, is not required, nor are you required to take any action to receive your shares of Class A common stock of PJT Partners Inc.

Immediately following the spin-off, you will own both common units of Blackstone and Class A common stock of PJT Partners Inc. The common units of Blackstone will continue to trade on the New York Stock Exchange under the symbol "BX." PJT Partners Inc. intends to have its Class A common stock listed on the New York Stock Exchange under the symbol "PJT."

We expect that the spin-off will be tax-free to Blackstone's common unitholders for U.S. Federal income tax purposes, except to the extent of any gain or loss recognized by a common unitholder as a result of any cash received in lieu of fractional shares. The spin-off is conditioned on, among other things, Blackstone's receipt of an opinion of tax counsel to the effect that certain transactions in the spin-off should qualify as tax-free distributions under Section 355 of the Internal Revenue Code of 1986, as amended (the "Code"), and that a certain transaction in the spin-off should qualify as a tax-free reorganization under Section 368 of the Code.

We have prepared an information statement, which describes the spin-off in great detail and contains important information about PJT Partners, including historical financial statements. We are mailing to all Blackstone common unitholders a notice with instructions informing holders how to access the information statement online. We urge you to read the information statement carefully.

I want to thank you for your continued support of Blackstone, and we all look forward to your support of both companies in the future.

Yours sincerely,
Stephen A. Schwarzman
Chairman & CEO

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Information contained herein is subject to completion or amendment. A Registration Statement on Form 10 relating to these securities has been filed with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

SUBJECT TO COMPLETION, DATED AUGUST 11, 2015

INFORMATION STATEMENT



PJT Partners Inc.

**Class A Common Stock
(par value \$0.01 per share)**

This information statement is being sent to you in connection with the separation of PJT Partners Inc. and its consolidated subsidiaries from The Blackstone Group L.P. (together with its consolidated subsidiaries, “Blackstone”), following which PJT Partners Inc. will be an independent, publicly traded company.

The Blackstone Group L.P. will distribute 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. We refer to this pro rata distribution as the “distribution” and we refer to the separation of the PJT Partners business from Blackstone and related transactions, including the distribution, and the internal reorganization and acquisition by PJT Partners of PJT Capital LP (together with its general partner and their respective subsidiaries, “PJT Capital”) that will precede the distribution, as the “spin-off.” We expect that the spin-off will be tax-free to Blackstone’s common unitholders for U.S. Federal income tax purposes, except to the extent of any gain or loss recognized by a common unitholder as a result of any cash received in lieu of fractional shares. Each common unitholder of Blackstone will receive one share of Class A common stock of PJT Partners Inc. for every common units of Blackstone held by such unitholder on _____, the record date. Each share of Class A common stock of PJT Partners Inc. will have attached to it a preferred stock purchase right as further described in “Description of Our Capital Stock—Anti-Takeover Effects of Our Amended and Restated Certificate of Incorporation, Our Amended and Restated Bylaws, Our Stockholder Rights Agreement and Certain Provisions of Delaware Law.” The distribution of shares will be made in book-entry form. Blackstone will not distribute any fractional shares of Class A common stock of PJT Partners Inc. Instead, the distribution agent will aggregate fractional shares into whole shares, sell the whole shares in the open market at prevailing market prices and distribute the aggregate net cash proceeds from the sales pro rata to each holder who would otherwise have been entitled to receive a fractional share in the spin-off. The distribution will be effective as of _____, New York time, on _____, _____. Immediately after the distribution becomes effective, we will be an independent, publicly traded company.

Upon completion of the spin-off, PJT Partners Inc. will be a holding company and its only material asset will be a controlling equity interest in PJT Partners Holdings LP, a holding partnership that will hold PJT Partners’ operating subsidiaries. The internal owners (as described herein) will hold 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 a cash amount equal to the then-current market value of an equal number of shares of our Class A common stock, or, at our election, for shares of our Class A common stock on a one-for-one basis. Each Partnership Unit will have attached to it a preferred unit purchase right as further described in “Certain Relationships and Related Party Transactions—PJT Partners Holdings LP Limited Partnership Agreement.” The internal owners will also hold shares of Class B common stock of PJT Partners Inc. The shares of Class B common stock will have no economic rights but will 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 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. 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, 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, as described under “Description of Capital Stock—Class B Common Stock.” In addition, in connection with the spin-off, PJT Partners personnel will receive various types of awards under our 2015 Omnibus Incentive Plan denominated in shares of Class A common stock of PJT Partners Inc. and partnership interests in PJT Partners Holdings LP. See “Certain Relationships and Related Party Transactions—Transaction Agreement” and “—Agreements with Blackstone Related to the Spin-Off—Employee Matters Agreement” for additional information.

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No vote or other action of Blackstone common unitholders is required in connection with the spin-off. We are not asking you for a proxy and you should not send us a proxy. Blackstone common unitholders will not be required to pay any consideration for the shares of Class A common stock of PJT Partners Inc. they receive in the spin-off, and they will not be required to surrender or exchange their Blackstone common units or take any other action in connection with the spin-off.

There is no current trading market for Class A common stock of PJT Partners Inc. We expect, however, that a limited trading market for Class A common stock of PJT Partners Inc., commonly known as a “when-issued” trading market, will develop at least two trading days prior to the record date for the distribution, and we expect “regular-way” trading of Class A common stock of PJT Partners Inc. will begin the first trading day after the distribution date. We intend to list Class A common stock of PJT Partners Inc. on the New York Stock Exchange (“NYSE”) under the ticker symbol “PJT”.

We are an “emerging growth company” as defined under the Federal securities laws and, as such, may elect to comply with certain reduced public company reporting requirements for future filings. See “Summary—Implications of Being an Emerging Growth Company.”

In reviewing this information statement, you should carefully consider the matters described in “[Risk Factors](#)” beginning on page 34 of this information statement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or determined if this information statement is truthful or complete. Any representation to the contrary is a criminal offense.

This information statement is not an offer to sell, or a solicitation of an offer to buy, any securities.

The date of this information statement is _____, 2015.

A Notice of Internet Availability of Information Statement Materials containing instructions describing how to access this Information Statement was first mailed to Blackstone common unitholders on or about _____, _____. For Blackstone common unitholders who previously elected to receive paper copies of Blackstone’s materials, this information statement was first mailed to Blackstone common unitholders on or about _____, 2015.

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SUMMARY

This summary highlights information contained in this information statement and provides an overview of our company, our separation from Blackstone and the distribution of shares of Class A common stock of PJT Partners Inc. by The Blackstone Group L.P. to its common unitholders. For a more complete understanding of our business and the spin-off, you should read this entire information statement carefully, particularly the discussion set forth under “Risk Factors” and our audited historical financial statements, our unaudited pro forma combined financial statements and the respective notes to those statements included in this information statement.

Except as otherwise indicated or unless the context otherwise suggests, references in this information statement to “PJT Partners,” “the Company,” “our company,” “we,” “us” and “our” refer (1) prior to the consummation of the internal reorganization and the acquisition as described under “The Spin-Off—Manner of Effecting the Spin-Off,” to the financial and strategic advisory services, restructuring and reorganization advisory services and Park Hill Group businesses of Blackstone, which, together with the capital markets services business that will be retained by Blackstone, have historically constituted Blackstone’s Financial Advisory reporting segment and (2) after the consummation of such internal reorganization and acquisition, to PJT Partners Inc. and its consolidated subsidiaries, including the acquired operations of PJT Capital LP (together with its general partner and their respective subsidiaries, “PJT Capital”). Except as otherwise indicated or unless the context otherwise suggests, references in this information statement to “Blackstone” refer to The Blackstone Group L.P. and its consolidated subsidiaries. Except as otherwise indicated or unless the context otherwise suggests, we use the term “partner” in this information statement to refer to our senior professionals who hold the “partner” title.

Our Business

PJT Partners is a global independent financial advisory firm. Our veteran team of professionals, including our 31 partners, delivers a wide array of strategic advisory, restructuring and reorganization and funds advisory services to corporations, financial sponsors, institutional investors and governments around the world. We offer a balanced portfolio of advisory services designed to help our clients realize major corporate milestones. We also provide, through Park Hill Group, fund placement and secondary advisory 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, established in 1985, offers a broad range of financial advisory and transaction execution capability, including acquisitions, mergers, joint ventures, minority investments, asset swaps, divestitures, takeover defenses, corporate finance advisory, private placements and distressed sales. Since inception, we have advised on more than 292 announced M&A transactions with a total value of more than \$600 billion. The combined value of the announced M&A transactions that we and PJT Capital advised on over the past two years was more than \$195 billion. Our restructuring and reorganization business, established in 1991, is one of the world’s leading restructuring advisors, having advised on more than 400 distressed situations, both in and out of bankruptcy, involving more than \$1.5 trillion of total liabilities. Park Hill Group, our funds advisory services business, is the world’s leading private equity and real estate fund placement agent, having served as a placement agent to more than 194 funds raising approximately \$261 billion for a diverse range of investment strategies since its inception in 2005. Moreover, Park Hill Group is the only group among its peers with top-tier dedicated private equity, hedge fund and real estate advisory groups, as well as a dedicated team that supports secondary transactions in limited partnership interests in existing funds.

We believe the success of our business has resulted from a highly-experienced team and a relentless focus on our core principles: prioritizing our client’s interests, providing superior client service, protecting client confidentiality and avoiding conflicts of interest. As of June 30, 2015, our strategic advisory team was

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comprised of 100 professionals, including 9 partners, with an average of over 22 years of experience in providing corporate finance and mergers and acquisitions advice. As of June 30, 2015, our restructuring and reorganization team was comprised of 51 professionals, including 8 partners with an average of 18 years of experience advising a diverse base of clients, including companies, creditors, corporate parents, hedge funds, financial sponsors and acquirers of troubled companies. We believe that we have one of the most seasoned and experienced restructuring teams in the financial services industry, working on a significant share of the major restructuring assignments in this area. As of June 30, 2015, our Park Hill Group team was comprised of 84 professionals, including 14 partners with an average of over 20 years of experience advising and executing on all aspects of the fundraising process, and operates across seven offices around the world.

Our firm will be led by Paul J. Taubman, who will serve as our Chairman and Chief Executive Officer. Before departing in late 2012, Mr. Taubman spent 30 years at Morgan Stanley where he served as Co-President of the Institutional Securities Group. Prior to becoming Co-President, he served as Head of Global Investment Banking and Head of its Global Mergers and Acquisitions Department. In addition to being one of the preeminent investment bankers in the world, Mr. Taubman is a proven leader with the experience and skill to lead PJT Partners in its new life as an independent public company. Since departing Morgan Stanley, Mr. Taubman and PJT Capital have advised on transactions with a total value of more than \$140 billion.

Mr. Taubman joins us with a team of veteran investment bankers, including 14 partners, who have a wealth of experience and client relationships developed over long tenures in the investment banking industry, and who share a common commitment to excellence. Through their sizable equity stake in our business, a significant portion of which is subject to performance-based vesting, the long-term incentives of Mr. Taubman and our partners will be strongly aligned with the interests of our stockholders. Upon completion of the spin-off, our partners, advisory professionals and other employees will initially own in the aggregate over % of the equity in our business, assuming the equity awards to be received by such persons in connection with the spin-off were fully vested and earned.

We believe this spin-off will further unlock our potential by meaningfully enhancing our opportunities for organic growth, including by enhancing our ability to compete for business from financial sponsors and eliminating conflicts with Blackstone's investing areas.

- ***Conflicts with other financial sponsors*** . We believe the ability to compete unhindered by the inherent challenges of securing business from Blackstone competitors significantly increases the addressable market of our advisory and placement services. For instance, while transactions involving financial sponsors represented nearly a third of global M&A advisory volume by transaction value in 2014, such transactions represented only 10% of the advisory revenue generated by our strategic advisory and restructuring and reorganization businesses in the same period.
- ***Conflicts with Blackstone's investing areas*** . As part of Blackstone, we have been effectively precluded from competing for strategic advisory and restructuring engagements in many transactions where an investment or potential investment by a Blackstone fund created an actual or perceived conflict of interest. An advisory engagement can have the effect of precluding or limiting an investment opportunity of a Blackstone fund given that advisory clients may require Blackstone to act exclusively on behalf of a potential seller, buyer or other party in a subject transaction. As a result, we have declined to compete for many advisory assignments in order to avoid creating a potential conflict with a potential Blackstone investment opportunity. In that connection, sellers may resist engaging our strategic advisory team if they see a reasonable possibility that a Blackstone investing business could be a buyer. Investment conflicts have also been particularly prevalent as between our restructuring and reorganization practice and Blackstone's credit business.

We believe the impact of these actual or perceived conflicts has been to artificially constrain the growth opportunities that PJT Partners might otherwise have enjoyed as an independent company, including mandates we have lost to competitors and business that we declined to compete for in the first instance.

We additionally believe we will excel in attracting and retaining world-class professionals. We believe that the opportunity to practice at a dedicated advisory firm whose core mission is providing client-focused advice and solutions is a compelling proposition for practitioners that increasingly seek to leave behind large financial institutions. Moreover, while we and PJT Capital have enjoyed great success recruiting, we believe that the freedom from conflicts and increased addressable market that will result from the spin-off will make our firm even more attractive to new hires.

Since our founding, we have earned a reputation as a trusted, long-term strategic advisor by providing thoughtful, tailored solutions to help our clients achieve their strategic, financial and fundraising goals. Together, our objective is to become the leading provider of financial advice and the top destination for advisory talent.

Our revenues for the year ended December 31, 2014 were \$401.1 million. As of June 30, 2015, we employed 235 professionals across 11 offices around the world.

Our Strategy

We intend to grow our business by increasing our share of business from existing clients and developing new client relationships as we expand into new industry verticals, geographies and products. Our strategy for achieving these objectives has five components:

- **Provide World-Class Financial Advice.** The creativity and depth of our advice, and the integrity and judgment with which we deliver it, are the foundations of the business we have built. As the newly independent PJT Partners, we intend to build on nearly three decades of commitment to excellence in the work we do and the delivery of superior outcomes for our clients across our full suite of advisory services.
- **Invest in New Capabilities to Better Serve Our Clients.** We are focused on continuing to expand the breadth and depth of our platform and build capabilities in areas where a sizable market opportunity clearly exists in order both to expand wallet share with existing clients and to develop new client relationships. Such efforts may include expansion into new industry verticals, geographies and product capabilities such as capital markets services. In each such case, our goal to offer increasingly comprehensive and valuable solutions to our clients will be combined with a disciplined approach to managing our financial resources and an insistence on hiring only top-tier talent.
- **Exploit Embedded Growth Opportunities.** We intend to drive organic growth by exploiting opportunities that will arise from our separation from Blackstone, including relief from conflicts with Blackstone's investing areas and an enhanced ability to compete for business from financial sponsors. For instance, we believe the ability to compete for strategic advisory engagements in transactions involving financial sponsors (which represented nearly a third of global M&A advisory volume by transaction value in 2014) unhindered by the inherent challenges of securing advisory assignments from Blackstone competitors increases by approximately 50% the addressable market of our strategic advisory services. The opportunities of our funds advisory services business have similarly been constrained as some other sponsors have been reluctant to hire us to assist with their fundraising needs. Finally, Blackstone's ability to hire us for advisory and placement assignments will no longer be impacted by actual or perceived conflicts of interest following the spin-off.

- **Attract and Retain Best-in-Class Talent.** The creativity, insightfulness and clarity of our advice, and the trusted client relationships it inspires, are the foundation of our business. We will continue to focus on hiring and retaining top-quality practitioners with expertise and relationships in new industries, products and geographies where we perceive an opportunity to fulfill existing or emerging client needs. We believe that the opportunity to practice at a dedicated advisory firm whose core mission is providing client-focused advice and solutions is a compelling proposition for practitioners that increasingly seek to leave behind large financial institutions. Moreover, while we and PJT Capital have enjoyed great success recruiting, we believe that the freedom from conflicts and increased addressable market that will result from the spin-off will make our firm even more attractive to new hires.
- **Leverage Our Diverse Platform.** We have developed a scaled, diversified global advisory franchise comprised of complementary businesses, which each share our culture of excellence, teamwork and entrepreneurship. We are focused on maintaining the market leadership of our restructuring and reorganization and funds advisory services businesses in order to complement our world-class strategic advisory franchise, offering our clients a comprehensive and differentiated suite of independent advisory services and enhancing the stability of our revenue stream. As one firm, we intend to leverage the diverse capabilities and relationships of each business to deliver value for our clients.

Competitive Strengths

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

- **Trusted Advisors with Proven Track Records.** We are recognized experts in strategic advisory, restructuring and reorganization and funds advisory 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. With 11 offices spanning the globe, we have advised on or served as placement agent on:
 - more than 292 announced M&A transactions with a total value of more than \$600 billion;
 - more than 400 distressed situations, both in and out of bankruptcy, involving more than \$1.5 trillion of total liabilities; and
 - fundraising for 194 funds that have raised approximately \$261 billion for a diverse range of investment strategies.

Through our spin-off and combination with PJT Capital, we believe we can harness the legacy, scale and scope of a well-established business while capturing the entrepreneurial energy of a new firm.

- **Complementary Business Lines.** Our unique and highly differentiated portfolio of industry, product, and geographical expertise will better enable us to serve our clients. Our partners and team members have relationships with hundreds of corporate executives, board members, financial sponsors and governments as well as expertise in multiple product areas, industry verticals and geographies. Through our Park Hill Group business, we have relationships with over 3,000 different institutional investors, who collectively manage over \$75 trillion of capital. These unique relationships and capabilities have the potential to help us drive incremental value for clients, and growth for our company, as we operate in a more integrated and cohesive manner.
- **Veteran Team of Practitioners.** As of June 30, 2015, our team consisted of 235 professionals, including 31 partners, each with an average of over 20 years of relevant experience. Many of our partners are recognized leaders in their particular areas of expertise. Our partners share a culture of being practitioners first; consistently demonstrating an active, hands-on, high-touch approach to serving clients. Our professionals adhere to core principles: prioritizing our client's interests, providing superior client service, protecting client confidentiality and avoiding conflicts of interest.

- Experienced Leadership to Drive Profitable Growth** . Our team will be led by Mr. Taubman, one of the preeminent investment bankers in the world. Mr. Taubman is a proven leader with the experience and skill to lead PJT Partners in its new life as an independent public company, in addition to actively advising our firm’s clients. We anticipate he will continue his success in attracting and retaining new talent that is increasingly seeking to leave large financial institutions in favor of dedicated advisory firms.

Industry Trends

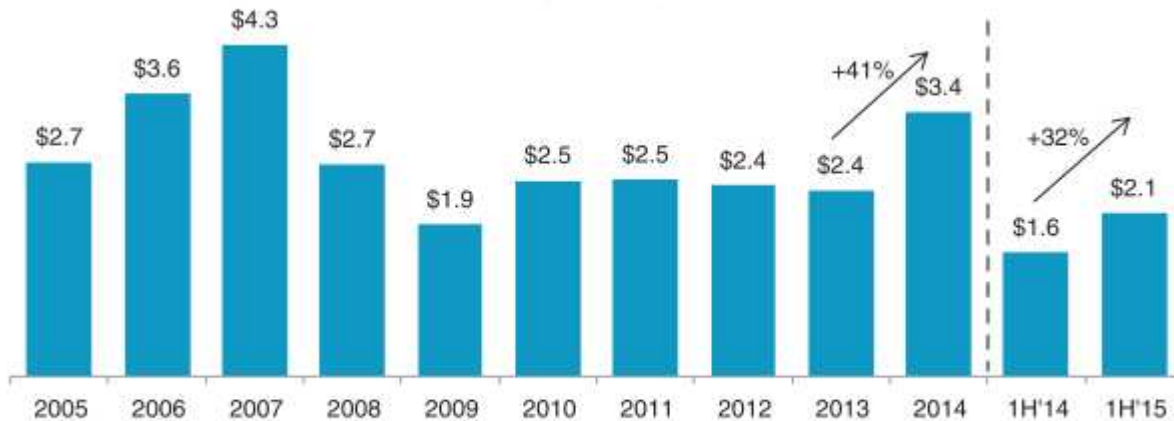
We believe we are well-positioned to take advantage of the following favorable trends in our industry:

- Robust Mergers & Acquisitions Activity** . M&A volume globally for 2014 and the first half of 2015 was up 41% and 32%, respectively, as compared to 2013 and the first half of 2014, respectively, and 2014 was the most active year since 2007. We expect this trend to continue as a result of an improving global macroeconomic environment, strong corporate balance sheets, a trend toward global consolidation and an environment in which companies are increasingly pursuing strategic acquisitions as part of their growth strategy. M&A volume is subject to periodic fluctuation based on a variety of factors, including conditions in the credit markets and other macroeconomic factors. For instance, recent periods have seen a decline in the number of leveraged buyouts in excess of certain debt levels due in part to the implementation of guidance from U.S. federal banking agencies with regard to leveraged lending practices. However, we believe there continue to be ample opportunities for sponsor M&A activity. Moreover, we believe such constraints have had very little impact, if any, on M&A volumes more generally.

The chart below depicts global announced M&A volume over the past ten years and the first half of 2015.

Global Announced M&A Volume

(*\$ in trillions*)



Source: Thomson Reuters 2015

Note: Volume measured as ranking value including net debt of target.

- Active Debt Markets to Drive Future Restructuring and Reorganization Activity** . Both 2012 and 2013 represented record years for leveraged finance issuance in the United States as companies took advantage of historically low borrowing costs to leverage their capital structures. Given the lag between high-yield issuance and default rates, today’s historical level of current issuance should create a favorable environment for our Restructuring and Reorganization business in future periods. Moreover, we believe that restructuring activity in recent periods has been approaching a cyclical low, with high-yield default rates well below their long-term historical averages and strong demand for high-yield credit providing liquidity and access to capital for companies looking to refinance near-term maturities. We believe our leading Restructuring and Reorganization advisory franchise will position us well to capitalize on a future upturn in restructuring activity when corporate default rates moderate back to their long-term averages.

The chart below depicts the volume of global high-yield debt issuance and the default rate for speculative-grade debt since 2003.

Global High-Yield Issuance and Default Rate
 (\$ in billions)



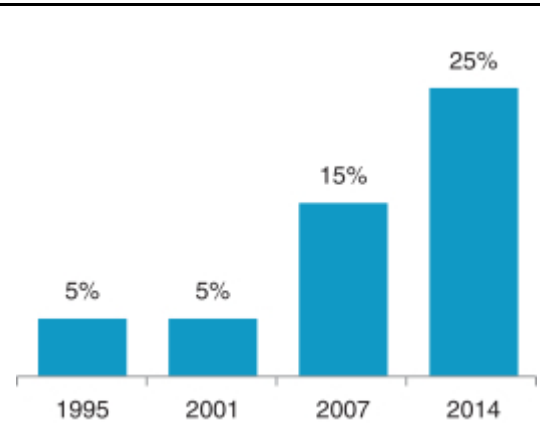
Source : Thomson Reuters 2015, Moody’s Annual Default Study 2015

- Increasing Importance of Alternative Assets Driving Demand for Capital Raising Services** . McKinsey and Co. estimates that global alternative assets under management (“AUM”) has grown from \$3.2 trillion in 2005 to \$7.2 trillion in 2013, representing a compound annual growth of 11%. Moreover, institutional investors have allocated increasingly larger portions of their portfolios to alternative asset classes. The allocation to alternative assets in pension fund portfolios increased from 5% in 2001 to 25% in 2014.

Global AUM of Alternative Assets
(\$ in trillions)



Pension Asset Allocation to Alternative Assets
(Average percent of total portfolio AUM)

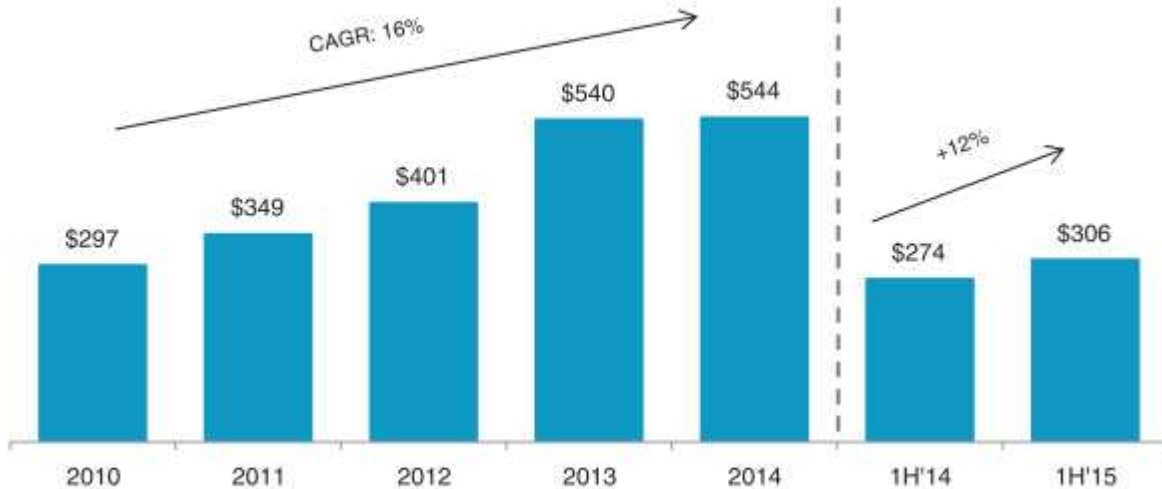


Source : McKinsey, *The Trillion-Dollar Convergence: Capturing the Next Wave of Growth in Alternative Investments*, August 2014

Source: Towers Watson, *Global Pension Assets Study 2015*, February 2015

In addition, as illustrated in the chart below, greater investor demand has led to a 16% compound annual growth rate in global capital raising for alternative investment strategies over the last five years, and in the first half of 2015 increased 12% as compared to the first half of 2014.

Global Capital Raised
(\$ in billions)



Source: Preqin

Note: Global capital includes private equity, real estate, secondaries, distressed debt mezzanine and other.

We expect this current trend will continue as the combination of volatile returns in public equities and low yields on traditional fixed income investments shifts investor focus to the lower correlated and absolute levels of returns offered by alternative assets. As a leading alternative asset fundraising platform, Park Hill Group is well-positioned to benefit from this tailwind. In addition, as an

independent firm, Park Hill Group will be even better positioned to foster relationships with additional alternative asset managers who were previously reluctant to hire Park Hill Group when it was a part of Blackstone.

- ***Growing Demand for Dedicated Advisory Services*** . Demand for dedicated advisory services has increased significantly over the past several years. Since 2003, dedicated advisory firms have increased their market share of global M&A volume significantly from 19% to 34%. In 2014, 60% of the top 10 announced M&A deals and 60% of the top 20 announced M&A deals included a dedicated advisory firm. In addition, over the past five years, the great majority of restructurings with an announced restructuring value of at least \$100 million have included a dedicated advisory firm. We believe this is the result of a growing market preference for firms whose core mission is providing client-focused advice and solutions, free from the conflicts at large financial institutions where sizable sales and trading, underwriting and lending businesses coexist with an advisory business that comprises only a small portion of revenues and profits.
- ***Ongoing Challenges at Large Financial Institutions*** . We will seek to continue to take advantage of growth opportunities arising from the ongoing challenges at large financial institutions. These firms face increasing regulation leading to higher operating costs, compensation limitations and increased capital constraints, all of which we believe adversely affect their ability to serve clients and compete to attract and retain talented professionals. In addition, such institutions must devote substantial resources and attention to the management of internal conflicts associated with lending to clients or potential clients of their advisory businesses or trading in their securities. We believe dislocation at large financial institutions has led to an increased exodus of senior advisory talent and that we are well-positioned to take advantage of this trend as we seek to attract and retain top-tier professionals.

The Spin-Off

Overview

On October 7, 2014, the board of directors of Blackstone Group Management L.L.C. approved a plan to separate Blackstone's financial and strategic advisory services, restructuring and reorganization advisory services and Park Hill Group businesses from Blackstone to form PJT Partners, following which PJT Partners will be an independent, publicly traded company.

In connection with the spin-off and the retention of Paul J. Taubman as our Chairman and CEO, we and Blackstone have entered into a transaction agreement (as it may be amended, the "Transaction Agreement") with Mr. Taubman, PJT Capital LP and the other parties thereto, pursuant to which we will acquire, on the terms and subject to the conditions set forth in the Transaction Agreement, all of the outstanding equity interests in PJT Capital. Throughout this information statement, we refer to this transaction as the "acquisition."

In connection with the spin-off, and as contemplated by the Transaction Agreement, we will enter into a Separation and Distribution Agreement (the "Separation Agreement") and several other agreements with Blackstone related to the spin-off. These agreements will set forth the principal transactions required to effect our separation from Blackstone and provide for the allocation between us and Blackstone of various assets, liabilities, rights and obligations (including employee benefits and tax-related assets and liabilities) and govern the relationship between us and Blackstone after completion of the spin-off. These agreements will also include arrangements with respect to transitional services to be provided by Blackstone to PJT Partners. See "Certain Relationships and Related Party Transactions—Agreements with Blackstone Related to the Spin-Off—Transition Services Agreement."

The spin-off, including the consummation of the acquisition and the distribution of shares of Class A common stock of PJT Partners Inc. as described in this information statement is subject to the satisfaction or waiver of certain

conditions. In addition, we, Blackstone and Mr. Taubman have the right to terminate the Transaction Agreement and abandon the spin-off in certain circumstances, as described in this information statement. See “The Spin-Off—Conditions to the Spin-Off” and “—Termination and Abandonment of the Spin-Off.”

Organizational Structure Following the Spin-Off

In connection with the spin-off, Blackstone will undergo an internal reorganization, pursuant to which the operations that have historically constituted Blackstone’s Financial Advisory reporting segment, other than Blackstone’s capital markets services business, will be contributed to PJT Partners Holdings LP, a newly-formed holding partnership that will be controlled by PJT Partners Inc., as general partner. Blackstone’s capital markets services business, which has historically derived a majority of its revenue from transactions involving portfolio companies or investment funds of Blackstone, will not be contributed to PJT Partners Holdings LP, and Blackstone will retain this business following completion of the spin-off. In the internal reorganization, the limited partners of the holding partnerships that own Blackstone’s operating subsidiaries (the “Blackstone Holdings partnerships”) and certain individuals engaged in our business will receive 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 will receive various types of awards under our 2015 Omnibus Incentive Plan denominated in shares of Class A common stock of PJT Partners Inc. and partnership interests in PJT Partners Holdings LP. See “Certain Relationships and Related Party Transactions—Transaction Agreement” and “—Agreements with Blackstone Related to the Spin-Off—Employee Matters Agreement” for additional information.

Prior to the distribution, PJT Partners Holdings LP will acquire, on the terms and subject to the conditions set forth in the Transaction Agreement, 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 will receive unvested Partnership Units and other partnership interests in PJT Partners Holdings LP. Throughout this information statement, we use the term “internal owners” to refer collectively to (1) the limited partners of the Blackstone Holdings partnerships and certain individuals engaged in our business that will receive Class A common stock of PJT Partners Inc. and Partnership Units and other partnership interests in PJT Partners Holdings LP in the internal reorganization; and (2) Mr. Taubman and the other selling holders of equity interests in PJT Capital LP who will receive Partnership Units and other partnership interests in PJT Partners Holdings LP upon consummation of the acquisition.

Following the internal reorganization and the acquisition, The Blackstone Group L.P. will distribute 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. will be a holding company and its only material asset will be its controlling equity interest in PJT Partners Holdings LP. As the sole general partner of PJT Partners Holdings LP, PJT Partners Inc. will operate and control all of the business and affairs and consolidate 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.) will be reflected as a non-controlling interest in PJT Partners Inc.’s consolidated financial statements.

Our internal owners will also hold all issued and outstanding shares of the Class B common stock of PJT Partners Inc. The shares of Class B common stock will have no economic rights but will 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 interests in PJT Partners Holdings LP held by such holder on all matters

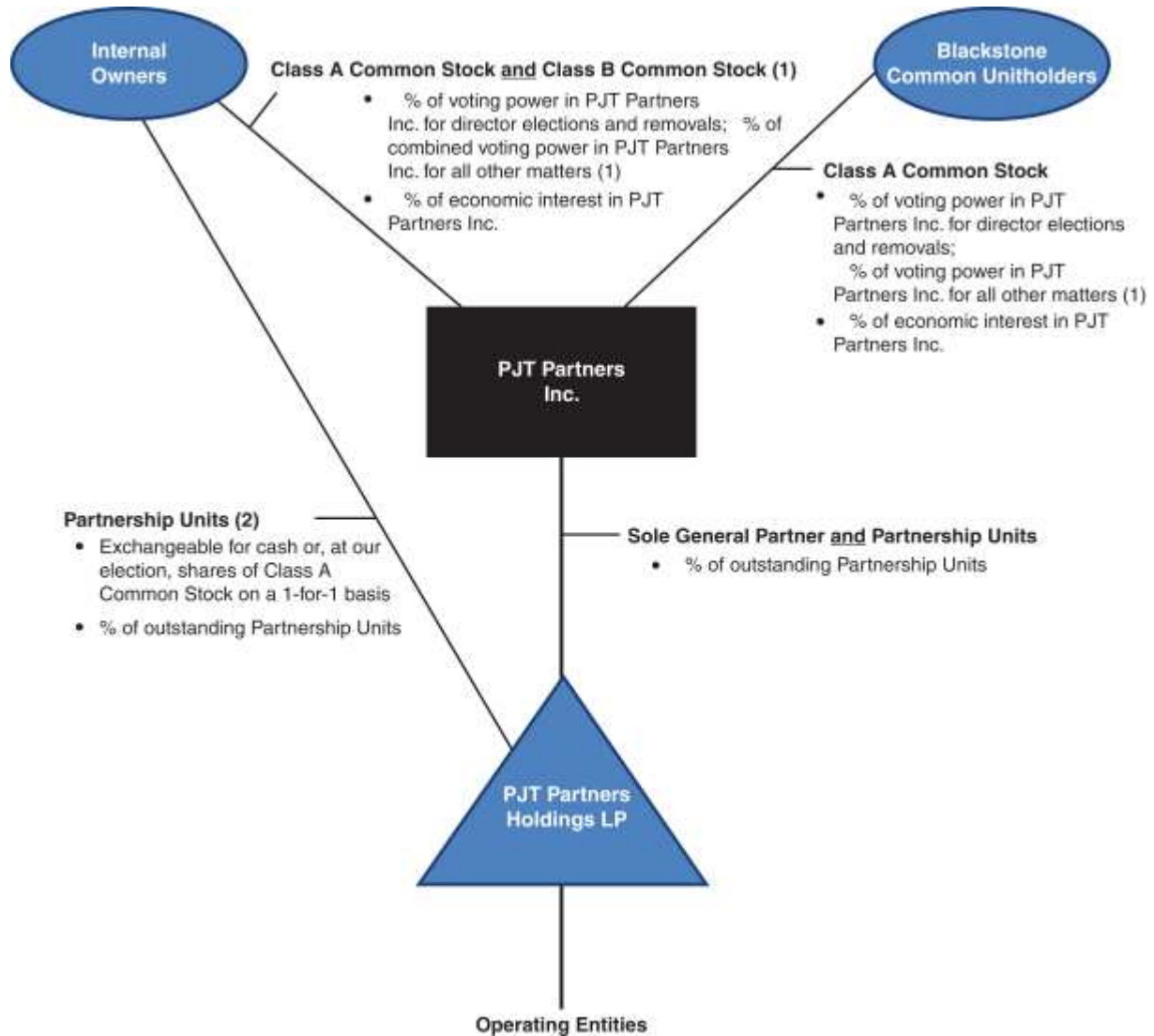
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to only one vote per share, representing significantly less than one percent of the voting power entitled to vote thereon. However, the voting power of Class B common stock with respect to the election and removal of directors of PJT Partners Inc. may be increased to up to the number of votes to which a holder is then entitled on all other matters presented to stockholders, as described under “Description of Capital Stock—Class B Common Stock.” 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 described below. 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 as described under “Certain Relationships and Related Person Transactions—Exchange Agreement,” 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. Blackstone’s senior management, including Mr. Schwarzman and all of Blackstone’s other executive officers, will provide 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.

We and the internal owners will also enter into an exchange agreement under which they (or certain permitted transferees) will have the right, subject to the terms and conditions set forth in the 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 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. The price per Partnership Unit to be received in a cash-settled exchange will be equal to the fair value of a share of our Class A common stock (determined in accordance with and subject to adjustment under the exchange agreement). In the event that PJT Partners Inc. elects to fund cash-settled exchanges of Partnership Units with new issuances of Class A common stock, the fair value of a share of our Class A common stock will be deemed to be equal to the net proceeds per share of Class A common stock received by PJT Partners Inc. in the related issuance. Accordingly, in this event, the price per Partnership Unit to which an exchanging Partnership Unitholder will be entitled may be greater than or less than the then-current market value of our Class A common stock. See “Certain Relationships and Related Person Transactions— Exchange Agreement.”

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The diagram below depicts our organizational structure immediately following the spin-off. For additional detail, see “The Spin-Off—Organizational Structure Following the Spin-Off.” Unless otherwise indicated, the information in the diagram below does not reflect shares of Class A common stock and Partnership Units that may be issued upon settlement of awards under our 2015 Omnibus Incentive Plan (or upon conversion of interests granted thereunder). See “Certain Relationships and Related Party Transactions—Transaction Agreement—Founder Earn-Out Units” and “—Agreements with Blackstone Related to the Spin-Off—Employee Matters Agreement” for additional information.



(1) The shares of Class B common stock will have no economic rights but will 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 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. With respect to the election of directors of PJT Partners Inc., shares of Class B common stock will 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

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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, as described under “Description of Capital Stock—Common Stock—Class B Common Stock.” Blackstone’s senior management, including Mr. Schwarzman and all of Blackstone’s other executive officers, will provide 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. For additional information, see “The Spin-Off—Organizational Structure Following the Spin-Off.”

- (2) Includes an aggregate of unvested partnership interests in PJT Partners Holdings LP that will be issued in the form of LTIP Units that will participate, from issuance, in all distributions by PJT Partners Holdings LP, other than liquidating distributions, ratably, on a per unit basis, with Partnership Units and will be subject to time-based vesting as described in “Management—Actions Taken in Anticipation of Separation—Partner Agreement with Paul J. Taubman—Founder Units.” Such participating LTIP Units are sometimes referred to herein as “Participating LTIP Units.” See “Certain Relationships and Related Party Transactions—Transaction Agreement” and “—PJT Partners Holdings LP Limited Partnership Agreement.”

Implications of Being an Emerging Growth Company

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, 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:

- exemptions from the requirements to hold non-binding shareholder advisory votes on executive compensation or golden parachute arrangements;
- an exemption from the auditor attestation requirement in the assessment of our internal control over financial reporting; and
- reduced disclosure about our executive compensation arrangements.

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: (1) the end of the fiscal year following the fifth anniversary of the spin-off; (2) the first fiscal year after our annual gross revenues are \$1.0 billion or more; (3) the date on which we have, during the previous three-year period, issued more than \$1.0 billion in non-convertible debt securities; or (4) the date we become a “large accelerated filer” under the Exchange Act. We have taken advantage of reduced disclosure regarding executive compensation arrangements in this information statement, and we may choose to take advantage of some but not all of these reduced disclosure obligations in future filings while we remain an emerging growth company. If we do, the information that we provide stockholders may be different than you might get from other public companies in which you hold stock.

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 chosen to “opt out” of this provision and, as a result, we will comply with new or revised accounting standards as required when they are adopted. This decision to opt out of the extended transition period under the JOBS Act is irrevocable.

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. Our headquarters are located at 345 Park Avenue, New York, New York 10154. Our telephone number is (212) 583-5000. We intend to move our principal executive offices to 280 Park Avenue, New York, New York 10017 in 2015.

Questions and Answers About the Spin-Off

The following provides only a summary of the terms of the spin-off. For a more detailed description of the matters described below, see “The Spin-Off.”

Q: *What is the spin-off?*

A: The spin-off is the series of transactions by which the Blackstone’s financial and strategic advisory services, restructuring and reorganization advisory services and Park Hill Group businesses will be separated from Blackstone to form PJT Partners, an independent, publicly traded company. On the distribution date, The Blackstone Group L.P. will distribute on a pro rata basis to its common unitholders all of the issued and

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outstanding shares of Class A common stock of PJT Partners Inc. held by it, as described in “The Spin-Off—Manner of Effecting the Spin-Off—Internal Reorganization” and “—Organizational Structure Following the Spin-Off.” We refer to this as the distribution. Following the spin-off, PJT Partners will be a separate company from Blackstone, and Blackstone will not retain any ownership interest in PJT Partners.

Q: *Why has Blackstone determined to separate the advisory businesses from the rest of the firm?*

A: The board of directors of Blackstone Group Management L.L.C. has determined that the separation of the advisory businesses is in the best interests of Blackstone, its common unitholders and other stakeholders because such separation will provide the following key benefits:

- *Relief from Conflict-related Constraints on Growth and Greater Strategic Focus of Management’s Efforts and Resources* . Separation from Blackstone will meaningfully enhance our opportunities for organic growth, including by eliminating conflicts with Blackstone’s investing areas and enhancing our ability to compete for business from financial sponsors. As a part of Blackstone, our professionals have been effectively precluded from competing for strategic advisory and restructuring engagements in many transactions where the potential for an investment by a Blackstone fund created an actual or perceived conflict of interest. As Blackstone’s investing businesses have grown broader and larger, the potential for such conflicts has grown commensurately, with the result that Blackstone has not been free to aggressively grow our advisory business out of concern for compounding such conflicts. As an independent firm, free from such conflicts, we believe that we will be able to more effectively compete for new client engagements and significantly expand our platform into new product industries and transaction execution capabilities. Moreover, we will be free to compete for advisory and placement assignments from financial sponsors unhindered by the inherent challenges of securing such assignments from Blackstone competitors.

In addition, Blackstone will be better positioned to devote its full efforts and resources toward the unrestricted growth of its core asset management businesses and better serving its fund investors, free from conflict management and other challenges caused by being a part of a combined enterprise with our advisory businesses.
- *Unlocking Multiple Value* . We believe that peer advisory firms of PJT Partners have historically traded at significantly higher earnings multiples than asset managers. As a pure-play advisory business, we believe this value will be unlocked to the benefit of PJT Partners’ owners, including the common unitholders of Blackstone.
- *Improved Management Incentive Tools* . In multi-business companies such as Blackstone, it is difficult to structure incentives that reward professionals in a manner directly related to the performance of their respective business units. The spin-off will enable us to grant equity compensation to our senior management and other professionals tied directly to our business, creating a strong alignment of interest with our public stockholders and resulting in incentives that will be less diluted and more effective.
- *Enhanced Focus on Clients* . Both Blackstone and we believe that, as a unified, independently managed, stand-alone company, our management will be able to more closely align internal resources, including senior management time, with the unique priorities of the clients of our business.
- *Ability to Utilize Equity as an Acquisition Currency* . The spin-off will enable us to use our equity as currency to pursue certain financial and strategic objectives, including tax-free merger transactions. In addition, future strategic transactions with similar businesses will be more easily facilitated through the use of our equity as consideration.

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Q: *Why is the separation of Blackstone's advisory businesses structured as a spin-off?*

A: On October 7, 2014, the board of directors of Blackstone Group Management L.L.C. approved a plan to separate Blackstone's financial and strategic advisory services, restructuring and reorganization advisory services and Park Hill Group businesses from Blackstone to form PJT Partners. Blackstone determined, and continues to believe, that a spin-off is the method of separation that is most advantageous to its common unitholders by enabling them to share in the growth of the business that the separation will afford. Blackstone also believes that a spin-off is the most efficient way to accomplish this separation for various reasons, including that: (1) a spin-off would enable our business to be separated from Blackstone in a manner that is expected to be generally tax-free; and (2) a spin-off offers a higher degree of certainty of completion in a timely manner, lessening disruption to current business operations. After consideration of strategic alternatives, Blackstone believes that a spin-off will enhance the long-term value of both Blackstone and PJT Partners. See "The Spin-Off—Reasons for the Spin-Off."

Q: *What will I receive in the spin-off?*

A: As a holder of Blackstone common units, you will retain your Blackstone common units and will receive one share of Class A common stock of PJT Partners Inc. for every common units of Blackstone you own as of the record date. The number of Blackstone common units you own and your proportionate interest in Blackstone will not change as a result of the spin-off. See "The Spin-Off."

Q: *Will Blackstone retain any ownership of PJT Partners following the spin-off?*

A: Immediately upon consummation of the spin-off, PJT Partners will be owned entirely by Blackstone's unitholders and the professionals engaged in our business. Blackstone will not retain any ownership interest in us immediately following the spin-off.

Q: *Are there any conditions to the consummation of the spin-off?*

A: Yes. The spin-off, including the consummation of the acquisition and the distribution of shares of Class A common stock of PJT Partners Inc. is subject to the satisfaction or waiver of certain conditions, as described in this information statement. In addition, we, Blackstone and Mr. Taubman have the right to terminate the Transaction Agreement and abandon the spin-off in certain circumstances, as described in this information statement. See "The Spin-Off—Conditions to the Spin-Off" and "—Termination and Abandonment of the Spin-Off."

Q: *What will be the organizational structure of PJT Partners following the spin-off?*

A: Following the spin-off, PJT Partners will be organized in an "UP-C" structure. Accordingly, upon completion of the spin-off, PJT Partners Inc. will be a holding company and its only material asset will be its controlling equity interest in PJT Partners Holdings LP, a holding partnership that will hold PJT Partners' operating subsidiaries. As the sole general partner of PJT Partners Holdings LP, PJT Partners Inc. will operate and control all of the business and affairs and consolidate 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.) will be reflected as a non-controlling interest in PJT Partners Inc.'s consolidated financial statements. Subject to certain terms and conditions, the Partnership Units in PJT Partners Holdings LP are exchangeable at the option of the holder for a cash amount equal to the then-current market value of an equal number of shares of our Class A common stock, or, at our election, for shares of our Class A common stock on a one-for-one basis. Each Partnership Unit will have attached to it a preferred unit purchase right as further described in "Certain Relationships and Related Party Transactions—PJT Partners Holdings LP Limited Partnership Agreement." For additional information, see "The Spin-Off—Organizational Structure Following the Spin-Off."

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Q: *What is being distributed in the spin-off?*

A: Upon consummation of the spin-off:

- PJT Partners Holdings LP is expected to have a total of _____ million Partnership Units issued and outstanding, of which:
 - _____ million Partnership Units (or _____ %) will be held by our internal owners; and
 - _____ million Partnership Units (or _____ %) will be held by PJT Partners Inc.; and
- PJT Partners Inc. is expected to have a total of _____ million shares of Class A common stock issued and outstanding, of which:
 - _____ million shares (or _____ %) will be held by our internal owners; and
 - _____ million shares (or _____ %) will be distributed to the common unitholders of Blackstone in the spin-off.

The number of shares of Class A common stock to be distributed to the common unitholders of Blackstone is based on the number of common units of Blackstone expected to be outstanding as of _____, _____, the record date, and assuming a distribution ratio of _____. Accordingly, upon consummation of the spin-off, the shares of Class A common stock of PJT Partners Inc. to be received by Blackstone common unitholders is expected to represent _____ % of the economic interest in PJT Partners Inc. (_____ % of the economic interest in the PJT Partners business). The exact number of shares of Class A common stock of PJT Partners Inc. to be distributed will be calculated on the record date and will reflect any repurchases of common units of Blackstone and issuances of common units of Blackstone, including issuances in connection with the exchange of Blackstone Holdings partnership units and in respect of Blackstone equity incentive plans between the date the board of directors of Blackstone Group Management L.L.C. declares the dividend for the distribution and the record date for the distribution.

Our internal owners will also hold all of the issued and outstanding shares of Class B common stock of PJT Partners Inc., which 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 on matters presented to stockholders of PJT Partners Inc. that is equal to the aggregate number of vested and unvested 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. 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, 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, as described under “Description of Capital Stock—Common Stock—Class B Common Stock.” Blackstone’s senior management, including Mr. Schwarzman and all of Blackstone’s other executive officers, will provide 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.

Accordingly, upon consummation of the spin-off, and based on the assumptions described above regarding the shares outstanding on the record date and the distribution ratio, the shares of Class A common stock of PJT Partners Inc. to be received by Blackstone common unitholders is expected to represent:

- _____ % of the voting power in PJT Partners Inc. with regard to the election and removal of directors of PJT Partners Inc.; and
- _____ % of the voting power in PJT Partners Inc. with regard to all other matters presented to stockholders of PJT Partners Inc.

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The foregoing discussion gives effect to the issuance of Participating LTIP Units, as described in “—Organizational Structure Following the Spin-Off,” but does not otherwise reflect shares of Class A common stock and Partnership Units that may be issued upon settlement of awards under our 2015 Omnibus Incentive Plan (or upon conversion of interests granted thereunder). See “Certain Relationships and Related Party Transactions—Transaction Agreement—Founder Earn-Out Units” and “—Agreements with Blackstone Related to the Spin-Off—Employee Matters Agreement” for additional information.

See “The Spin-Off—Manner of Effecting the Spin-Off—Internal Reorganization” and “—Organizational Structure Following the Spin-Off” and “Description of Capital Stock—Common Stock” for additional information.

Q: *When is the record date for the distribution?*

A: The record date is _____, _____.

Q: *When will the distribution occur?*

A: The distribution date of the spin-off is _____, _____. We expect that it will take the distribution agent, acting on behalf of Blackstone, up to two weeks after the distribution date to fully distribute the shares of Class A common stock of PJT Partners Inc. to Blackstone common unitholders.

Q: *What do I have to do to participate in the spin-off?*

A: Nothing. You are not required to take any action, although you are urged to read this entire document carefully. No approval by Blackstone common unitholders of the spin-off, including the consummation of the acquisition and the distribution, is required or sought. You are not being asked for a proxy. No action is required on your part to receive your shares of Class A common stock of PJT Partners Inc. You will neither be required to pay anything for the new shares nor be required to surrender any common units of Blackstone to participate in the spin-off.

Q: *How will fractional shares be treated in the spin-off?*

A: Fractional shares of Class A common stock of PJT Partners Inc. will not be distributed. Fractional shares of Class A common stock of PJT Partners Inc. to which Blackstone common unitholders of record would otherwise be entitled will be aggregated and sold in the public market by the distribution agent at prevailing market prices. The aggregate net cash proceeds of the sales will be distributed ratably to those common unitholders who would otherwise have received fractional shares of Class A common stock of PJT Partners Inc. See “The Spin-Off—Treatment of Fractional Shares” for a more detailed explanation. Receipt of the proceeds from these sales will generally result in a taxable gain or loss to those common unitholders. Each common unitholder entitled to receive cash proceeds from these common units should consult his, her or its own tax advisor as to such common unitholder’s particular circumstances. The tax consequences of the spin-off are described in more detail under “The Spin-Off—U.S. Federal Income Tax Consequences of the Spin-Off.”

Q: *What are the U.S. Federal income tax consequences of the spin-off?*

A: The spin-off is expected to be tax-free to Blackstone’s common unitholders for U.S. Federal income tax purposes, except to the extent of any gain or loss recognized by a common unitholder as a result of any cash received in lieu of fractional shares. The spin-off is conditioned on the receipt by Blackstone of an opinion of tax counsel to the effect that certain transactions in the internal reorganization should qualify as tax-free distributions under Section 355 of the Internal Revenue Code of 1986, as amended (the “Code”) and that a certain transaction in the internal reorganization should qualify as a tax-free reorganization under Section 368 of the Code. Blackstone expects to receive such opinion at or prior to the time of the consummation of the spin-off. Although Blackstone has no current intention to do so, such condition is solely for the benefit of Blackstone and its common unitholders and may be waived by Blackstone with the consent of Mr. Taubman. The tax consequences of the spin-off are described in more detail under “The Spin-Off—U.S. Federal Income Tax Consequences of the Spin-Off.”

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Q: *Will the Class A common stock of PJT Partners Inc. be listed on a stock exchange?*

A: Yes. Although there is not currently a public market for Class A common stock of PJT Partners Inc., before completion of the spin-off, PJT Partners Inc. will apply to list its Class A common stock on the New York Stock Exchange (the “NYSE”) under the symbol “PJT.” We anticipate that trading of Class A common stock of PJT Partners Inc. will commence on a “when-issued” basis at least two trading days prior to the record date. “When-issued” trading refers to a sale or purchase made conditionally because the security has been authorized but not yet issued. “When-issued” trades generally settle within four trading days after the distribution date. On the first trading day following the distribution date, any “when-issued” trading with respect to Class A common stock of PJT Partners Inc. will end and “regular-way” trading will begin. “Regular-way” trading refers to trading after a security has been issued and typically involves a transaction that settles on the third full trading day following the date of the transaction. See “Trading Market.”

Q: *Will my common units of Blackstone continue to trade?*

A: Yes. Blackstone common units will continue to be listed and trade on the NYSE under the symbol “BX.”

Q: *If I sell, on or before the distribution date, common units of Blackstone that I held on the record date, am I still entitled to receive shares of Class A common stock of PJT Partners Inc. distributable with respect to the common units of Blackstone that I sold?*

A: Beginning on or shortly before the record date and continuing through the distribution date for the spin-off, Blackstone common units will begin to trade in two markets on the New York Stock Exchange: a “regular-way” market and an “ex-distribution” market. If you hold common units of Blackstone as of the record date for the distribution and choose to sell those shares in the “regular-way” market after the record date for the distribution and on or before the distribution date, you also will be selling the right to receive the shares of Class A common stock of PJT Partners Inc. in connection with the spin-off. However, if you hold common units of Blackstone as of the record date for the distribution and choose to sell those common units in the “ex-distribution” market after the record date for the distribution and on or before the distribution date, you will still receive the shares of Class A common stock of PJT Partners Inc. in the spin-off.

Q: *Will the spin-off affect the trading price of my Blackstone common units?*

A: Yes, the trading price of common units of Blackstone immediately following the distribution is expected to be lower than immediately prior to the distribution because its trading price will no longer reflect the value of the PJT Partners business. However, we cannot predict the price at which the Blackstone common units will trade following the spin-off.

Q: *What indebtedness will PJT Partners have following the spin-off?*

A: We expect to procure, substantially concurrently with the completion of the spin-off, from one or more financing sources a revolving credit facility for PJT Partners Holdings LP in an aggregate principal amount of up to \$ million. We expect the revolving credit facility will have a maturity of and will be on market terms (including pricing). We do not expect to have any borrowings under the revolving credit facility outstanding upon consummation of the spin-off.

Q: *Who will comprise the senior management team after the spin-off?*

A: Our senior management team will be led by Paul J. Taubman who will serve as our Chairman and Chief Executive Officer. Before departing to found PJT Capital, Mr. Taubman spent 30 years at Morgan Stanley where he served as Co-President of the Institutional Securities Group. Prior to becoming Co-President, he

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was the Head of Global Investment Banking and Head of its Global Mergers and Acquisitions Department. Mr. Taubman leads a talented team of executive officers that, collectively, have an average of 28 years of relevant experience. See “Management” for information on our executive officers.

Q: *What will PJT Partners’ dividend policy be after the spin-off?*

A: Subject to applicable law, we intend to pay a quarterly cash dividend to holders of our Class A common stock in an amount per share to be determined prior to the consummation of the spin-off, although we may reduce or discontinue entirely the payment of such dividends at any time. The declaration, amount and payment of future dividends to holders of our Class A common stock will be at the sole discretion of our board of directors and will depend on many factors, including our financial condition, earnings, cash flows, capital requirements, cash settlement of Partnership Unit exchanges level of indebtedness, statutory and contractual restrictions applicable to the payment of dividends and other considerations that our board of directors deem relevant. See “Dividend Policy.”

Q: *What are the anti-takeover effects of the spin-off?*

A: Some provisions of the amended and restated certificate of incorporation of PJT Partners Inc. and the amended and restated bylaws of PJT Partners Inc., Delaware law and possibly the credit agreement governing PJT Partners’ new revolving credit facility, as each will be in effect immediately following the spin-off, may have the effect of making more difficult an acquisition of control of PJT Partners in a transaction not approved by PJT Partners Inc.’s board of directors. See “Description of Capital Stock—Anti-Takeover Effects of Our Amended and Restated Certificate of Incorporation, Our Amended and Restated Bylaws, Our Stockholder Rights Plan and Certain Provisions of Delaware Law.”

In addition, as described below, at the request of Blackstone we will adopt a stockholder rights agreement to be executed prior to the spin-off. Although holders of shares of our Class B common stock will initially own in excess of % of the equity in our business by virtue of their ownership of Partnership Units in PJT Partners Holdings LP, their shares of Class B common stock will initially only entitle such holders to significantly less than one percent of the voting power for the election and removal of directors of PJT Partners Inc. Accordingly, in the absence of a rights plan, a short-term investor would be able to acquire an outsized percentage of the voting power for the election and removal of directors of PJT Partners Inc., and pursue an agenda that may not be in the long-term best interests of our company, without making a commensurately significant investment in the ownership of our business. Due to these highly unusual circumstances, Blackstone and we believe a stockholder rights agreement is prudent as it will permit our board of directors to manage our affairs for the long term benefit of our stockholders and allow all stockholders to realize the full value of their investment.

Our stockholder rights agreement provides recognized stockholder protections, including no features that would limit the ability of a future board of directors to redeem the rights or otherwise make the stockholder rights agreement non-applicable to a particular transaction prior to a person or group becoming an “acquiring person.”

Pursuant to the stockholder rights agreement, holders of our Class A common stock will be 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 Securities and Exchange Commission (the “SEC”) of the Registration Statement on Form 10 of which this information statement forms a part (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 (1) the third anniversary of the consummation of the spin-off, (2) the time at

which the rights are redeemed pursuant to the stockholder rights agreement, and (3) 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. See “Description of Our Capital Stock—Anti-Takeover Effects of Our Amended and Restated Certificate of Incorporation, Our Amended and Restated Bylaws, Our Stockholder Rights Agreement and Certain Provisions of Delaware Law.” In addition, each Partnership Unit will have attached to it a preferred unit purchase right as further described in “Certain Relationships and Related Party Transactions—PJT Partners Holdings LP Limited Partnership Agreement.”

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,” as described under “Certain Relationships and Related Party Transactions—PJT Partners Holdings LP Limited Partnership Agreement,” rights of limited partners of PJT Partners Holdings LP to consent to certain corporate actions and transactions.

See “Certain Relationships and Related Party Transactions—PJT Partners Holdings LP Limited Partnership Agreement.”

Furthermore, under the Tax Matters Agreement, PJT Partners will agree, subject to certain exceptions, not to enter into certain transactions for a period of two years following the internal reorganization involving an acquisition (including by reason of an issuance) of any class of common stock of PJT Partners Inc. or any other transactions that could cause certain transactions in the internal reorganization to be taxable to one of the two corporate subsidiaries that will distribute their interest in our business to other Blackstone entities (the “Distributing Corporations”). PJT Partners Inc. and PJT Partners Holdings LP will also agree to indemnify Blackstone, and Blackstone will agree to indemnify us and our subsidiaries, for any tax that we, our subsidiaries or a Distributing Corporation may incur from any such transaction to the extent an indemnifying party’s actions caused such tax liability, whether or not the indemnified party consented to such transaction or the indemnifying party was otherwise permitted to enter into such transaction under the terms of the Tax Matters Agreement, and for all or a portion of any tax liabilities resulting from the spin-off under certain other circumstances. Generally, a Distributing Corporation will recognize a taxable gain in connection with the spin-off if there are one or more acquisitions of capital stock of PJT Partners Inc. (including issuances of shares of PJT Partners Inc.’s Class A common stock and exchanges of Partnership Units of PJT Partners Holdings LP for shares of such stock) representing a certain percentage or more of its then-outstanding stock, measured by vote or value, and the acquisitions are deemed to be part of a plan or a series of related transactions that include certain transactions in the internal reorganization. Any such acquisition of common stock of any class of PJT Partners Inc. within two years before or after the internal reorganization (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

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is rebutted. As a result, PJT Partners' obligations may discourage, delay or prevent a change of control of PJT Partners Inc. See "Certain Relationships and Related Party Transactions—Agreements with Blackstone Related to the Spin-Off—Tax Matters Agreement."

Q: *What are the risks associated with the spin-off?*

A: There are a number of risks associated with the spin-off and ownership of Class A common stock of PJT Partners Inc. These risks are discussed under "Risk Factors."

Q: *How will the spin-off affect PJT Partners' relationship with its clients?*

A: We believe the spin-off will enable us to better focus on our clients and to align our resources with their priorities. As we seek to enter into new engagements with our clients, we expect to continue to provide information to enable them to have ongoing confidence in our management, our professionals and our ability to perform, including our financial stability.

Q: *What agreements will PJT Partners and Blackstone enter into to effect the separation?*

A: PJT Partners will enter into a Separation Agreement with Blackstone and will enter into several other agreements that will set forth the principal transactions required to effect our separation from Blackstone and provide for the allocation between us and Blackstone of various assets, liabilities, rights and obligations (including employee benefits and tax-related assets and liabilities). These agreements will also provide arrangements for employee matters, tax matters, intellectual property matters and other specified liabilities, rights and obligations attributable to periods before and, in some cases, after the spin-off. These agreements will also include arrangements with respect to transitional services to be provided by Blackstone to PJT Partners. The Separation Agreement will provide, in general, that PJT Partners will indemnify Blackstone against any and all liabilities arising out of PJT Partners' business as constituted in connection with the spin-off and any other liabilities and obligations assumed by PJT Partners, and that Blackstone will indemnify PJT Partners against any and all liabilities arising out of the businesses of Blackstone as constituted in connection with the spin-off and any other liabilities and obligations assumed by Blackstone. See "Certain Relationships and Related Party Transactions—Agreements with Blackstone Related to the Spin-Off."

Q: *Where can I get more information?*

A: If you have any questions relating to the mechanics of the distribution, you should contact the distribution agent at:

American Stock Transfer & Trust Company, LLC
Address: 6201 15th Avenue
Brooklyn, NY 11219
Toll Free Number: +1 800-937-5449
Toll Number: +1 718-921-8124

Before the spin-off, if you have any questions relating to the spin-off, you should contact Blackstone at:

Investor Relations
The Blackstone Group L.P.
345 Park Avenue
New York, NY 10154
+1 888-756-8443 (United States)
+1 646-313-6590 (International)
BlackstoneInvestorRelations@blackstone.com

Summary of the Spin-Off

Distributing Company	The Blackstone Group L.P., a Delaware limited partnership.
Distributed Company	PJT Partners Inc., a Delaware corporation.
Distributed Securities	All of the issued and outstanding shares of Class A common stock of PJT Partners Inc., other than the shares held by our internal owners, as described under “The Spin-Off—Organizational Structure Following the Spin-Off.”
Class A common stock of PJT Partners Inc. outstanding after giving effect to the spin-off:	<p>shares (or shares if all outstanding Partnership Units held by the limited partners of PJT Partners Holdings LP were exchanged for newly issued shares of Class A common stock on a one-for-one basis), of which:</p> <ul style="list-style-type: none"> • % will be held by holders of Blackstone common units (or % if all outstanding Partnership Units held by the limited partners of PJT Partners Holdings LP were exchanged for newly issued shares of Class A common stock on a one-for-one basis). • % will be held by our internal owners (or % if all outstanding Partnership Units held by the limited partners of PJT Partners Holdings LP were exchanged for newly issued shares of Class A common stock on a one-for-one basis). <p>The number of shares of Class A common stock to be distributed to the common unitholders of Blackstone is based on the number of common units of Blackstone expected to be outstanding as of , the record date, and a distribution ratio of one share of Class A common stock of PJT Partners Inc. for every common units of The Blackstone Group L.P. held. The exact number of shares of Class A common stock to be distributed will be calculated on the record date and will reflect any repurchases of common units of Blackstone and issuances of common units of Blackstone, including issuances in connection with the exchange of Blackstone Holdings Partnership units and in respect of Blackstone equity incentive plans between the date the board of directors of Blackstone Group Management L.L.C. declares the dividend for the distribution and the record date for the distribution.</p>
Voting power in PJT Partners Inc. held by Blackstone common unitholders after giving effect to the spin-off:	<ul style="list-style-type: none"> • % of the voting power in PJT Partners Inc. with regard to the election and removal of directors of PJT Partners Inc.; and • % of the voting power in PJT Partners Inc. with regard to all other matters presented to stockholders of PJT Partners Inc.
Combined voting power in PJT Partners Inc. held by internal owners after giving effect to the spin-off:	<ul style="list-style-type: none"> • % of the voting power in PJT Partners Inc. with regard to the election and removal of directors of PJT Partners Inc.; and • % of the voting power in PJT Partners Inc. with regard to all other matters presented to stockholders of PJT Partners Inc.

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Voting rights	<p>Each share of Class A common stock of PJT Partners Inc. entitles its holder to one vote on all matters to be voted on by stockholders generally.</p> <p>Our internal owners will also hold all issued and outstanding shares of the Class B common stock of PJT Partners Inc. The shares of Class B common stock will have no economic rights but will 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 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. 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, 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, as described under “Description of Capital Stock—Class B Common Stock.” 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 as described under “Certain Relationships and Related Person Transactions—Exchange Agreement,” 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. Blackstone’s senior management, including Mr. Schwarzman and all of Blackstone’s other executive officers, will provide 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.</p>
Record Date	The record date for the distribution is _____, 2015.
Distribution Date	The distribution date is _____, 2015.
Internal Reorganization and Acquisition	As part of the spin-off, Blackstone will undergo an internal reorganization, which we refer to as the “internal reorganization,” pursuant to which the operations that have historically constituted Blackstone’s Financial Advisory reporting segment, other than Blackstone’s capital markets services business, will be contributed to PJT Partners Holdings LP, a newly-formed holding partnership that will be controlled by PJT Partners Inc., as general partner. Blackstone’s capital markets services business, which has historically

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derived a majority of its revenue from transactions involving portfolio companies or investment funds of Blackstone, will not be contributed to PJT Partners Holdings LP, and Blackstone will retain this business following completion of the spin-off. In the internal reorganization, the limited partners of the Blackstone Holdings partnerships and certain individuals engaged in our business will receive Class A common stock of PJT Partners Inc., as well as Partnership Units in PJT Partners Holdings LP 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 will receive various types of awards under our 2015 Omnibus Incentive Plan denominated in shares of Class A common stock of PJT Partners Inc. and partnership interests in PJT Partners Holdings LP. See “Certain Relationships and Related Party Transactions—Transaction Agreement” and “—Agreements with Blackstone Related to the Spin-Off—Employee Matters Agreement” for additional information.

Prior to the distribution, PJT Partners Holdings LP will acquire, on the terms and subject to the conditions set forth in the Transaction Agreement, 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 will receive unvested Partnership Units and other partnership interests in PJT Partners Holdings LP. Throughout this information statement, we use the term “internal owners” to refer collectively to (1) the limited partners of the Blackstone Holdings partnerships and certain individuals engaged in our business that will receive Class A common stock of PJT Partners Inc. and Partnership Units and other partnership interests in PJT Partners Holdings LP in the internal reorganization; and (2) Mr. Taubman and the other selling holders of equity interests in PJT Capital LP who will receive Partnership Units and other partnership interests in PJT Partners Holdings LP upon consummation of the acquisition.

Following the internal reorganization and the acquisition, The Blackstone Group L.P. will distribute 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.

See “The Spin-Off—Manner of Effecting the Spin-Off—Internal Reorganization.” And “—Organizational Structure Following the Spin-Off.”

Distribution Ratio

Each holder of Blackstone common units will receive one share of Class A common stock of PJT Partners Inc. for every common units of Blackstone held at , New York time, on , .

The Distribution

On the distribution date, Blackstone will release the shares of Class A common stock of PJT Partners Inc. held by it to the distribution agent to distribute to Blackstone common unitholders. The distribution of

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shares will be made in book-entry form, which means that no physical share certificates will be issued. It is expected that it will take the distribution agent up to two weeks to issue shares of Class A common stock of PJT Partners Inc. to you or to your bank or brokerage firm electronically on your behalf by way of direct registration in book-entry form. Trading of our shares will not be affected during that time. Following the spin-off, shareholders whose shares are held in book-entry form may request that their shares of Class A common stock of PJT Partners Inc. be transferred to a brokerage or other account at any time. You will not be required to make any payment, surrender or exchange your Blackstone common units or take any other action to receive your shares of Class A common stock of PJT Partners Inc.

Fractional Shares

The distribution agent will not distribute any fractional shares of Class A common stock of PJT Partners Inc. to Blackstone common unitholders. Fractional shares of Class A common stock of PJT Partners Inc. to which Blackstone common unitholders of record would otherwise be entitled will be aggregated and sold in the public market by the distribution agent. The aggregate net cash proceeds of the sales will be distributed ratably to those common unitholders who would otherwise have received fractional shares of Class A common stock of PJT Partners Inc. Receipt of the proceeds from these sales will generally result in a taxable gain or loss to those common unitholders. Each common unitholder of Blackstone entitled to receive cash proceeds from these shares should consult his, her or its own tax advisor as to such common unitholder's particular circumstances. The tax consequences of the spin-off are described in more detail under "The Spin-Off—U.S. Federal Income Tax Consequences of the Spin-Off."

Conditions to the Spin-Off

Our obligations and the obligations of Blackstone and PJT Capital to consummate the spin-off, including the acquisition and related transactions and the distribution, are subject to the satisfaction or waiver of certain conditions, including the following:

- there shall be no (1) injunction, restraining order or decree of any nature of any governmental authority in effect that restrains, prohibits or makes illegal the spin-off, including acquisition, or the consummation of the related transactions or (2) pending action which seeks to restrain or prohibit the spin-off, including the acquisition or the consummation of the related transactions;
- all regulatory approvals and other consents required for the spin-off, including the consummation of acquisition, the consummation of the related transactions, and the performance by Blackstone, us and PJT Capital of our respective obligations under the Transaction Agreement and related agreements, shall have been obtained and be in full force and effect, and the applicable waiting period under the Hart-Scott-Rodino Act (the "HSR Act") shall have expired or been earlier terminated (the

Federal Trade Commission (the “FTC”) granted early termination of the waiting period under the HSR Act with respect to the acquisition on December 18, 2014);

- the internal reorganization shall have occurred in accordance with the Separation Agreement;
- the Class A common stock of PJT Partners Inc. shall have been approved for listing on the NYSE, subject to official notice of distribution;
- (1) our Registration Statement on Form 10, of which this information statement forms a part, shall have been declared effective by the SEC and shall not be the subject of any stop order suspending its effectiveness or any actions initiated or threatened by the SEC seeking a stop order (2) all other necessary permits or filings under state securities or “blue sky laws”, the Securities Act of 1933, as amended (the “Securities Act”) and the Securities and Exchange Act of 1934, as amended, (the “Exchange Act”) relating to the issuance and trading of the Class A shares shall have been obtained and shall be in effect and (3) any applicable notice periods required by applicable stock exchange rules or any of the foregoing securities laws shall have expired;
- all necessary actions shall have been taken to adopt the form of amended and restated certificate of incorporation and amended and restated bylaws filed by PJT Partners Inc. with the SEC as exhibits to the Registration Statement on Form 10, of which this information statement forms a part;
- Blackstone shall have (1) obtained an opinion, in form and substance reasonably satisfactory to Blackstone, from a nationally recognized solvency valuation firm with respect to the capital adequacy and solvency of PJT Partners Inc. and PJT Partners Holdings LP after giving effect to the spin-off, including the internal reorganization, the acquisition and the distribution and (2) provided a written copy of such opinion to PJT Capital; and
- each of the Separation Agreement, the Tax Matters Agreement, the Employee Matters Agreement, the Transition Services Agreement and the other ancillary agreements shall have been executed by each party.

In addition, the obligations of Blackstone and us to consummate the spin-off, including the acquisition and related transactions and the distribution, are subject to additional conditions, including the following:

- certain fundamental representations and warranties of Mr. Taubman, PJT Capital LP and the other seller parties in the Transaction Agreement shall be true and correct in all respects both as of the date of the Transaction Agreement and as of the distribution date (except to the extent expressly made as of an earlier date, in which case as of such date);

- all other representations and warranties of Mr. Taubman, PJT Capital LP and the other seller parties in the Transaction Agreement (without giving effect to any materiality or material adverse effect qualifications) shall be true and correct both as of the date of the Transaction Agreement and as of the distribution date (except to the extent expressly made as of an earlier date, in which case as of such date) except for those instances in which the failure of the representations and warranties to be true and correct has not had, individually or in the aggregate, a material adverse effect;
- Mr. Taubman, PJT Capital LP and PJT Management, LLC shall have performed in all material respects all obligations and agreements, and complied in all material respects with each of the covenants and conditions, contained in the Transaction Agreement to be performed or complied with by them prior to or at the distribution date;
- there shall not have been a “key man event” with respect to Mr. Taubman determined in accordance with the Transaction Agreement;
- PJT Capital LP shall have delivered a certificate with respect to certain matters regarding the Foreign Investment in Real Property Tax Act of 1980; and
- Blackstone shall have obtained an opinion from its tax counsel, in form and substance reasonably satisfactory to Blackstone, to the effect that certain transactions in the internal reorganization should qualify as tax-free distributions under Section 355 of the Code, and that a certain transaction in the internal reorganization should qualify as a tax-free reorganization under Section 368 of the Code.

In addition, the obligations of Mr. Taubman and PJT Capital to consummate the spin-off, including the acquisition and related transactions and the distribution, are subject to additional conditions, including the following:

- certain fundamental representations and warranties of Blackstone and us contained in the Transaction Agreement shall be true and correct in all respects both as of the date of the Transaction Agreement and as of the distribution date (except to the extent expressly made as of an earlier date, in which case as of such date);
- all other representations and warranties of Blackstone and us in the Transaction Agreement (without giving effect to any materiality or material adverse effect qualifications) shall be true and correct both as of the date of the Transaction Agreement and as of the distribution date (except to the extent expressly made as of an earlier date, in which case as of such date) except for those instances in which the failure of the representations and warranties to be true and correct has not had, individually or in the aggregate, a material adverse effect; and

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- Blackstone and we shall have performed in all material respects all obligations and agreements, and complied in all material respects with each of the covenants and conditions, contained in the Transaction Agreement to be performed or complied with by Blackstone and us prior to or at the distribution date.

Termination of the Transaction Agreement and Abandonment of the Spin-Off:

The Transaction Agreement may be terminated and the spin-off may be abandoned:

- at any time by mutual written consent of Mr. Taubman and us;
- by either Mr. Taubman or us, if the consummation of the spin-off, including the acquisition, shall not have occurred on or prior to the termination date specified in the Transaction Agreement (the “Termination Date”), so long as Mr. Taubman and PJT Capital (in case of such termination by Mr. Taubman) or we and Blackstone (in case of such termination by us), as applicable, are not in material breach of our respective obligations under the Transaction Agreement at the time of such termination;
- by Mr. Taubman, if we or Blackstone are in breach of any of our respective representations, warranties, covenants, agreements or obligations contained in the Transaction Agreement, which breach (1) would result in the failure of any of the mutual conditions to the spin-off or any of the conditions for the benefit of PJT Capital to be satisfied by the Termination Date, and (2) has not been cured by the Termination Date or is not capable of being cured prior to the Termination Date; provided, that none of Mr. Taubman or PJT Capital is in material breach of their representations, warranties, covenants, agreements or obligations under the Transaction Agreement at the time of such termination;
- by us, if Mr. Taubman or PJT Capital are in breach of their respective representations, warranties, covenants, agreements or obligations contained in the Transaction Agreement, which breach (1) would result in the failure of any of the mutual conditions to the spin-off or the conditions for the benefit of us and Blackstone) to be satisfied by the Termination Date and (2) has not been cured by the Termination Date or is not capable of being cured prior to the Termination Date; provided, that we and Blackstone are not in material breach of our respective representations, warranties, covenants, agreements or obligations under the Transaction Agreement at the time of such termination; or
- by us, at any time following a “key man event” with respect to Mr. Taubman, provided that we must exercise such right to terminate within thirty (30) calendar days following us or Blackstone first becoming aware of the occurrence of such “key man event.”

Trading Market and Symbol

We intend to list the Class A common stock of PJT Partners Inc. on the NYSE under the ticker symbol “PJT”. We anticipate that, at least two

trading days prior to the record date, trading of shares of Class A common stock of PJT Partners Inc. will begin on a “when-issued” basis and will continue up to and including the distribution date, and we expect “regular-way” trading of Class A common stock of PJT Partners Inc. will begin the first trading day after the distribution date. We also anticipate that, at least two trading days prior to the record date, there will be two markets in Blackstone common units: a “regular-way” market on which Blackstone common units will trade with an entitlement for the purchaser of Blackstone common units to shares of Class A common stock of PJT Partners Inc. to be distributed pursuant to the distribution, and an “ex-distribution” market on which Blackstone common units will trade without an entitlement for the purchaser of Blackstone common units to shares of Class A common stock of PJT Partners Inc. For more information, see “Trading Market.”

Tax Consequences

The spin-off is expected to be tax-free to Blackstone’s common unitholders for U.S. Federal income tax purposes, except to the extent of any gain or loss recognized by a common unitholder as a result of any cash received in lieu of fractional shares. The spin-off is conditioned on Blackstone’s receipt of an opinion of tax counsel, in form and substance reasonably satisfactory to Blackstone, to the effect that certain transactions in the internal reorganization should qualify as tax-free distributions under Section 355 of the Code, and that a certain transaction in the internal reorganization should qualify as a tax-free reorganization under Section 368 of the Code. See “The Spin-Off—U.S. Federal Income Tax Consequences of the Spin-Off.”

Each common unitholder is urged to consult his, her or its tax advisor as to the specific tax consequences of the spin-off to such common unitholder, including the effect of any state, local or non-U.S. tax laws and of changes in applicable tax laws.

Agreements with Blackstone Related to Spin-Off

- *Separation Agreement.* We will enter into a Separation Agreement and other agreements with Blackstone related to the spin-off. These agreements will set forth the principal transactions required to effect our separation from Blackstone, provide for the allocation between us and Blackstone of various assets, liabilities, rights and obligations (including employee benefits and tax-related assets and liabilities) and govern the relationship between us and Blackstone after completion of the spin-off.
- *Transition Services Agreement.* We and PJT Partners Holdings LP intend to enter into one or more Transition Services Agreements with Blackstone pursuant to which certain services will be provided on an interim basis following the distribution.
- *Other Agreements.* We and PJT Partners Holdings LP also intend to enter into an Employee Matters Agreement that will set forth the agreements between us and Blackstone concerning certain employee compensation and benefit matters. Further, we and PJT Partners Holdings LP intend to enter into a Tax Matters

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	<p>Agreement with Blackstone regarding the sharing of taxes incurred before and after completion of the spin-off, certain indemnification rights with respect to tax matters and certain restrictions on our conduct following the distribution intended to preserve the expected tax-free status of the spin-off. We describe these arrangements in greater detail under “Certain Relationships and Related Party Transactions—Agreements with Blackstone Related to the Spin-Off,” and describe some of the risks of these arrangements under “Risk Factors—Risks Relating to the Spin-Off.”</p>
Dividend Policy	<p>Subject to applicable law, we intend to pay a quarterly cash dividend to holders of our Class A common stock in an amount per share to be determined prior to the consummation of the spin-off, although we may reduce or discontinue entirely the payment of such dividends at any time. The declaration, amount and payment of future dividends to holders of our Class A common stock will be at the sole discretion of our board of directors and will depend on many factors, including our financial condition, earnings, cash flows, capital requirements, cash settlement of Partnership Unit exchanges, level of indebtedness, statutory and contractual restrictions applicable to the payment of dividends and other considerations that our board of directors deem relevant. See “Dividend Policy.”</p>
Exchange rights of holders of Partnership Units	<p>Prior to completing the spin-off, we will enter into an exchange agreement with our internal owners under which they (or certain permitted transferees) will have the right, subject to the terms and conditions set forth in the 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 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. The price per Partnership Unit to be received in a cash-settled exchange will be equal to the fair value of a share of our Class A common stock (determined in accordance with and subject to adjustment under the exchange agreement). In the event that PJT Partners Inc. elects to fund cash-settled exchanges of Partnership Units with new issuances of Class A common stock, the fair value of a share of our Class A common stock will be deemed to be equal to the net proceeds per share of Class A common stock received by PJT Partners Inc. in the related issuance. Accordingly, in this event, the price per Partnership Unit to which an exchanging Partnership Unitholder will be entitled may be greater than or less than the then-current market value of our Class A common stock. See “Certain Relationships and Related Person Transactions—Exchange Agreement.”</p>
Tax Matters	<p>Future stock-settled exchanges of Partnership Units for shares of Class A common stock and certain future cash-settled exchanges of</p>

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Partnership Units 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. Prior to the completion of the spin-off, we will enter 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. See “Certain Relationships and Related Person Transactions—Tax Receivable Agreement.”

Transfer Agent and Distribution Agent

American Stock Transfer & Trust Company, LLC.

Risk Factors

We face both general and specific risks and uncertainties relating to our business, our relationship with Blackstone and our being an independent, publicly traded company. We also are subject to risks relating to the spin-off. You should carefully read the risk factors set forth in the section entitled “Risk Factors” in this information statement.

In this information statement, unless otherwise indicated, the number of shares of Class A common stock and Partnership Units outstanding and the other information based thereon gives effect to the issuance of Participating LTIP Units, as described in “—Organizational Structure Following the Spin-Off,” but does not otherwise reflect shares of Class A common stock and Partnership Units that may be issued upon settlement of awards under our 2015 Omnibus Incentive Plan (or upon conversion of interests granted thereunder). See “Certain Relationships and Related Party Transactions—Transaction Agreement—Founder Earn-Out Units” and “—Agreements with Blackstone Related to the Spin-Off—Employee Matters Agreement” for additional information.

Summary Historical and Unaudited Pro Forma Financial Data

The following table presents the summary historical financial data for PJT Partners. The statement of operations data for each of the years in the three-year period ended December 31, 2014 and the statement of financial condition data as of December 31, 2014 and 2013 set forth below are derived from our audited combined financial statements included in this information statement. The statement of operations data for the six months ended June 30, 2015 and June 30, 2014 and the statement of financial condition data as of June 30, 2015 is derived from the unaudited condensed combined financial statements for PJT Partners included elsewhere in this information statement. The statement of financial condition data as of December 31, 2012 are derived from our unaudited combined financial statements that are not included in this information statement. PJT Partners' financial data are not indicative of our future performance and do not necessarily reflect what our financial position and results of operations would have been had we been operating as an independent, publicly traded company during the periods presented, including changes that will occur in our operations and capitalization as a result of the spin-off from Blackstone.

The summary unaudited pro forma financial data as of and for the six months ended June 30, 2015 and for the year ended December 31, 2014 has been prepared to reflect the spin-off, including: (1) in the case of the unaudited pro forma combined statement of operations, a provision for corporate income taxes; (2) PJT Partners' new capitalization structure as a result of the spin-off, including to reflect the allocation of income (loss) between PJT Partners Inc. and redeemable non-controlling interests and the final settlement of Blackstone's remaining net investment in PJT Partners; (3) in the case of the unaudited pro forma statement of financial condition, the recording of deferred tax assets principally related to PJT Partners' goodwill and intangible assets; (4) the issuance of equity awards to certain employees at the time of the distribution and to reflect PJT Partners' terms applicable to year-end annual compensation awards; (5) the reversal of severance charges related to the reorganization, spin-off and acquisition; (6) the impact of a transition services agreement between PJT Partners and Blackstone with respect to services previously provided by Blackstone, including finance, information technology, human resources and facilities; and (7) the settlement of intercompany account balances between PJT Partners and Blackstone. The unaudited pro forma statement of operations data presented for the six months ended June 30, 2015 and the year ended December 31, 2014 assume the spin-off and related transactions occurred on January 1, 2014. The unaudited pro forma statement of financial condition data assume the spin-off occurred on June 30, 2015. The assumptions used and pro forma adjustments derived from such assumptions are based on currently available information and we believe such assumptions are reasonable under the circumstances.

The unaudited pro forma combined financial statements are not necessarily indicative of our results of operations or financial condition had the distribution and our anticipated post-spin-off capital structure been completed on the dates assumed. Also, they may not reflect the results of operations or financial condition that would have resulted had we been operating as an independent, publicly traded company during such periods. In addition, they are not indicative of our future results of operations or financial condition.

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You should read this summary financial data together with “Unaudited Pro Forma Combined Financial Statements,” “Capitalization,” “Selected Historical Financial Data,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the financial statements and accompanying notes included in this information statement.

	As of and for the Six Months Ended June 30,			As of and for the Year Ended December 31,			
	Pro Forma (1)	2015	2014	Pro Forma (1)	2014	2013	2012
	2015			2014			
(Dollars in Thousands)							
Statement of Operations Data							
Revenues	\$ 154,794	\$154,794	\$172,946	\$ 401,069	\$401,069	\$396,954	\$354,617
Expenses							
Compensation and Benefits	140,400	139,760	168,978	306,500	317,478	339,778	318,255
Non-Compensation Expenses	38,321	36,162	37,614	77,917	76,053	70,976	75,553
Total Expenses	178,721	175,922	206,592	384,417	393,531	410,754	393,808
Income (Loss) Before Provision (Benefit) for Taxes	(23,927)	(21,128)	(33,646)	16,652	7,538	(13,800)	(39,191)
Provision (Benefit) for Taxes	(5,670)	2,002	974	19,694	3,046	3,373	3,357
Net Income (Loss)	(18,257)	<u>\$(23,130)</u>	<u>\$(34,620)</u>	(3,042)	<u>\$ 4,492</u>	<u>\$(17,173)</u>	<u>\$(42,548)</u>
Net Income Attributable to Redeemable Non-Controlling Interest Holders							
Net Income Attributable to PJT Partners	\$			\$			
Statement of Financial Condition Data							
Total Assets	\$ 392,410	\$357,791		\$347,951	\$319,662	\$313,873	
Total Liabilities	\$ 73,611	\$ 73,938		\$ 15,631	\$ 18,334	\$ 28,285	
Redeemable Non-Controlling Interests	\$	\$ —		\$ —	\$ —	\$ —	
Total Equity	\$ 318,799	\$283,853		\$332,320	\$301,328	\$285,588	
Other Data							
Adjusted Net Income (2)	\$ 3,973	\$ 6,952	\$ 6,686	\$ 87,727	\$ 98,569	\$ 67,250	\$ 43,693
Partners at period-end (3)		31	38		39	37	39
Professionals at period-end (3)		235	254		262	249	249

(1) Refer to “Unaudited Pro Forma Combined Financial Statements.”

(2) Adjusted Net Income is a measure not prepared under accounting principles generally accepted in the United States of America (“GAAP”), and represents Net Income (Loss) Attributable to PJT Partners excluding Transaction-Related charges and after current period taxes. Transaction-Related charges arise from the spin-off and related transactions, Blackstone’s initial public offering (“IPO”) and special equity awards from reissued IPO units and other corporate actions, including acquisitions. Transaction-Related charges include equity-based compensation charges, amortization of intangible assets, severance, occupancy and professional fees. For a further discussion about Adjusted Net Income and a reconciliation to Net Income (Loss) Attributable to PJT Partners, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measures” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Combined Results of Operations—Adjusted Net Income.”

(3) As of June 30, 2015, we had 235 professionals, including 31 partners.

RISK FACTORS

You should carefully consider each of the following risks, which we believe are the principal risks that we face and of which we are currently aware, and all of the other information in this information statement. Some of the risks described below relate to our business, while others relate to the spin-off. Other risks relate principally to the securities markets and ownership of our common stock.

Should any of the following risks and uncertainties develop into actual events, our business, financial condition or results of operations could be materially and adversely affected, the trading price of our common stock could decline, and you could lose all or part of your investment.

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 before they become profitable. See “—Our growth strategy may involve opening or acquiring new offices and would involve hiring new partners and other senior professionals for these offices, which would require substantial investment by us and could materially and adversely affect our operating results.” 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 reorganization advisory 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.

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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 100 clients and 96 clients that generated fees equal to or greater than \$1 million in 2014 and 2013, 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 revenues for the years ended December 31, 2014, 2013 or 2012.

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

Although we have achieved profitability on a segment pre-tax income basis, we have recorded consolidated net losses in four of the five years ended December 31, 2014. These net losses were inclusive in each period of significant non-cash charges, consisting primarily of equity-based compensation charges associated with the vesting of equity in Blackstone that our internal owners received in connection with Blackstone's IPO and long-term retention programs, as well as the amortization of intangible assets that were recorded in connection with Blackstone's IPO and the related reorganization. We expect such non-cash charges to continue to be significant in future periods and, as a result, we may likely continue to record net losses in future periods.

If the number of debt defaults, bankruptcies or other factors affecting demand for our restructuring and reorganization advisory services declines, our recapitalization and restructuring 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 reorganization 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 reorganization advisory services declines, our restructuring and reorganization 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 executive officers. Our senior leadership 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 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.

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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 will receive 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 will be subject to near-term vesting. Replacement awards with respect to _____ shares of our Class A common stock, representing _____ % of the shares of our Class A common stock to be received by our partners in connection with the spin-off, is 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. In addition, 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. Furthermore, 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. In addition, 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.

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In addition, with respect to Park Hill Group, our funds advisory 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 actually paid by a Park Hill Group client over a period of time (for example, two to three years) following such successful subscription by an investor in a client's fund and/or the closing of that fund with interest. 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 for its funds advisory services 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 were unable to collect \$0.3 million and \$2.3 million of the advisory and placement fees recognized in 2013 and 2014, respectively, representing less than one percent of the fees recognized in each period.

Our 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 act on their behalf on the same transaction, including two clients as potential buyers in the same acquisition transaction, and we may act for both clients if both clients agree to us 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, and 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 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 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 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

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relationships and ability to attract future clients. It is not always possible to deter employee misconduct, and the precautions we take to detect and prevent misconduct may not be effective in all cases. If our employees engage in misconduct, our business could be materially adversely affected.

In recent years, the U.S. Department of Justice (the “DOJ”) and the SEC have devoted greater resources to enforcement of the Foreign Corrupt Practices Act (the “FCPA”). In addition, the United Kingdom has recently 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 units.

We may face damage to our professional reputation 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, 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 than us and have the ability to offer a wider range of products and services than we offer. 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 funds advisory 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

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years, the volume of claims and amount of damages claimed in litigation and regulatory proceedings against financial services companies have been increasing. These risks often may be difficult to assess or quantify and their existence and magnitude often remain unknown for substantial periods of time. Our engagements typically 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 full extent of the 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 the registration of us or any of our subsidiaries as a financial advisor and could impair executive retention or recruitment. 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.

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Our business is subject to various operational risks.

We face various 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 none 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.

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.

In 2014, we earned approximately 18.1% of our advisory and placement fees 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 and business risks, which could include the following:

- greater difficulties in managing and staffing foreign operations;
- language and cultural differences;

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- 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 Funds Advisory 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 fund placement and secondary advisory 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 remains 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 reorganization and funds advisory 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.

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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.

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.

Risks Relating to the Spin-Off

We face the following risks in connection with the spin-off:

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

The spin-off is conditioned on the receipt of an opinion of tax counsel to the effect that certain transactions in the 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 will satisfy a condition to completion of the spin-off. An opinion of tax counsel is not binding on the Internal Revenue Service (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 will be 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.

Blackstone is 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 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 the stock of us 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

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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 the business, financial condition, results of operations or cash flows of us or Blackstone.

We will agree 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, PJT Partners Inc. and PJT Partners Holdings LP will agree to indemnify Blackstone for any tax to a Distributing Corporation resulting from certain acquisitions of the stock of PJT Partners Inc., whether or not Blackstone consented to such actions or PJT Partners Inc. or PJT Partners Holdings LP was 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. See “The Spin-Off—U.S. Federal Income Tax Consequences of the Spin-Off.”

Our accounting and other management systems and resources may not be adequately prepared to meet the financial reporting and other requirements to which we will be subject following the distribution.

Our financial results previously were included within the consolidated results of Blackstone, and we believe that our financial reporting and internal controls were appropriate for a subsidiary of a public company. However, we were not directly subject to the reporting and other requirements of the Exchange Act. As a result of the distribution, we will be directly subject to reporting and other obligations under the Exchange Act. Once we are no longer an emerging growth company, we will be required to comply with Section 404 of the Sarbanes-Oxley Act of 2002 (the “Sarbanes-Oxley Act”), which will require annual management assessments of the effectiveness of our internal controls over financial reporting. Our independent registered public accounting firm is not required to express an opinion as to the effectiveness of our internal control over financial reporting until after we are no longer an “emerging growth company,” as defined in the JOBS Act. At such time, however, our independent registered public accounting firm may issue a report that is adverse in the event it is not satisfied with the level at which our internal control over financial reporting is documented, designed or operating. These reporting and other obligations may place significant demands on our management, administrative and operational resources, including accounting systems and resources.

The Exchange Act requires that we file annual, quarterly and current reports with respect to our business and financial condition. Under the Sarbanes-Oxley Act, we are required to maintain effective disclosure controls and procedures and internal controls over financial reporting. To comply with these requirements, we may need to upgrade our systems; implement additional financial and management controls, reporting systems and procedures; and hire additional accounting and finance staff. We expect to incur additional annual expenses for the purpose of addressing these requirements, and those expenses may be significant. If we are unable to upgrade our financial and management controls, reporting systems, information technology systems and procedures in a timely and effective fashion, our ability to comply with our financial reporting requirements and other rules that apply to reporting companies under the Exchange Act could be impaired. Any failure to achieve and maintain effective internal controls could have a material adverse effect on our financial condition, results of operations or cash flows.

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

The historical and pro forma financial information we have included in this information statement has been derived from the consolidated financial statements of Blackstone, and in the case of the pro forma financial information is based on certain assumptions as described therein, and does not necessarily reflect what our

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financial position, results of operations and cash flows would have been as a separate, stand-alone entity during the periods presented. Blackstone did not account for us, and we were not operated, as a single stand-alone entity for the periods presented even if we represented an important business in the historical consolidated financial statements of Blackstone. In addition, the historical and pro forma 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 will occur 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, not being required to have our independent registered public accounting firm audit our internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act, 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: (1) the end of the fiscal year following the fifth anniversary of the spin-off; (2) the first fiscal year after our annual gross revenues are \$1.0 billion or more; (3) the date on which we have, during the previous three-year period, issued more than \$1.0 billion in non-convertible debt securities; or (4) 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.

We may be unable to achieve some or all of the benefits that we expect to achieve from the spin-off.

As an independent, publicly traded company, we believe that our business will benefit from, among other things, (1) relief from conflict-related constraints on growth and greater strategic focus of management’s efforts and resources, (2) unlocking multiple value, (3) improved management incentive tools, (4) enhanced focus on clients and (5) the ability to utilize equity as an acquisition currency. However, by separating from Blackstone, we may be more susceptible to market fluctuations and other adverse events than we would have been were we still a part of Blackstone. In addition, we may not be able to achieve some or all of the benefits that we expect to achieve as an independent company in the time we expect, if at all. For example, while we believe that separation from Blackstone will meaningfully enhance our opportunities for organic growth, our relationships with certain clients could be adversely affected because certain partners and other professionals historically engaged in our business will not continue to work for PJT Partners following the spin-off.

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Following the consummation of the spin-off, we will not be able to rely upon Blackstone for working capital requirements or other financial support functions as we have done historically, and we will depend on our ability to generate cash from operations, financings or asset sales to maintain sufficient working capital.

We have historically relied upon Blackstone for working capital requirements on a short-term basis and for other financial support functions. After the spin-off, we will not be able to rely on the earnings, assets or cash flow of Blackstone, and we will be responsible for servicing our own debt, and obtaining and maintaining sufficient working capital. Blackstone has historically provided financing to us at rates consistent with those under Blackstone's revolving credit facility, which we believe are not representative of the cost of financing that we will incur as a stand-alone company. Accordingly, we expect to incur higher debt-servicing costs on new indebtedness than we would have incurred otherwise as a subsidiary of Blackstone and/or not have access to other less expensive sources of capital from short-term debt markets. As a stand-alone company, the availability and cost of our financing will depend on a variety of factors, such as financial market conditions generally, including the availability of credit to the financial services industry, our performance and credit ratings. We expect to procure, substantially concurrently with the completion of the spin-off, from one or more financing sources a revolving credit facility for PJT Partners Holdings LP in an aggregate principal amount of up to \$ million. We expect the revolving credit facility will have a maturity of and will be on market terms (including pricing). We do not expect to have any borrowings under the revolving credit facility outstanding upon consummation of the spin-off. Our ability to make payments on and to refinance our indebtedness, including borrowings under our new revolving credit facility, as well as any future debt that we may incur, will depend on our ability to generate cash in the future from operations, financings or asset sales. Our ability to generate cash is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. If we are not able to repay or refinance our debt as it becomes due, we may be forced to sell assets or take other disadvantageous actions, including (1) reducing financing in the future for working capital, capital expenditures and general corporate purposes or (2) dedicating an unsustainable level of our cash flow from operations to the payment of principal and interest on our indebtedness. In addition, our ability to withstand competitive pressures and to react to changes in our industry could be impaired. The lenders who hold such debt could also accelerate amounts due, which could potentially trigger a default or acceleration of any of our other debt. In addition, we may increase our debt or raise additional capital following the spin-off, subject to restrictions in our debt agreements. If our cash flow from operations is less than we anticipate, or if our cash requirements are more than we expect, we may require more financing. However, debt or equity financing may not be available to us on terms acceptable to us, if at all. If we incur additional debt or raise equity through the issuance of preferred stock, the terms of the debt or preferred stock issued may give the holders rights, preferences and privileges senior to those of holders of our common stock, particularly in the event of liquidation. The terms of the debt may also impose additional and more stringent restrictions on our operations than we currently have. If we raise funds through the issuance of additional equity, your percentage ownership in us would decline. If we are unable to raise additional capital when needed, it could affect our financial health, which could negatively affect your investment in us. Also, regardless of the terms of our debt or equity financing, the amount of our stock that we can issue may be limited because the issuance of our stock may cause certain transactions in the internal reorganization to be taxable to one or both of the Distributing Corporations under Section 355(e) of the Code, and under the Tax Matters Agreement, PJT Partners Inc. and PJT Partners Holdings LP could be required to indemnify Blackstone for that tax. See "The Spin-Off—U.S. Federal Income Tax Consequences of the Spin-Off."

Restrictions in the credit agreement governing the revolving credit facility that we may enter into in connection with the spin-off 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 expect to procure, substantially concurrently with the completion of the spin-off, from one or more financing sources a revolving credit facility for PJT Partners Holdings LP in an aggregate principal amount of up to \$ million.

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We expect that the credit agreement governing any such revolving credit facility may contain a number of significant covenants that, among other things, would 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.

The spin-off may expose us to potential liabilities arising out of state and Federal fraudulent conveyance laws and legal distribution requirements.

The spin-off could be challenged under various state and Federal fraudulent conveyance laws. An unpaid creditor or an entity vested with the power of such creditor (such as a trustee or debtor-in-possession in a bankruptcy) could claim that Blackstone did not receive fair consideration or reasonably equivalent value in the spin-off, and that the spin-off left Blackstone insolvent or with unreasonably small capital or that Blackstone intended or believed it would incur debts beyond its ability to pay such debts as they mature. If a court were to agree with such a plaintiff, then such court could void the spin-off as a fraudulent transfer and could impose a number of different remedies, including without limitation, returning our assets or your shares in our company to Blackstone or providing Blackstone with a claim for money damages against us in an amount equal to the difference between the consideration received by Blackstone and the fair market value of our company at the time of the spin-off.

The measure of insolvency for purposes of the fraudulent conveyance laws may vary depending on which jurisdiction's law is applied. Generally, however, an entity would be considered insolvent if the fair saleable value of its assets is less than the amount of its liabilities (including the probable amount of contingent liabilities), and such entity would be considered to have unreasonably small capital if it lacked adequate capital to conduct its business in the ordinary course and pay its liabilities as they become due. No assurance can be given as to what standard a court would apply to determine insolvency or that a court would determine that Blackstone was solvent at the time of or after giving effect to the spin-off, including the distribution of our common stock.

The distribution by Blackstone of the Class A common stock of PJT Partners Inc. in the spin-off could also be challenged under state corporate distribution statutes. Under the Delaware Revised Uniform Limited Partnership Act, a limited partnership may not make distributions to its partners to the extent that at the time of the distribution, after giving effect to the distribution, the fair value of the assets of the limited partnership (excluding the fair value of property that is subject to a liability for which the recourse of creditors is limited, except to the extent that the fair value of that property exceeds such liability) will exceed the total liabilities of

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such limited partnership (excluding liabilities to its partners on account of their partnership interests and liabilities for which the recourse of creditors is limited to specified property of such limited partnership). No assurance can be given that a court will not later determine that the distribution by Blackstone of Class A common stock of PJT Partners Inc. in the spin-off was unlawful.

Under the Separation Agreement, from and after the spin-off, we will be responsible for the debts, liabilities and other obligations related to the business or businesses which we own and operate following the consummation of the spin-off. Although we do not expect to be liable for any obligations not expressly assumed by us pursuant to the Separation Agreement, it is possible that we could be required to assume responsibility for certain obligations retained by Blackstone should Blackstone fail to pay or perform its retained obligations. See “Certain Relationships and Related Party Transactions—Agreements with Blackstone Related to the Spin-Off—Distribution Agreement.”

As an independent company we will lose certain benefits and synergies that we enjoyed when we were part of Blackstone.

As part of Blackstone, we can take advantage of its size and purchasing power in procuring certain goods and services such as insurance and health care benefits, and technology such as computer software licenses. We also rely on Blackstone to provide various corporate functions. After the spin-off, as a separate, independent entity, we may be unable to obtain these goods, services and technologies at prices or on terms as favorable to us as those we obtained prior to the distribution. We may also incur costs for functions previously performed by Blackstone that are higher than the amounts reflected in our historical financial statements, which could cause our profitability to decrease.

In addition, we believe our business historically benefited from certain synergies that resulted from being part of Blackstone, including referrals of assignments from Blackstone’s investment professionals, as well as the ability to leverage Blackstone’s extensive global network of professionals and senior management contacts and relationships in sourcing potential mandates and advisory engagements. We also benefitted from our unique relationship with Blackstone’s investment businesses, including from competitive advantages in winning advisory mandates on transactions sponsored by Blackstone’s private equity and real estate funds. As an independent company, we will not benefit from these synergies to the same degree that we did when we were part of Blackstone, and expect that referrals from Blackstone’s investment professionals will be more limited.

Risks Relating to Our Organizational Structure

PJT Partners Inc.’s only material asset after completion of the spin-off will be its interest in PJT Partners Holdings LP, 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. will be a holding company and will have no material assets other than its ownership of Partnership Units. PJT Partners Inc. has no independent means of generating revenue. PJT Partners Inc. intends to cause PJT Partners Holdings LP to make 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 business, operating results and financial condition, current and anticipated cash needs, plans for expansion and any legal or contractual limitations on our ability to pay dividends. Any financing

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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.

A significant portion of the voting power in PJT Partners Inc. is controlled by our internal owners, whose interests may differ from those of our public stockholders.

Our internal owners own shares of our Class A common stock and our Class B common stock. The shares of Class B common stock will have no economic rights but will 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 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. 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, 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, as described under “Description of Capital Stock—Common Stock—Class B Common Stock.” Blackstone’s senior management, including Mr. Schwarzman and all of Blackstone’s other executive officers, will provide 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. Immediately following the spin-off, our internal owners will hold approximately % of the voting power of PJT Partners Inc. with regard to the election and removal of directors, and approximately % 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, upon consummation of the spin-off, our internal owners, 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 internal owners, including Mr. Taubman, may gain the ability in the future to exercise significant influence over the outcome of director elections, as well.

In addition, immediately following the spin-off, our internal owners will own % of the Partnership Units. Because they hold all or a portion of their ownership interest in our business directly in PJT Partners Holdings LP, rather than through PJT Partners Inc., our internal owners 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 internal owners 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 will enter 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 internal owners’ tax or other considerations even where no similar benefit would accrue to us. See “Certain Relationships and Related Person Transactions—Tax Receivable Agreement.”

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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.) will have the right, subject to the terms and conditions set forth in the 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 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 IRS may challenge all or part of that tax basis increase, and a court could sustain such a challenge.

Prior to the completion of the spin-off, we will enter 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. See “Certain Relationships and Related Person Transactions—Tax Receivable Agreement.”

In certain cases, 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, holders of Partnership Units will 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

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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 upon certain assumptions described in greater detail below under “Certain Relationships and Related Person Transactions—Tax Receivable Agreement,” we estimate that if PJT Partners Inc. were to exercise its termination right immediately following the spin-off, the aggregate amount of these termination payments would be approximately \$ 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 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 will 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 the 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;
- 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; and
- provide that our chief executive officer at the time of their adoption, to the extent such individual serves as chief executive officer and as a director, will (1) serve as chairman of the board of directors, (2) be assigned to Class I, (3) be nominated as a Class I director at the annual meeting of stockholders at which his initial term expires and (4) serve as the chairman of the nominating and governance committee of the board for so long as such service is permitted under the applicable rules of the New York Stock Exchange and shall select the other members of the nominating and governance committee of the board. At such time as the chief executive officer and chairman of the board is not serving as the chairman of the nominating and governance committee, the chief executive officer and chairman of the board shall select the chairman and other members of the nominating and governance committee of the board, subject to the applicable rules of New York Stock Exchange.

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In addition, at the request of Blackstone we will adopt a stockholder rights agreement, to be executed prior to the spin-off, under which holders of our Class A common stock will be 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 the Registration Statement on Form 10 of which this information statement forms a part (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 (1) the third anniversary of the consummation of the spin-off, (2) the time at which the rights are redeemed pursuant to the stockholder rights agreement, and (3) 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. See “Description of Our Capital Stock—Anti-Takeover Effects of Our Amended and Restated Certificate of Incorporation, Our Amended and Restated Bylaws, Our Stockholder Rights Agreement and Certain Provisions of Delaware Law.” In addition, each Partnership Unit will have attached to it a preferred unit purchase right as further described in “Certain Relationships and Related Party Transactions—PJT Partners Holdings LP Limited Partnership Agreement.”

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,” as described under “Certain Relationships and Related Party Transactions—PJT Partners Holdings LP Limited Partnership Agreement,” rights of limited partners of PJT Partners Holdings LP to consent to certain corporate actions and transactions.

See “Certain Relationships and Related Party Transactions—PJT Partners Holdings LP Limited Partnership Agreement.”

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.

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Risks Relating to Our Class A Common Stock

There may not be an active trading market for shares of our Class A common stock, which may cause the market price of our Class A common stock to decline and make it difficult to sell the shares of Class A common stock you receive in the distribution.

Prior to the spin-off there has not been a public trading market for shares of our Class A common stock. It is possible that after this offering an active trading market will not develop or continue or, if developed, that any market may not be sustained which would make it difficult for you to sell your shares of Class A common stock at an attractive price or at all.

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 after the spin-off 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.) will enter into an exchange agreement under which they (or certain permitted transferees thereof) will have the right, subject to the terms and conditions set forth in the 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 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.

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.”

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.

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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.

After the completion of the spin-off, we will have approximately _____ shares of Class A common stock authorized but unissued, including approximately _____ shares of Class A common stock that may be issued upon exchange of Partnership Units that will be held by the limited partners of PJT Partners Holdings LP. Our 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. Additionally, we have reserved _____ shares for issuance under our 2015 Omnibus Incentive Plan, including _____ shares issuable upon the vesting of replacement and retention awards to PJT Partners personnel that we intend to grant to our employees at the time of the distribution, as well as shares issuable upon the vesting of certain “true-up awards” that may be issued to our employees in connection with the spin-off as described below. Pursuant to the terms of the Employee Matters Agreement, 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 remain employed with us through the spin-off will be converted into equity awards of PJT Partners based on the trading price of Blackstone prior to the spin-off and an assumed \$ _____ valuation for PJT Partners. The replacement PJT Partners equity awards will be subject to a potential “true-up” feature payable by Blackstone based on the actual share performance of Blackstone and PJT Partners following the spin-off, as described under “Certain Relationships and Related Party Transactions—Agreements with Blackstone Related to the Spin-Off—Employee Matters Agreement.” While Blackstone would reimburse PJT Partners for the value of any true-up issued in the form of additional PJT Partners equity awards, the true-up awards may be paid in cash, Blackstone equity or additional PJT Partners equity awards, at Blackstone’s discretion. See “Management—PJT Partners Inc. 2015 Omnibus Incentive Plan” and “Certain Relationships and Related Party Transactions—Agreements with Blackstone Related to the Spin-Off—Employee Matters Agreement.” In addition, as described under “Certain Relationships and Related Party Transactions—Transaction Agreement—Founder Earn-Out Units,” Mr. Taubman and the other selling holders of equity interests in PJT Capital LP will receive an aggregate of _____ partnership interests in PJT Partners Holdings LP that will be issued in the form of LTIP Units and will be subject to both time-based and market condition-based vesting. 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 the percentage ownership held by the common unitholders of Blackstone who receive Class A common stock of PJT Partners Inc. in the distribution.

SPECIAL NOTE ABOUT FORWARD-LOOKING STATEMENTS

We have made forward-looking statements in this information statement, including in the sections entitled “Summary,” “Risk Factors,” “Questions and Answers About the Spin-Off,” “The Spin-Off,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Business,” that are based on our management’s beliefs and assumptions and on information currently available to our management. Forward-looking statements include the information concerning our possible or assumed future results of operations, business strategies, financing plans, competitive position, potential growth opportunities, potential operating performance improvements, benefits resulting from our separation from Blackstone, 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 these forward-looking statements. You should not put undue reliance on any forward-looking statements in this information statement. We do not have any intention or obligation to update forward-looking statements after we distribute this information statement.

The risk factors discussed in “Risk Factors” 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 we currently do not expect to have a material adverse effect on our business. Any such risks could cause our results to differ materially from those expressed in forward-looking statements.

THE SPIN-OFF

Background

On October 7, 2014, the board of directors of Blackstone Group Management L.L.C. approved a plan to separate Blackstone’s financial and strategic advisory services, restructuring and reorganization advisory services and Park Hill Group businesses from Blackstone to form PJT Partners, following which PJT Partners will be an independent, publicly traded company.

In connection with the spin-off and the retention of Mr. Taubman as our Chairman and CEO, we and Blackstone have entered into the Transaction Agreement with Mr. Taubman and the other parties thereto, pursuant to which we will acquire, on the terms and subject to the conditions set forth in the Transaction Agreement, all of the outstanding equity interests in PJT Capital, which we refer to as the “acquisition.”

Following the internal reorganization and the acquisition, The Blackstone Group L.P. will distribute on a pro rata basis to its common unitholders all of the outstanding shares of our Class A common stock held by it. The distribution will occur on the distribution date, which is expected to be _____, _____. Each holder of Blackstone common units will receive one share of our Class A common stock for every _____ Blackstone common units held at _____, New York time, on _____, _____, the record date. Substantially concurrently with the distribution, we will consummate the acquisition of PJT Capital.

After completion of the spin-off:

- PJT Capital will have combined with us and we will operate as a single enterprise;
- we will be an independent, publicly traded company (NYSE: PJT), and will own and operate the financial and strategic advisory services, restructuring and reorganization advisory services and Park Hill Group businesses, which, together with the capital markets services business that will be retained by Blackstone, have historically constituted Blackstone’s Financial Advisory reporting segment; and
- Blackstone will continue to be an independent, publicly traded company (NYSE: BX) and will focus on its core asset management operations, consisting of its private equity, real estate, hedge fund solutions and credit businesses.

Each holder of Blackstone common units will continue to hold his, her or its common units of Blackstone. No vote of Blackstone common unitholders is required or is being sought in connection with the spin-off, including the internal reorganization, and Blackstone common unitholders will not have any appraisal rights in connection with the spin-off.

The spin-off, including the consummation of the acquisition and the distribution of shares of Class A common stock of PJT Partners Inc. as described in this information statement is subject to the satisfaction or waiver of certain conditions. In addition, we, Blackstone and PJT Capital have the right to terminate the Transaction Agreement and abandon the spin-off in certain circumstances, as described in this information statement. See “—Conditions to the Spin-Off” and “—Termination and Abandonment of the Spin-Off.”

Reasons for the Spin-Off

The board of directors of Blackstone Group Management L.L.C. has determined that the spin-off is in the best interests of Blackstone, its common unitholders and other stakeholders because the spin-off will provide the following key benefits:

- *Relief from Conflict-related Constraints on Growth and Greater Strategic Focus of Management’s Efforts and Resources* . The spin-off will meaningfully enhance our opportunities for organic growth,

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including by eliminating conflicts with Blackstone's investing areas and enhancing our ability to compete for business from financial sponsors. As a part of Blackstone, our professionals have been effectively precluded from competing for advisory and restructuring engagements in many transactions where the potential for an investment by a Blackstone fund created an actual or perceived conflict of interest. As Blackstone's investing businesses have grown broader and larger, the potential for such conflicts has grown commensurately, with the result that Blackstone has not been free to aggressively grow our advisory business out of concern for compounding such conflicts. As an independent firm, free from such conflicts, we believe that we will be able to more effectively compete for new client engagements and significantly expand our platform into new product industries and transaction execution capabilities. Moreover, we will be free to compete for advisory and placement assignments from financial sponsors unhindered by the inherent challenges of securing such assignments from Blackstone competitors.

In addition, Blackstone will be better positioned to devote its full efforts and resources toward the unrestricted growth of its core asset management businesses and better serving its fund investors, free from conflict management and other challenges caused by being a part of a combined enterprise with our advisory businesses.

- *Unlocking Multiple Value.* We believe that peer advisory firms of PJT Partners have historically traded at significantly higher earnings multiples than asset managers. As a pure-play advisory business, we believe this value will be unlocked to the benefit of PJT Partners' owners, including the common unitholders of Blackstone.
- *Improved Management Incentive Tools.* In multi-business companies such as Blackstone, it is difficult to structure incentives that reward professionals in a manner directly related to the performance of their respective business units. The spin-off will enable us to grant equity compensation to our senior management and other professionals tied directly to the PJT Partners business, creating a strong alignment of interest with our public stockholders and resulting in incentives that will be less diluted and more effective.
- *Enhanced Focus on Clients.* Both Blackstone and we believe that, as a unified, independently managed, stand-alone company, our management will be able to more closely align internal resources, including senior management time, with the unique priorities of the clients of our business.
- *Ability to Utilize Equity as an Acquisition Currency.* The spin-off will enable us to use our equity as currency to pursue certain financial and strategic objectives, including tax-free merger transactions. In addition, future strategic transactions with similar businesses will be more easily facilitated through the use of our equity as consideration.

Manner of Effecting the Spin-Off

Certain terms and conditions relating to the spin-off are set forth in the Transaction Agreement, and certain general terms and conditions relating to the spin-off will be set forth in a Separation Agreement between us and Blackstone.

Internal Reorganization

In connection with the spin-off, Blackstone will undergo an internal reorganization, pursuant to which the operations that have historically constituted Blackstone's Financial Advisory reporting segment, other than Blackstone's capital markets services business, will be contributed to PJT Partners Holdings LP, a newly-formed holding partnership that will be controlled by PJT Partners Inc., as general partner. Blackstone's capital markets services business, which has historically derived a majority of its revenue from transactions involving portfolio companies or investment funds of Blackstone, will not be contributed to PJT Partners Holdings LP, and Blackstone will retain this business following completion of the spin-off. In the internal reorganization, the

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limited partners of the Blackstone Holdings partnerships and certain individuals engaged in our business will receive Class A common stock of PJT Partners Inc., as well as Partnership Units in PJT Partners Holdings LP 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 will receive various types of awards under our 2015 Omnibus Incentive Plan denominated in shares of Class A common stock of PJT Partners Inc. and partnership interests in PJT Partners Holdings LP. See “Certain Relationships and Related Party Transactions—Transaction Agreement” and “—Agreements with Blackstone Related to the Spin-Off—Employee Matters Agreement” for additional information.

The Acquisition

Prior to the distribution, PJT Partners Holdings LP will acquire, on the terms and subject to the conditions set forth in the Transaction Agreement, 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 will receive unvested Partnership Units and other partnership interests in PJT Partners Holdings LP.

Distribution of Shares of Our Class A Common Stock

Following the internal reorganization and the acquisition, The Blackstone Group L.P. will distribute 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.

Under the Separation Agreement, the distribution will be effective as of _____, New York time, on _____, the distribution date. As a result of the spin-off, on the distribution date, each holder of Blackstone common units will receive one share of our Class A common stock for every _____ common units of Blackstone Group L.P. that he, she or it owns as of _____ New York time, on _____, the record date.

On the distribution date, Blackstone will release the shares of our Class A common stock held by it to our distribution agent to distribute to Blackstone common unitholders. For most Blackstone common unitholders, our distribution agent will credit their shares of our Class A common stock to book-entry accounts established to hold their shares of our Class A common stock. Our distribution agent will send these common unitholders, including any Blackstone common unitholder that holds physical certificates of Blackstone common units and is the registered holder of such Blackstone common units represented by those certificates on the record date, a statement reflecting their ownership of our Class A common stock. Book-entry refers to a method of recording stock ownership in our records in which no physical certificates are issued. For common unitholders who own Blackstone common units through a broker or other nominee, their shares of our Class A common stock will be credited to these common unitholders’ accounts by the broker or other nominee. It may take the distribution agent up to two weeks to issue shares of our Class A common stock to Blackstone common unitholders or to their bank or brokerage firm electronically by way of direct registration in book-entry form. Trading of our Class A common stock will not be affected by this delay in issuance by the distribution agent. As further discussed below, we will not issue fractional shares of our Class A common stock in the distribution. Following the spin-off, shareholders whose shares are held in book-entry form may request that their shares of our Class A common stock be transferred to a brokerage or other account at any time.

Each share of our Class A common stock will have attached to it a preferred stock purchase right as further described in “Description of Our Capital Stock—Anti-Takeover Effects of Our Amended and Restated Certificate of Incorporation, Our Amended and Restated Bylaws, Our Stockholder Rights Agreement and Certain Provisions of Delaware Law.” In addition, each Partnership Unit will have attached to it a preferred unit purchase right as further described in “Certain Relationships and Related Party Transactions—PJT Partners Holdings LP Limited Partnership Agreement.”

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Blackstone common unitholders will not be required to make any payment or surrender or exchange their Blackstone common units or take any other action to receive their shares of our Class A common stock. No vote of Blackstone common unitholders is required or sought in connection with the spin-off, including the internal reorganization, and Blackstone common unitholders have no appraisal rights in connection with the spin-off.

Treatment of Fractional Shares

The distribution agent will not distribute any fractional shares of our Class A common stock to Blackstone common unitholders. Instead, as soon as practicable on or after the distribution date, the distribution agent will aggregate fractional shares of our Class A common stock to which Blackstone common unitholders of record would otherwise be entitled into whole shares, sell them in the open market at the prevailing market prices and then distribute the aggregate net sale proceeds ratably to Blackstone common unitholders who would otherwise have been entitled to receive fractional shares of our Class A common stock. The amount of this payment will depend on the prices at which the distribution agent sells the aggregated fractional shares of our Class A common stock in the open market shortly after the distribution date and will be reduced by any amount required to be withheld for tax purposes and any brokerage fees and other expenses incurred in connection with these sales of fractional shares. Receipt of the proceeds from these sales will generally result in a taxable gain or loss to those common unitholders. Each Blackstone common unitholder entitled to receive cash proceeds from these shares should consult his, her or its own tax advisor as to such Blackstone common unitholder's particular circumstances. The tax consequences of the spin-off are described in more detail under "— U.S. Federal Income Tax Consequences of the Spin-Off."

U.S. Federal Income Tax Consequences of the Spin-Off

The following is a summary of certain U.S. Federal income tax consequences of the spin-off. This summary is based on the Code, the U.S. Treasury regulations promulgated thereunder, and interpretations of the Code and the U.S. Treasury regulations by the courts and the IRS, in effect as of the date hereof, all of which are subject to change, possibly with retroactive effect. Any such change could affect the tax consequences described below.

This summary is limited to holders of Blackstone common units that are U.S. holders, as defined immediately below. A U.S. holder is a beneficial owner of Blackstone common units that is, for U.S. Federal income tax purposes:

- an individual who is a citizen or a resident of the United States;
- a corporation created or organized under the laws of the United States, any state thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. Federal income taxation regardless of its source; or
- a trust, if (1) a court within the United States is able to exercise primary supervision over its administration and one or more United States persons have the authority to control all of its substantial decisions or (2) in the case of a trust that was treated as a domestic trust under the law in effect before 1997, a valid election is in place under applicable U.S. Treasury regulations.

This summary does not address the consequences to Blackstone common unitholders subject to special treatment under the U.S. Federal income tax laws (including, for example, non-U.S. persons, insurance companies, dealers, brokers or traders in securities or currencies, tax-exempt organizations, financial institutions, pass-through entities and investors in such entities, holders who have a functional currency other than the U.S. dollar, holders who hold their units as a hedge or as part of a hedging, straddle, conversion, synthetic security, integrated investment or other risk-reduction transaction or who are subject to alternative minimum tax or holders who acquired their units in connection with the receipt of compensation).

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This summary only addresses the U.S. Federal income tax consequences to U.S. holders who hold Blackstone common units as a capital asset (generally, property held for investment). Moreover, this summary does not address the Medicare tax on net investment income, or any state, local or non-U.S. tax consequences or any estate, gift or other non-income tax consequences.

If a partnership (or other entity treated as a partnership for U.S. Federal income tax purposes) holds Blackstone common units or our Class A common stock, the tax treatment of a partner in that partnership will generally depend on the status of the partner and the activities of the partnership. Such partner or partnership should consult its own tax advisor as to its tax consequences.

BLACKSTONE COMMON UNITHOLDERS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE SPECIFIC TAX CONSEQUENCES OF THE SPIN-OFF TO THEM, INCLUDING THE EFFECT OF ANY FEDERAL, STATE, LOCAL OR NON-U.S. TAX LAWS OR U.S. TAX LAWS OTHER THAN THOSE RELATING TO INCOME TAXES AND OF CHANGES IN APPLICABLE TAX LAWS.

The spin-off is conditioned on the receipt of an opinion of tax counsel, in form and substance reasonably satisfactory to Blackstone, to the effect that certain transactions in the internal reorganization should qualify as tax-free distributions under Section 355 of the Code, and that a certain transaction in the internal reorganization should qualify as a tax-free reorganization under Section 368 of the Code. Assuming such transactions qualify as tax-free, then with respect to a Blackstone common unitholder:

- no gain or loss will be recognized by, and no amount will be included in the income of, such unitholder upon receipt of our Class A common stock in the distribution or in connection with the spin-off, except that such unitholder will recognize gain or loss, generally capital in nature, in the amount that any cash received in lieu of fractional shares of our Class A common stock exceeds or is less than such unitholder's basis in such fractional shares;
- such unitholder's basis in the Class A common stock received in the distribution will equal the lesser of (1) Blackstone's basis in such stock immediately before the distribution or (2) such unitholder's basis in its common units immediately before the distribution;
- such unitholder's basis in its Blackstone common units will be reduced (but not below zero) by such unitholder's basis in our Class A common stock received (including any fractional shares deemed received) in the distribution;
- such unitholder's holding period in our Class A common stock received in the distribution will include Blackstone's holding period for our Class A common stock, which will be over one year; and
- no gain or loss will be recognized by Blackstone upon the distribution of our Class A common stock or in connection with the spin-off.

Following the spin-off, Blackstone will provide Blackstone common unitholders with information regarding its basis in our Class A common stock.

The opinion of tax counsel will be conditioned on the truthfulness and completeness of certain factual statements and representations provided by Blackstone and us. If those factual statements and representations are incomplete or untrue in any material respect, the tax consequences of the transactions could be different than those set forth in the opinion of tax counsel. Blackstone and we have reviewed the statements of fact and representations on which the opinion of tax counsel will be based, and neither Blackstone nor we is aware of any facts or circumstances that would cause any of the statements of fact or representations to be incomplete or untrue. We have agreed to some restrictions on our future actions to provide further assurance that certain transactions in the internal reorganization should qualify as tax-free distributions under Section 355 of the Code and that a certain transaction in the internal reorganization should qualify as a tax-free reorganization under Section 368 of the Code.

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As discussed above, certain requirements for tax-free treatment will be addressed in the opinion of tax counsel. An opinion of tax counsel is not binding on the IRS. Accordingly, upon audit the IRS may reach conclusions with respect to the spin-off that are different from the conclusions reached in the opinion.

If certain transactions in the internal reorganizations do not qualify as tax-free distributions under Section 355 of the Code or a certain transaction in the internal reorganization does not qualify as a tax-free reorganization under Section 368 of the Code, Blackstone would recognize dividend income or gain on the internal reorganization, and, with respect to a Blackstone common unitholder:

- Blackstone's dividend income or gain on the internal reorganization would be allocated to such unitholder in proportion to such unitholder's interest in Blackstone;
- such unitholder's basis in its Blackstone common units would be increased in the amount of such dividend income or gain allocated to such unitholder;
- no gain or loss will be recognized by, and no amount will be included in the income of, such unitholder upon receipt of shares of our Class A common stock in the distribution, except that such unitholder will recognize gain or loss, generally capital in nature, in the amount that any cash received in lieu of fractional shares of our Class A common stock exceeds or is less than such unitholder's basis in such fractional shares;
- such unitholder's basis in the Class A common stock received in the distribution will equal the lesser of (1) Blackstone's basis in such stock immediately before the distribution or (2) such unitholder's basis in its common units immediately before the distribution;
- such unitholder's basis in its Blackstone common units will be reduced (but not below zero) by such unitholder's basis in our Class A common stock received (including any fractional shares deemed received) in the distribution;
- such unitholder's holding period in our Class A common stock received in the distribution will depend on the treatment of certain of the transactions in the internal reorganization; and
- no gain or loss will be recognized by Blackstone upon the distribution of our Class A common stock.

Under certain circumstances one or both of the Distributing Corporations or we would recognize taxable gain on certain transactions in the internal reorganization. These circumstances would include the following:

- such transactions do not qualify as tax-free distributions under Section 355 of the Code or as a tax-free reorganization under Section 368 of the Code, as applicable; and
- there are one or more acquisitions (including by reason of issuances) of the stock of us 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 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 amount of such gain would result in a significant U.S. Federal income tax liability to a Distributing Corporation or us.

Under the Tax Matters Agreement, PJT Partners will agree, subject to certain exceptions, not to enter into any transaction for a period of two years following the internal reorganization involving an acquisition (including by reason of an issuance) of Class A common stock of PJT Partners Inc. or any other transaction that could cause

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the distribution to be taxable to the Distributing Corporations. PJT Partners Inc. and PJT Partners Holdings LP will also agree to indemnify Blackstone, and Blackstone will agree to indemnify PJT Partners Inc. and PJT Partners Holdings LP, for any tax resulting from any such transaction to the extent a party's actions caused such tax liability, whether or not the indemnified party consented to such transaction or the indemnifying party was otherwise permitted to enter into such transaction under the Tax Matters Agreement, and for all or a portion of any tax liabilities resulting from the internal reorganization under certain other circumstances. PJT Partners Inc. and PJT Partners Holdings LP's obligation to indemnify the Distributing Corporations may discourage, delay or prevent a change of control of our company. In addition, if certain transactions in the internal reorganization were to become 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. The resulting tax liability may have a material adverse effect on the business, financial condition, results of operations or cash flows of us or Blackstone.

The preceding summary of certain anticipated U.S. Federal income tax consequences of the spin-off is for general informational purposes only. Blackstone common unitholders should consult their own tax advisors as to the specific tax consequences of the spin-off to them, including the application and effect of U.S. Federal, state, local or non-U.S. tax laws and of changes in applicable tax laws.

Organizational Structure Following the Spin-Off

Following the spin-off, PJT Partners Inc. will be a holding company and its only material asset will be its controlling equity interest in PJT Partners Holdings LP. As the sole general partner of PJT Partners Holdings LP, PJT Partners Inc. will operate and control all of the business and affairs and consolidate 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.) will be reflected as a non-controlling interest in PJT Partners Inc.'s consolidated financial statements.

Upon consummation of the spin-off:

- PJT Partners Holdings LP is expected to have a total of _____ million Partnership Units issued and outstanding, of which:
 - _____ million Partnership Units (or _____ %) will be held by our internal owners; and
 - _____ million Partnership Units (or _____ %) will be held by PJT Partners Inc.; and
- PJT Partners Inc. is expected to have a total of _____ million shares of Class A common stock issued and outstanding, of which:
 - _____ million shares (or _____ %) will be held by our internal owners; and
 - _____ million shares (or _____ %) will be distributed to the common unitholders of Blackstone in the spin-off.

The number of shares of Class A common stock to be distributed to the common unitholders of Blackstone is based on the number of common units of Blackstone expected to be outstanding as of _____, _____, the record date, and assuming a distribution ratio of _____. Accordingly, upon consummation of the spin-off, the shares of Class A common stock of PJT Partners Inc. to be received by Blackstone common unitholders is expected to represent _____ % of the economic interest in PJT Partners Inc. (_____ % of the economic interest in the PJT Partners business). The exact number of shares of Class A common stock of PJT Partners Inc. to be distributed will be calculated on the record date and will reflect any repurchases of common units of Blackstone and issuances of common units of Blackstone, including issuances in connection with the exchange of Blackstone Holdings Partnership units and in respect of Blackstone equity incentive plans between the date the board of directors of Blackstone Group Management L.L.C. declares the dividend for the distribution and the record date for the distribution.

Our internal owners will also hold all issued and outstanding shares of the Class B common stock of PJT Partners Inc. The shares of Class B common stock will have no economic rights but will entitle the holder,

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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 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. 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, 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, as described under “Description of Capital Stock—Common Stock—Class B Common Stock.” 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 described below. 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 as described under “Certain Relationships and Related Person Transactions—Exchange Agreement,” 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. Blackstone’s senior management, including Mr. Schwarzman and all of Blackstone’s other executive officers, will provide 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.

Accordingly, upon consummation of the spin-off, and based on the assumptions described above regarding the shares outstanding on the record date and the distribution ratio, the shares of Class A common stock of PJT Partners Inc. to be received by Blackstone common unitholders is expected to represent:

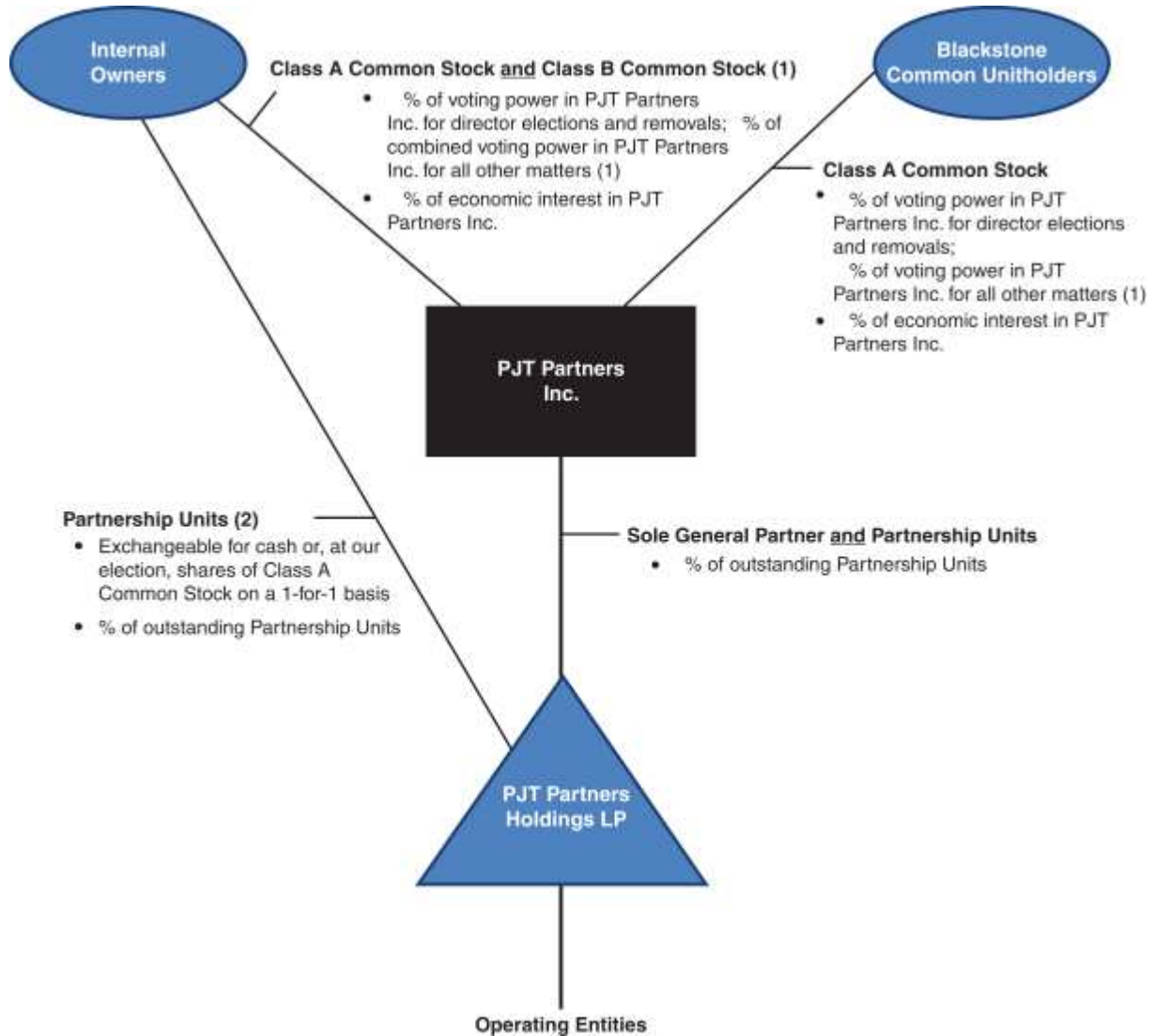
- % of the voting power in PJT Partners Inc. with regard to the election and removal of directors of PJT Partners Inc.; and
- % of the voting power in PJT Partners Inc. with regard to all other matters presented to stockholders of PJT Partners Inc.

The foregoing discussion gives effect to the issuance of Participating LTIP Units, as described in “—Organizational Structure Following the Spin-Off,” but does not otherwise reflect shares of Class A common stock and Partnership Units that may be issued upon settlement of awards under our 2015 Omnibus Incentive Plan (or upon conversion of interests granted thereunder). See “Certain Relationships and Related Party Transactions—Transaction Agreement—Founder Earn-Out Units” and “—Agreements with Blackstone Related to the Spin-Off—Employee Matters Agreement” for additional information.

See “Description of Capital Stock—Common Stock” for additional information.

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The diagram below depicts our organizational structure immediately following the spin-off. Unless otherwise indicated, the information in the diagram below does not reflect shares of Class A common stock and Partnership Units that may be issued upon settlement of awards under our 2015 Omnibus Incentive Plan (or upon conversion of interests granted thereunder). See “Certain Relationships and Related Party Transactions—Transaction Agreement—Founder Earn-Out Units” and “—Agreements with Blackstone Related to the Spin-Off—Employee Matters Agreement” for additional information.



(1) The shares of Class B common stock will have no economic rights but will 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 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. 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, 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, as described under “Description of Capital Stock—

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Common Stock—Class B Common Stock.” The percentage of combined voting power in PJT Partners Inc. of our internal owners reflects the voting power in respect of the shares of Class A Common Stock and Partnership Units held by such persons. Blackstone’s senior management, including Mr. Schwarzman and all of Blackstone’s other executive officers, will provide 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.

- (2) Includes an aggregate of Participating LTIP Units. See “Certain Relationships and Related Party Transactions—Transaction Agreement” and “—PJT Partners Holdings LP Limited Partnership Agreement.”

Incorporation of PJT Partners Inc.

PJT Partners Inc. (formerly known as Blackstone Advisory Inc.) was incorporated as a Delaware corporation on November 5, 2014 and changed its name to PJT Partners Inc. on March 3, 2015. PJT Partners Inc. has not engaged in any business or other activities except in connection with its formation. Upon consummation of the spin-off, the amended and restated certificate of incorporation of PJT Partners Inc. will authorize two classes of common stock, Class A common stock and Class B common stock, each having the terms described in “Description of Capital Stock.”

Amended and Restated Limited Partnership Agreement of PJT Partners Holdings LP

The limited partnership agreement of PJT Partners Holdings LP (formerly known as New Advisory L.P.) will initially provide for a class of common units of limited partnership interest in PJT Partners Holdings LP that we refer to as “Partnership Units,” as well as a class of partnership interests, known as long-term incentive plan units (“LTIP Units”), as described below. As a result of the internal reorganization, PJT Partners Inc. will hold Partnership Units in PJT Partners Holdings LP and will be the sole general partner of PJT Partners Holdings LP. Accordingly, PJT Partners Inc. will operate and control all of the business and affairs of PJT Partners Holdings LP and, through PJT Partners Holdings LP and its operating entity subsidiaries, conduct our business.

The limited partnership agreement of PJT Partners Holdings LP will also provide that substantially all expenses incurred by or attributable to PJT Partners Inc. (such as expenses incurred in connection with the spin-off), but not including obligations incurred under the tax receivable agreement by PJT Partners Inc., income tax expenses of PJT Partners Inc. and payments on indebtedness incurred by PJT Partners Inc., will be borne by PJT Partners Holdings LP.

Pursuant to the limited partnership agreement of PJT Partners Holdings LP as it will be in effect at the time of the consummation of the spin-off, PJT Partners Inc. has the right to determine when distributions will be made to holders of Partnership Units and the amount of any such distributions (other than tax distributions described below). If a distribution is authorized, such distribution will be made to the holders of Partnership Units pro rata in accordance with the percentages of their respective partnership interests that are entitled to participate in distributions.

The holders of Partnership Units, including PJT Partners Inc., will incur U.S. Federal, state and local income taxes on their proportionate share of any taxable income of PJT Partners Holdings LP. Except for the priority allocations of income in respect of LTIP Units described below, net profits and net losses of PJT Partners Holdings LP will generally be allocated to its holders (including PJT Partners Inc.) pro rata in accordance with the percentages of their respective partnership interests, except as otherwise required by law. In accordance with the partnership agreement, 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 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.

In addition, the limited partnership agreement of PJT Partners Holdings LP will enable PJT Partners Holdings LP to issue LTIP Units pursuant to the 2015 Omnibus Incentive Plan. LTIP Units are a class of partnership interest that are intended to qualify as “profits interests” in PJT Partners Holdings LP for U.S. Federal income tax purposes that, subject to certain conditions, shall automatically be converted into Partnership Units. LTIP Units initially will

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not have full parity, on a per unit basis, with Partnership Units with respect to liquidating and, in some cases, ordinary distributions. Participating LTIP Units will participate, from issuance, in all distributions of PJT Partners Holdings LP, other than liquidating distributions, ratably, on a per unit basis, with Partnership Units. Earn Out Units will not participate in any distribution of PJT Partners Holdings LP other than tax distributions unless and until the applicable performance vesting requirement for the relevant tranche is satisfied. Upon the occurrence of specified events, LTIP Units can over time achieve full parity with Partnership Units, at which time LTIP Units shall automatically be converted into Partnership Units on a one-for-one basis. See “Certain Relationships and Related Party Transactions—PJT Partners Holdings LP Limited Partnership Agreement.”

Exchange Agreement

We and the internal owners will also enter into an exchange agreement prior to the consummation of the spin-off under which they (or certain permitted transferees) will have the right, subject to the terms and conditions set forth in the 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 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. The price per Partnership Unit to be received in a cash-settled exchange will be equal to the fair value of a share of our Class A common stock (determined in accordance with and subject to adjustment under the exchange agreement). In the event cash-settled exchanges of Partnership Units are funded with new issuances of Class A common stock, the fair value of a share of our Class A common stock will be deemed to be equal to the net proceeds per share of Class A common stock received by PJT Partners Inc. in the related issuance. Accordingly, in this event, the price per Partnership Unit to which an exchanging Partnership Unitholder will be entitled may be greater than or less than the then-current market value of our Class A common stock. The exchange agreement will also provide 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 regulation, would result in any breach of any debt agreement or other material contract of PJT Partners Holdings LP, or, subject to certain limitations, would cause unreasonable financial burden on PJT Partners Holdings LP. In addition, each Partnership Unitholder that is currently a member of the board of directors of Blackstone Group Management L.L.C. will agree that for a specified multi-year period following the spin-off (or such earlier time as such Partnership Unitholder shall cease to be employed by or provide services to Blackstone) such Partnership Unitholder will (1) consult with the Chief Executive Officer of PJT Partners Inc. prior to submitting any election of exchange under the exchange agreement and (2) use commercially reasonable efforts to ensure that dispositions (if any) of the Partnership Units or Class A common stock that such Partnership Unitholder received in connection with the spin-off be effected through a plan of distribution that mitigates any sustained adverse effect on the market price of the Class A common stock. As a holder exchanges Partnership Units for cash (to the extent such cash-settled exchanges are funded with new issuances of Class A common stock as described above) or for shares of Class A common stock, the number of Partnership Units held by PJT Partners Inc. is correspondingly increased as it acquires the exchanged Partnership Units. See “Certain Relationships and Related Person Transactions—Exchange Agreement.”

Other Agreements with Blackstone Related to the Spin-Off

Before the spin-off, we will enter into several agreements with Blackstone to effect the spin-off and provide a framework for our relationship with Blackstone after the spin-off. These agreements will govern the relationship between us and Blackstone after completion of the spin-off and provide for the allocation between us and Blackstone of the assets, liabilities, rights and obligations of Blackstone. See “Certain Relationships and Related Party Transactions—Agreements with Blackstone Related to the Spin-Off.”

Trading Prior to the Distribution Date

We anticipate that, at least two trading days prior to the record date and continuing up to and including the distribution date, there will be a “when-issued” market in our Class A common stock. When-issued trading refers

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to a sale or purchase made conditionally because the security has been authorized but not yet issued. The when-issued trading market will be a market for shares of our Class A common stock that will be distributed to Blackstone common unitholders on the distribution date. Any Blackstone common unitholder who owns Blackstone common units at _____, New York time, on the record date will be entitled to shares of our Class A common stock distributed in the spin-off. Blackstone common unitholders may trade this entitlement to shares of our Class A common stock, without the Blackstone common units they own, on the when-issued market. On the first trading day following the distribution date, we expect when-issued trading with respect to our Class A common stock will end and “regular-way” trading will begin. See “Trading Market.”

Following the distribution date, we expect shares of our Class A common stock to be listed on the NYSE under the ticker symbol “PJT.” We will announce the when-issued ticker symbol when and if it becomes available.

It is also anticipated that, at least two trading days prior to the record date and continuing up to and including the distribution date, there will be two markets in Blackstone common units: a “regular-way” market and an “ex-distribution” market. Blackstone common units that trade on the regular-way market will trade with an entitlement to shares of our Class A common stock distributed pursuant to the distribution. Blackstone common units that trade on the ex-distribution market will trade without an entitlement to shares of our Class A common stock distributed pursuant to the distribution. Therefore, if Blackstone common units are sold in the regular-way market up to and including the distribution date, the selling common unitholder’s right to receive shares of our Class A common stock in the distribution will be sold as well. However, if Blackstone common unitholders own Blackstone common units as of _____, New York time, on the record date and sell those common units on the ex-distribution market up to and including the distribution date, the selling common unitholders will still receive the shares of our Class A common stock that they would otherwise receive pursuant to the distribution. See “Trading Market.”

Revolving Credit Facility

We expect to procure, substantially concurrently with the completion of the spin-off, from one or more financing sources a revolving credit facility for PJT Partners Holdings LP in an aggregate principal amount of up to \$ _____ million. We expect the revolving credit facility will have a maturity of _____ and will be on market terms (including pricing). We do not expect to have any borrowings under the revolving credit facility outstanding upon consummation of the spin-off.

Conditions to the Spin-Off

Our obligations and the obligations of Blackstone and PJT Capital to consummate the spin-off, including the acquisition and related transactions and the distribution, are subject to the satisfaction or waiver of certain conditions, including the following:

- there shall be no (1) injunction, restraining order or decree of any nature of any governmental authority in effect that restrains, prohibits or makes illegal the spin-off, including acquisition, or the consummation of the related transactions or (2) pending action which seeks to restrain or prohibit the spin-off, including the acquisition or the consummation of the related transactions;
- all regulatory approvals and other consents required for the spin-off, including the consummation of the acquisition, the consummation of the related transactions, and the performance by Blackstone, us and PJT Capital of our respective obligations under the Transaction Agreement and related agreements, shall have been obtained and be in full force and effect, and the applicable waiting period under the HSR Act shall have expired or been earlier terminated (the FTC granted early termination of the waiting period under the HSR Act with respect to the acquisition on December 18, 2014);
- the internal reorganization shall have occurred in accordance with the Separation Agreement;

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- the Class A common stock of PJT Partners Inc. shall have been approved for listing on the NYSE, subject to official notice of distribution;
- (1) our Registration Statement on Form 10, of which this information statement forms a part, shall have been declared effective by the SEC and shall not be the subject of any stop order suspending its effectiveness or any actions initiated or threatened by the SEC seeking a stop order (2) all other necessary permits or filings under state securities or “blue sky laws,” the Securities Act and the Exchange Act relating to the issuance and trading of the Class A shares shall have been obtained and shall be in effect and (3) any applicable notice periods required by applicable stock exchange rules or any of the foregoing securities laws shall have expired;
- all necessary actions shall have been taken to adopt the form of amended and restated certificate of incorporation and amended and restated bylaws filed by PJT Partners Inc. with the SEC as exhibits to the Registration Statement on Form 10, of which this information statement forms a part;
- Blackstone shall have (1) obtained an opinion, in form and substance reasonably satisfactory to Blackstone, from a nationally recognized solvency valuation firm with respect to the capital adequacy and solvency of PJT Partners Inc. and PJT Partners Holdings LP after giving effect to the spin-off, including the internal reorganization, the acquisition and the distribution and (2) provided a written copy of such opinion to PJT Capital; and
- each of the Separation Agreement, the Tax Matters Agreement, the Employee Matters Agreement, the Transition Services Agreement and the other ancillary agreements shall have been executed by each party.

In addition, the obligations of Blackstone and us to consummate the spin-off, including the acquisition and related transactions and the distribution, are subject to additional conditions, including the following:

- certain fundamental representations and warranties of Mr. Taubman and PJT Capital in the Transaction Agreement shall be true and correct in all respects both as of the date of the Transaction Agreement and as of the distribution date (except to the extent expressly made as of an earlier date, in which case as of such date);
- all other representations and warranties of Mr. Taubman and PJT Capital in the Transaction Agreement (without giving effect to any materiality or material adverse effect qualifications) shall be true and correct both as of the date of the Transaction Agreement and as of the distribution date (except to the extent expressly made as of an earlier date, in which case as of such date) except for those instances in which the failure of the representations and warranties to be true and correct has not had, individually or in the aggregate, a material adverse effect;
- there shall not have been any change in the business, assets, condition (financial or otherwise) or results of operations of PJT Capital, taken as a whole, which would reasonably be expected, individually or in the aggregate, to have a material adverse effect on the ability of us, taken as a whole, or PJT Capital, taken as a whole, to operate our respective businesses, in each case on substantially the same basis as such businesses are currently operated, including any such effect resulting from the consummation of the transactions contemplated by the Transaction Agreement; and
- there shall not have been a “key man event” with respect to Mr. Taubman determined in accordance with the Transaction Agreement;
- PJT Capital shall have delivered a certificate with respect to certain matters regarding the Foreign Investment in Real Property Tax Act of 1980; and
- Blackstone shall have obtained an opinion from its tax counsel, in form and substance reasonably satisfactory to Blackstone, to the effect that certain transactions in the internal reorganization should qualify as tax-free distributions under Section 355 of the Code, and that a certain transaction in the internal reorganization should qualify as a tax-free reorganization under Section 368 of the Code.

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In addition, the obligations of Mr. Taubman and PJT Capital to consummate the spin-off, including the acquisition and related transactions and the distribution, are subject to additional conditions, including the following:

- the representations and warranties of Blackstone and us contained in the Transaction Agreement shall be true and correct both as of the date of the Transaction Agreement and as of the distribution date (except to the extent expressly made as of an earlier date, in which case as of such date), subject, in the case of certain representations and warranties, to qualifications regarding materiality;
- Blackstone and we shall have performed in all material respects all obligations and agreements, and complied in all material respects with each of the covenants and conditions, contained in the Transaction Agreement to be performed or complied with by Blackstone and us prior to or at the distribution date; and
- PJT Capital shall have received a certificate from us, dated the distribution date to the effect that the foregoing conditions regarding (1) the truth and correctness of Blackstone and us and (2) the performance by each of Blackstone and us of our respective obligations and compliance with all applicable covenants required by the Transaction Agreement and the related agreements, have been fulfilled.

Termination and Abandonment of the Spin-Off:

The Transaction Agreement may be terminated and the spin-off may be abandoned:

- at any time by mutual written consent of Mr. Taubman and us;
- by either Mr. Taubman or us, if the consummation of the spin-off, including the acquisition, shall not have occurred on or prior to the Termination Date, so long as Mr. Taubman and PJT Capital (in case of such termination by PJT Capital) or we and Blackstone (in case of such termination by us), as applicable, are not in material breach of our respective obligations under the Transaction Agreement at the time of such termination;
- by Mr. Taubman, if we or Blackstone are in breach of any of our respective representations, warranties, covenants, agreements or obligations contained in the Transaction Agreement, which breach (1) would result in the failure of any of the mutual conditions to the spin-off or any of the conditions for the benefit of PJT Capital to be satisfied by the Termination Date, and (2) has not been cured by the Termination Date or is not capable of being cured prior to the Termination Date; provided, that none of Mr. Taubman or PJT Capital is in material breach of their representations, warranties, covenants, agreements or obligations under the Transaction Agreement at the time of such termination;
- by us, if Mr. Taubman or PJT Capital are in breach of their respective representations, warranties, covenants, agreements or obligations contained in the Transaction Agreement, which breach (1) would result in the failure of any of the mutual conditions to the spin-off or the conditions for the benefit of us and Blackstone) to be satisfied by the Termination Date and (2) has not been cured by the Termination Date or is not capable of being cured prior to the Termination Date; provided, that we and Blackstone are not in material breach of our respective representations, warranties, covenants, agreements or obligations under the Transaction Agreement at the time of such termination; or
- by us, at any time following a “key man event” with respect to Mr. Taubman, provided that we must exercise such right to terminate within thirty (30) calendar days following us or Blackstone first becoming aware of the occurrence of such “key man event.”

Reasons for Furnishing this Information Statement

This information statement is being furnished solely to provide information to Blackstone common unitholders that are entitled to receive shares of our Class A common stock in the spin-off. This information statement is not, and is not to be construed as, an inducement or encouragement to buy, hold or sell any of our securities. We believe that the information in this information statement is accurate as of the date set forth on the cover. Changes may occur after that date and neither Blackstone nor we undertake any obligation to update the information except in the normal course of our respective public disclosure obligations.

TRADING MARKET

Market for Our Class A Common Stock

There has been no public market for our Class A common stock. An active trading market may not develop or may not be sustained. We anticipate that trading of our Class A common stock will commence on a “when-issued” basis at least two trading days prior to the record date and continue through the distribution date. When-issued trading refers to a sale or purchase made conditionally because the security has been authorized but not yet issued. When-issued trades generally settle within four trading days after the distribution date. If you own Blackstone common units as of _____, New York time on the record date, you will be entitled to shares of our Class A common stock distributed pursuant to the spin-off. You may trade this entitlement to shares of our Class A common stock, without the Blackstone common units you own, on the when-issued market. On the first trading day following the distribution date, any when-issued trading with respect to our Class A common stock will end and “regular-way” trading will begin. We intend to list our Class A common stock on the NYSE under the ticker symbol “PJT”. We will announce our when-issued trading symbol when and if it becomes available.

It is also anticipated that, at least two trading days prior to the record date and continuing up to and including the distribution date, there will be two markets in Blackstone common units: a “regular-way” market and an “ex-distribution” market. Blackstone common units that trade on the regular-way market will trade with an entitlement to shares of our Class A common stock distributed pursuant to the distribution. Blackstone common units that trade on the ex-distribution market will trade without an entitlement to shares of our Class A common stock distributed pursuant to the distribution. Therefore, if you sell Blackstone common units in the regular-way market up to and including the distribution date, you will be selling your right to receive shares of our Class A common stock in the distribution. However, if you own Blackstone common units as of _____, New York time, on the record date and sell those common units on the ex-distribution market up to and including the distribution date, you will still receive the shares of our Class A common stock that you would otherwise receive pursuant to the distribution.

We cannot predict the prices at which our Class A common stock may trade before the spin-off on a “when-issued” basis or after the spin-off. Those prices will be determined by the marketplace. Prices at which trading in our Class A common stock occurs may fluctuate significantly. Those prices may be influenced by many factors, including anticipated or actual fluctuations in our operating results or those of other companies in our industry, investor perceptions of our company and the financial advisory services industry, market fluctuations and general economic conditions. In addition, the stock market in general has experienced extreme price and volume fluctuations that have affected the performance of many stocks and that have often been unrelated or disproportionate to the operating performance of these companies. These are just some factors that may adversely affect the market price of our Class A common stock. See “Risk Factors—Risks Relating to Our Class A Common Stock.”

Transferability of Shares of Our Class A Common Stock

On _____, Blackstone had _____ common units issued and outstanding. Based on this number, we expect to issue approximately _____ million shares of Class A common stock in the distribution. The shares of our Class A common stock that you will receive in the distribution will be freely transferable, unless you are considered an “affiliate” of ours under Rule 144 under the Securities Act. Persons who can be considered our affiliates after the spin-off generally include individuals or entities that directly, or indirectly through one or more intermediaries, control, are controlled by, or are under common control with, us, and may include certain of our officers and directors. In addition, individuals who are affiliates of Blackstone on the distribution date may be deemed to be affiliates of ours. Our affiliates may sell shares of our Class A common stock received in the distribution only:

- under a registration statement that the SEC has declared effective under the Securities Act; or
- under an exemption from registration under the Securities Act, such as the exemption afforded by Rule 144.

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In general, under Rule 144 as currently in effect, an affiliate will be entitled to sell, within any three-month period commencing 90 days after the date that the registration statement of which this information statement is a part is declared effective, a number of shares of our Class A common stock that does not exceed the greater of:

- 1.0% of our common stock then outstanding; or
- the average weekly trading volume of our common stock on the NYSE during the four calendar weeks preceding the filing of a notice on Form 144 with respect to the sale.

Sales under Rule 144 are also subject to restrictions relating to manner of sale and the availability of current public information about us.

In addition, in the internal reorganization, our internal owners will receive Class A common stock of PJT Partners Inc., as well as 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 will receive various types of awards under our 2015 Omnibus Incentive Plan denominated in shares of Class A common stock of PJT Partners Inc. and partnership interests in PJT Partners Holdings LP. See “Certain Relationships and Related Party Transactions—Transaction Agreement” and “—Agreements with Blackstone Related to the Spin-Off—Employee Matters Agreement” for additional information. In the future, we may adopt new equity-based compensation plans and issue options to purchase shares of our Class A common stock, restricted stock units and other stock-based awards. We currently expect to file a registration statement under the Securities Act to register shares to be issued under these stock plans. Shares issued pursuant to awards after the effective date of that registration statement, other than shares issued to affiliates, generally will be freely tradable without further registration under the Securities Act.

Except for our Class A common stock distributed in the distribution, shares of our Class A common stock and Class B common stock held by our internal owners and employee-based equity awards, PJT Partners Inc. will have no other equity securities outstanding immediately after the spin-off.

DIVIDEND POLICY

Subject to applicable law, we intend to pay a quarterly cash dividend to holders of our Class A common stock in an amount per share to be determined prior to the consummation of the spin-off, although we may reduce or discontinue entirely the payment of such dividends at any time. The declaration, amount and payment of future dividends to holders of our Class A common stock will be at the sole discretion of our board of directors and will depend on many factors, including our financial condition, earnings, cash flows, capital requirements, cash settlement of Partnership Unit redemptions, level of indebtedness, statutory and contractual restrictions applicable to the payment of dividends and other considerations that our board of directors 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. We intend to cause PJT Partners Holdings LP to make distributions to us in an amount sufficient to cover cash dividends, if any, declared by us. If PJT Partners Holdings LP makes such distributions to PJT Partners Inc., the other holders of Partnership Units will also be entitled to receive distributions pro rata in accordance with the percentages of their respective partnership interests.

Financing arrangements 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.

CAPITALIZATION

The following table presents our historical cash and cash equivalents and capitalization at June 30, 2015 and our pro forma cash and cash equivalents and capitalization at that date reflecting the spin-off and the related transactions and events described in the notes to our unaudited pro forma statement of financial condition as if the spin-off and the related transactions and events had occurred on June 30, 2015. The capitalization table below should be read together with “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” our unaudited pro forma combined financial statements and the historical financial statements and the notes to those financial statements included in this information statement.

We are providing the unaudited capitalization table below for informational purposes only. It should not be construed to be indicative of our capitalization or financial condition had the spin-off and the related transactions and events been completed on the date assumed. The capitalization table below may not reflect the capitalization or financial condition that would have resulted had we been operating as a separate, independent entity at that date and is not indicative of our future capitalization or financial condition.

	PJT Partners *	PJT Partners Inc.	
		As of June 30, 2015	
	Actual (Dollars in Thousands, Except Share Data)	Actual (Dollars, Except Share Data)	Pro Forma (a) (Dollars in Thousands, Except Share Data)
Cash and Cash Equivalents (b)	\$ 70,781	\$ 1	\$ 25,000
Redeemable Non-Controlling Interests (c)	\$ —	\$ —	\$ —
Parent Company Investment (d)	282,015	—	—
Equity			
Class A Common Stock of \$0.01 par value per share: 1,000 shares authorized, 100 shares issued and outstanding, actual; 3,000,000,000 shares authorized, shares issued and outstanding, pro forma	—	1	
Class B Common Stock of \$0.01 par value per share: 1,000 shares authorized, no shares issued and outstanding, actual; 1,000,000 shares authorized, shares issued and outstanding, pro forma	—	—	
Additional Paid-In Capital (e)	—	—	
Accumulated Other Comprehensive Income	1,838	—	1,838
Total Capitalization	\$ 283,853	\$ 1	\$ —

* Reflects the historical financial position of PJT Partners, which collectively represents the financial and strategic advisory services, restructuring and reorganization advisory services and Park Hill Group businesses of The Blackstone Group L.P.

- (a) See “Unaudited Pro Forma Combined Financial Statements.”
- (b) Pro Forma amount reflects the pre-spin-off settlement of account balances as necessary to establish Cash and Cash Equivalents of PJT Partners Inc. of \$25.0 million in accordance with the terms of the Separation Agreement.
- (c) As described in “The Spin-Off—Organizational Structure Following the Spin-Off,” PJT Partners Inc. will become the sole general partner and consolidate the financial results of PJT Partners Holdings LP. PJT

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Partners Inc. will initially own less than 100% of the economic interest in PJT Partners Holdings LP but will have 100% of the voting power and control the management of PJT Partners Holdings LP. Immediately following the spin-off, the redeemable non-controlling interest in PJT Partners Holdings LP will be %. The percentage of the Net Income (Loss) Attributable to the Redeemable Non-Controlling Interests will vary from this percentage due to the differing level of income taxes applicable to the controlling interest.

As described in “Certain Relationships and Related Person Transactions—Exchange Agreement,” Partnership Units in PJT Partners Holdings LP are exchangeable at the option of the holder for cash or, at PJT Partners’ 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 PJT Partners 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 PJT Partners’ control is considered a redeemable non-controlling interest and is presented separately from Equity in the Unaudited Pro Forma Combined Statement of Financial Condition.

- (d) Pro Forma amount reflects the final settlement of Blackstone’s remaining net investment in PJT Partners, which was recorded as Parent Company Investment in the historical combined financial statements.
- (e) Pro Forma amount reflects adjustments reflecting the spin-off and related transactions and events, as described in the notes to the Unaudited Pro Forma Combined Financial Statements. See “Unaudited Pro Forma Combined Financial Statements.”

SELECTED HISTORICAL FINANCIAL DATA

The following table presents selected historical financial data for PJT Partners. The statement of operations data for each of the years ended December 31, 2014, 2013 and 2012 and the statement of financial condition data as of December 31, 2014 and 2013 set forth below are derived from PJT Partners' audited combined financial statements included in this information statement. The statement of operations data for the six months ended June 30, 2015 and June 30, 2014 and the statement of financial condition data as of June 30, 2015 is derived from the unaudited condensed combined financial statements for PJT Partners included elsewhere in this information statement. The statement of operations data for each of the years ended December 31, 2011 and 2010 and the statement of financial condition data as of December 31, 2012, 2011 and 2010 are derived from PJT Partners' unaudited financial statements that are not included in this information statement. The unaudited combined financial statements and related disclosures have been prepared on substantially the same basis as the audited combined financial statements. PJT Partners' financial data are not indicative of our future performance and do not necessarily reflect what our financial position and results of operations would have been had we been operating as an independent, publicly traded company during the periods presented, including changes that will occur in our operations and capitalization as a result of the spin-off from Blackstone.

The selected historical financial data presented below should be read in conjunction with PJT Partners' financial statements and accompanying notes and "Capitalization" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in this information statement. PJT Partners' financial data are not indicative of our future performance and do not necessarily reflect what our financial position and results of operations would have been had we been operating as an independent, publicly traded company during the periods presented, including changes that will occur in our operations and capitalization as a result of the spin-off from Blackstone. See "Unaudited Pro Forma Combined Financial Statements" for a further description of the anticipated changes.

	Six Months Ended		Year Ended December 31,				
	June 30,						
	2015	2014	2014	2013	2012	2011	2010
(Dollars in Thousands)							
Statement of Operations Data							
Revenues							
Advisory Fees	\$105,266	\$129,503	\$271,278	\$256,433	\$244,439	\$245,097	\$302,279
Placement Fees	48,323	42,188	127,664	136,726	106,764	138,230	122,010
Interest Income	1,530	1,555	3,046	2,955	3,809	3,661	3,013
Other	(325)	(300)	(919)	840	(395)	(323)	(747)
Total Revenues	154,794	172,946	401,069	396,954	354,617	386,665	426,555
Expenses							
Compensation and Benefits	139,760	168,978	317,478	339,778	318,255	349,424	385,466
Occupancy and Related	14,044	12,361	25,601	21,715	22,332	24,873	20,418
Travel and Related	6,306	5,862	13,382	13,678	13,606	15,441	11,373
Professional Fees	5,966	5,011	10,837	12,344	13,713	10,282	8,509
Communications and Information Services	2,791	3,375	7,048	6,772	7,855	6,215	5,948
Other Expenses	7,055	11,005	19,185	16,467	18,047	19,563	17,378
Total Expenses	175,922	206,592	393,531	410,754	393,808	425,798	449,092
Income (Loss) Before Provision for Taxes	(21,128)	(33,646)	7,538	(13,800)	(39,191)	(39,133)	(22,537)
Provision for Taxes	2,002	974	3,046	3,373	3,357	3,699	5,773
Net Income (Loss) Attributable to PJT Partners	\$(23,130)	\$(34,620)	\$ 4,492	\$(17,173)	\$(42,548)	\$(42,832)	\$(28,310)

	June 30,	December 31,				
	2015	2014	2013	2012	2011	2010
	(Dollars in Thousands)					
Statement of Financial Condition Data						
Total Assets	\$357,791	\$347,951	\$319,662	\$313,873	\$333,571	\$329,043
Total Liabilities	\$ 73,938	\$ 15,631	\$ 18,334	\$ 28,285	\$ 30,254	\$ 71,620
Total Parent Company Equity	\$283,853	\$332,320	\$301,328	\$285,588	\$303,317	\$257,423

UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS

The following unaudited pro forma combined financial statements have been derived by applying pro forma adjustments to the historical combined financial statements of PJT Partners included elsewhere in this information statement.

The pro forma adjustments give effect to events that are (1) directly attributable to the transactions referred to below, (2) factually supportable, and (3) with respect to the statements of operations, expected to have a continuing impact on PJT Partners. The adjustments necessary to fairly present the unaudited pro forma combined financial statements have been based on available information and assumptions that PJT Partners believes are reasonable. The adjustments are described in the notes to the unaudited pro forma combined financial statements.

The unaudited pro forma combined statements of operations and financial condition are presented for illustrative purposes only and do not purport to represent PJT Partners' results of operations or financial position that would actually have occurred had the transactions referred to below been consummated on January 1, 2014 for the unaudited pro forma combined statement of operations and on June 30, 2015 for the unaudited pro forma combined statement of financial condition, or to project PJT Partners' results of operations or financial position for any future date or period.

The pro forma adjustments principally give effect to the following items:

- in the case of the unaudited pro forma combined statement of operations, a provision for corporate income taxes,
- PJT Partners' new capitalization structure as a result of the spin-off, including to reflect the allocation of income (loss) between PJT Partners Inc. and redeemable non-controlling interests and the final settlement of Blackstone's remaining net investment in PJT Partners,
- in the case of the unaudited pro forma statement of financial condition, the recording of deferred tax assets principally related to PJT Partners' goodwill and intangible assets,
- the issuance of equity awards to certain employees at the time of the distribution and to reflect PJT Partners' terms applicable to year-end annual compensation awards,
- the reversal of severance charges related to the reorganization, spin-off and acquisition,
- the impact of a transition services agreement between PJT Partners and Blackstone with respect to services previously provided by Blackstone, including finance, information technology, human resources and facilities, and
- the settlement of intercompany account balances between PJT Partners and Blackstone.

The unaudited pro forma combined financial statements are subject to the assumptions and adjustments described in the accompanying notes. However, these adjustments are subject to change as PJT Partners and Blackstone finalize the terms of the separation and distribution agreement and the other agreements related to the spin-off.

PJT Partners expects to experience changes in its ongoing cost structure for certain items that it will incur as an independent public company that are not covered by the transition services agreement. For example, Blackstone currently provides certain corporate functions on PJT Partners' behalf, including, but not limited to, insurance, access to liquidity, including working capital, and directors' fees. PJT Partners' historical combined financial statements include direct expenses and allocations of these expenses from Blackstone. These costs may not be representative of the future costs PJT Partners will incur as an independent public company. No pro forma adjustments have been made to reflect such costs due to the fact that they currently are not objectively determinable.

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PJT Partners currently contemplates that it may incur certain costs during the transition to being a stand-alone public company that are not covered by the transition services agreement. These costs might include, but are not limited to, incremental accounting, tax and other professional costs pertaining to the spin-off and establishing PJT Partners as a stand-alone public company, recruiting and relocation costs associated with hiring additional key corporate senior management personnel, costs related to establishing PJT Partners' new brand in the marketplace and costs to separate corporate information systems. No pro forma adjustments have been made for these costs as the costs are not expected to have an ongoing impact on the Company's operating results. Any projections or estimates of the amounts would not be factually supportable. PJT Partners anticipates that substantially all of these costs will be incurred within 18 months of the spin-off. Due to the scope and complexity of these activities, the amount of these costs could increase or decrease materially and the timing of incurrence could change.

The non-recurring costs to effectuate the separation and public company registration of PJT Partners will be entirely borne by Blackstone.

This unaudited pro forma combined financial information should be read together with the other information contained in this information statement, including "Organizational Structure," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and PJT Partners' combined financial statements and the notes thereto.

PJT Partners
Unaudited Pro Forma Combined Statement of Operations
(Dollars in Thousands, Except Share and Per Share Data)

	Year Ended December 31, 2014					
	Historical	Reorganization		As Adjusted		Pro Forma Combined
		Adjustments	Before Separation	Separation Adjustments		
Revenues						
Advisory Fees	\$271,278	\$ —	\$ 271,278	\$ —	\$271,278	
Placement Fees	127,664	—	127,664	—	127,664	
Interest Income	3,046	—	3,046	—	3,046	
Other	(919)	—	(919)	—	(919)	
Total Revenues	<u>401,069</u>	<u>—</u>	<u>401,069</u>	<u>—</u>	<u>401,069</u>	
Expenses						
Compensation and Benefits	317,478	—	317,478	27,731(f)	306,500	
				(19,841)(g)		
				(18,868)(h)		
Occupancy and Related	25,601	—	25,601	(8,298)(h)	17,303	
Travel and Related	13,382	—	13,382	(885)(h)	12,497	
Professional Fees	10,837	—	10,837	21,220(h)	32,057	
Communications and Information Services	7,048	—	7,048	(5,570)(h)	1,478	
Other Expenses	19,185	—	19,185	(4,603)(h)	14,582	
Total Expenses	<u>393,531</u>	<u>—</u>	<u>393,531</u>	<u>(9,114)</u>	<u>384,417</u>	
Income Before Provision for Taxes	7,538	—	7,538	9,114	16,652	
Provision for Taxes	<u>3,046</u>	<u>14,215(a)</u>	<u>17,261</u>	<u>2,433(i)</u>	<u>19,694</u>	
Net Income (Loss)	4,492	(14,215)	(9,723)	6,681	(3,042)	
Net Income Attributable to Redeemable Non-Controlling Interests	—	(b)		(k)		
Net Income Attributable to PJT Partners	<u>\$ 4,492</u>	<u>\$ —</u>	<u>\$ (9,723)</u>	<u>\$ 6,681</u>	<u>\$ (3,042)</u>	
Net Income Per Share of Class A Common Stock Outstanding						
Basic					\$ (1)	
Diluted					\$ (1)	
Weighted-Average Shares of Class A Common Stock Outstanding						
Basic					(1)	
Diluted					(1)	

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PJT Partners
Unaudited Pro Forma Combined Statement of Operations
(Dollars in Thousands, Except Share and Per Share Data)

	Six Months Ended June 30, 2015					
	Historical	Reorganization		As Adjusted		Pro Forma Combined
		Adjustments	Before Separation	Separation Adjustments		
Revenues						
Advisory Fees	\$105,266	\$ —	\$ 105,266	\$ —		\$105,266
Placement Fees	48,323	—	48,323	—		48,323
Interest Income	1,530	—	1,530	—		1,530
Other	(325)	—	(325)	—		(325)
Total Revenues	<u>154,794</u>	<u>—</u>	<u>154,794</u>	<u>—</u>		<u>154,794</u>
Expenses						
Compensation and Benefits	139,760	—	139,760	9,597	(f)	140,400
				(277)	(g)	
				(8,680)	(h)	
Occupancy and Related	14,044	—	14,044	(3,729)	(h)	10,315
Travel and Related	6,306	—	6,306	(609)	(h)	5,697
Professional Fees	5,966	—	5,966	10,846	(h)	16,812
Communications and Information Services	2,791	—	2,791	(2,099)	(h)	692
Other Expenses	7,055	—	7,055	(2,250)	(h)	4,805
Total Expenses	<u>175,922</u>	<u>—</u>	<u>175,922</u>	<u>2,799</u>		<u>178,721</u>
Loss Before Provision for Taxes	(21,128)	—	(21,128)	(2,799)		(23,927)
Provision (Benefit) for Taxes	<u>2,002</u>	<u>(6,918)</u>	(a) <u>(4,916)</u>	<u>(754)</u>	(i)	<u>(5,670)</u>
Net Loss	(23,130)	6,918	(16,212)	(2,045)		(18,257)
Net Income Attributable to Redeemable Non-Controlling Interests	<u>—</u>		(b)		(k)	
Net Income (Loss) Attributable to PJT Partners	<u>\$ (23,130)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>		<u>\$ —</u>
Net Income Per Share of Class A Common Stock Outstanding						
Basic						<u>\$ —</u> (l)
Diluted						<u>\$ —</u> (l)
Weighted-Average Shares of Class A Common Stock Outstanding						
Basic						<u>—</u> (l)
Diluted						<u>—</u> (l)

PJT Partners
Unaudited Pro Forma Combined Statement of Financial Condition
(Dollars in Thousands)

	June 30, 2015				Pro Forma
	Historical	Reorganization Adjustments	As Adjusted		
			Before Separation	Separation Adjustments	
Assets					
Cash and Cash Equivalents	\$ 70,781	\$ —	\$ 70,781	\$ (45,781)(j)	\$ 25,000
Accounts Receivable	133,753	—	133,753	—	133,753
Receivable from Affiliates	20,435	—	20,435	—	20,435
Due from Blackstone	33,767	—	33,767	(37,899)(j) 4,132 (g)	—
Intangible Assets, Net	18,471	—	18,471	—	18,471
Goodwill	68,873	—	68,873	—	68,873
Other Assets	9,619	—	9,619	—	9,619
Deferred Tax Assets	2,092	114,167(d)	116,259	—	116,259
Total Assets	<u>\$357,791</u>	<u>\$ 114,167</u>	<u>\$ 471,958</u>	<u>\$ (79,548)</u>	<u>\$392,410</u>
Liabilities and Equity					
Accrued Compensation and Benefits	\$ 55,305	\$ —	\$ 55,305	\$ (327)(g)	\$ 54,978
Accounts Payable, Accrued Expenses and Other					
Liabilities	17,052	—	17,052	— (f)	17,052
Taxes Payable	64	—	64	—	64
Deferred Revenue	1,517	—	1,517	—	1,517
Total Liabilities	<u>73,938</u>	<u>—</u>	<u>73,938</u>	<u>(327)</u>	<u>73,611</u>
Redeemable Non-Controlling Interests	—	(e)		(k)	
Equity					
Parent Company Investment	282,015	(282,015)(c)	—	—	—
Accumulated Other Comprehensive Income	1,838	—	1,838	—	1,838
Common Stock - Class A	—	(e)			
Common Stock - Class B	—	(e)			
Additional Paid-In Capital	—	282,015 (c)	396,182	(83,680)(j)	316,961
		114,167 (d)		(k)	
		(e)		4,459 (g)	
				— (f)	
Total Equity	<u>283,853</u>	<u>114,167</u>	<u>398,020</u>	<u>(79,221)</u>	<u>318,799</u>
Total Liabilities and Equity	<u>\$357,791</u>	<u>\$ 114,167</u>	<u>\$ 471,958</u>	<u>\$ (79,548)</u>	<u>\$392,410</u>

Notes to Unaudited Pro Forma Combined Financial Statements

Reorganization Adjustments

- (a) The provision (benefit) for income taxes reflected in the historical combined financial statements was calculated on a separate tax return basis, although PJT Partners’ operations have historically been included in Blackstone’s U.S. Federal, state and foreign tax returns.

Following this transaction, PJT Partners Inc. will be subject to U.S. Federal income taxes, in addition to state and local taxes with respect to the allocable share of any net taxable income of PJT Partners Holdings LP, which will result in higher income taxes. As a result, the pro forma statements of operations reflect an adjustment to the provision (benefit) for income taxes to reflect effective rates below. These effective rates have been determined as if PJT Partners filed separate, stand-alone income tax returns after giving effect to the reorganization described elsewhere in this filing and calculate PJT Partners’ Provision (Benefit) for Taxes. The following tables reconcile PJT Partners’ pro forma effective tax rate to the U.S. Federal statutory rate and calculate PJT Partners’ Provision (Benefit) for Taxes:

	Year Ended December 31,	Six Months Ended June 30,
	2014	2015
Statutory U.S. Federal Income Tax Rate	35.0%	35.0%
Income Passed Through to Redeemable Non-Controlling Interest Holders	-13.0%	-13.2%
Foreign Income Taxes	4.2%	-0.9%
State and Local Income Taxes	62.2%	-1.7%
Compensation	138.0%	4.4%
Other	2.6%	-0.3%
Effective Income Tax Rate	<u>229.0%</u>	<u>23.3%</u>

Thus, PJT Partners’ provision (benefit) for taxes is as follows:

	Year Ended December 31,	Six Months Ended June 30,
	2014	2015
	(Dollars in Thousands)	
Income (Loss) Before Provision (Benefit) for Taxes	\$ 7,538	\$ (21,128)
Effective Income Tax Rate	229.0%	23.3%
Provision (Benefit) for Taxes	<u>\$ 17,261</u>	<u>\$ (4,916)</u>

- (b) As described in “The Spin-Off—Organizational Structure Following the Spin-Off,” PJT Partners Inc. will become the sole general partner, and consolidate the financial results, of PJT Partners Holdings LP. PJT Partners Inc. will initially own less than 100% of the economic interest in PJT Partners Holdings LP, but will have 100% of the voting power and control the management of PJT Partners Holdings LP. Immediately following the spin-off, the redeemable non-controlling interest in PJT Partners Holdings LP will be %. The percentage of the Net Income (Loss) Attributable to the Redeemable Non-Controlling Interests will vary from this percentage due to the differing level of income taxes applicable to the controlling interest.

As described in “Certain Relationships and Related Person Transactions—Exchange Agreement,” Partnership Units in PJT Partners Holdings LP are exchangeable at the option of the holder for cash, or, at PJT Partners’ 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 PJT Partners 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 PJT Partners’ control is considered a redeemable non-controlling interest and is presented separately from Equity in the Unaudited Pro Forma Combined Statement of Financial Condition.

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Notes to Unaudited Pro Forma Combined Financial Statements

The corporate tax provision attributable to PJT Partners Inc. is allocated solely to PJT Partners Inc. The pro forma Net Income (Loss) is split as follows:

	Year Ended December 31,	Six Months Ended June 30,
	2014	2015
	(Dollars in Thousands)	
Income (Loss) Before Provision for Taxes	\$ 7,538	\$ (21,128)
Tax Provision Attributable to all Shareholders	3,282	1,688
Net Income (Loss) Attributable to all Shareholders	4,256	(22,816)
Redeemable Non-Controlling Interests Percentage		
Net Income (Loss) Attributable to Redeemable Non-Controlling Interests	\$	\$
Net Income (Loss) Attributable to all Shareholders	\$ 4,256	\$ (22,816)
Controlling Interests Percentage		
Tax Provision (Benefit) Attributable Solely to PJT Partners Inc.		
Net Income (Loss) Attributable to PJT Partners Inc.	\$	\$

- (c) Represents the final settlement of Blackstone's remaining net investment in PJT Partners which was recorded as Parent Company Investment in the historical combined financial statements.
- (d) Reflects adjustments to Deferred Tax Assets and Additional Paid-In Capital in connection with the reorganization to record a Deferred Tax Asset principally related to PJT Partners' goodwill and intangible assets. This reflects the tax impact associated with the existing book and tax differences for items that will be allocated to PJT Partners and subject to corporate income taxes. The additional Deferred Tax Asset recorded for these items is \$114.2 million, with the offset recorded within Additional Paid-In Capital.
- (e) With respect to the equity section of the Unaudited Pro Forma Combined Statements of Financial Condition, represents the issuance of shares of Class A common stock, the issuance of shares of Class B common stock and the allocation of equity between the % redeemable non-controlling interest holders and % controlling interest holders of PJT Partners Inc. as follows:

	June 30, 2015	
	Amount	Percentage
	(Dollars in Thousands)	
Redeemable Non-Controlling Interests	\$	
Equity		
Common Stock - Class A	\$	
Common Stock - Class B		
Additional Paid-In Capital		
	\$	

Separation Adjustments

- (f) Reflects the incremental equity-based compensation expense for awards granted or modified to existing PJT Partners employees in connection with the spin-off.

Notes to Unaudited Pro Forma Combined Financial Statements

Certain employees will receive restricted PJT Partners equity awards in connection with the spin-off. These awards generally vest at three years from the date of the spin-off. The equity-based compensation expense associated with these awards is \$ million and \$ million for the year ended December 31, 2014 and the six months ended June 30, 2015, respectively.

Equity awards granted pursuant to Blackstone’s Bonus Deferral Plan with respect to 2014 bonuses differ from the same awards granted by Blackstone historically. The 2014 awards were subject to ratable service-based vesting over a three year period with no deferred bonus premium, but will receive distributions while unvested. Previously, Blackstone’s deferred restricted unit awards vested immediately from a service-vesting standpoint with ratable delivery over four years. These awards did not receive distributions while unvested, but were granted with a deferred bonus premium that would vest after four years. This pro forma adjustment recognizes compensation expense on these awards as if Blackstone’s plan had been in effect at January 1, 2011 and results in additional expense to PJT Partners of \$27.7 million for the year ended December 31, 2014 and \$9.6 million for the six months ended June 30, 2015.

In addition, PJT Partners will reimburse Blackstone for the value of forfeited unvested equity awards granted to former Blackstone employees transitioning to PJT Partners in connection with the spin-off. (See “Certain Relationships and Related Party Transactions—Agreements with Blackstone Related to the Spin-Off—Employee Matters Agreement.”) This pro forma adjustment is recorded in Accounts Payable, Accrued Expenses and Other Liabilities within the Combined Statement of Financial Condition, as following the spin-off, PJT Partners will be an independent public company. The offsetting credit is a charge to Additional Paid-In Capital. PJT Partners will cash settle the liability to Blackstone quarterly as the forfeitures attributable to these former Blackstone employees crystallize. The accrual for these future forfeitures was \$ million as of June 30, 2015.

No pro forma adjustment has been made for any equity awards issued to Mr. Taubman and the other selling holders of equity interests in PJT Capital LP who will receive Partnership Units in PJT Partners Holdings LP upon consummation of the acquisition as the corporate positions and responsibilities such persons are filling are new to the enterprise. The historical results of PJT Partners include equity-based compensation expense allocated from Blackstone senior management personnel for oversight and review of the historical activities of PJT Partners.

The combined pro forma adjustments for these equity-based compensation related awards are as follows:

<u>Impact on the Pro Forma Combined Statements of Operations</u>	<u>Year Ended December 31, 2014</u>	<u>Six Months Ended June 30, 2015</u>
	(Dollars in Thousands)	
Awards for Certain Employees in Connection with the Spin-Off		
Compensation and Benefits	\$	\$
Change in Vesting Period and Distributions Related to the Bonus Deferral Plan		
Compensation and Benefits	<u>27,731</u>	<u>9,597</u>
Total Compensation and Benefits	<u>\$</u>	<u>\$</u>
 Impact on the Pro Forma Combined Statement of Financial Condition		
Forfeiture Reimbursement		
Accounts Payable, Accrued Expenses and Other Liabilities		<u>\$</u>
Additional Paid-In Capital		<u>\$</u>

Notes to Unaudited Pro Forma Combined Financial Statements

- (g) This adjustment reverses severance charges incurred in connection with the spin-off. As discussed in “Certain Relationships and Related Party Transactions—Agreements with Blackstone Related to the Spin-Off—Employee Matters Agreement,” Blackstone will be obligated to retain these severance costs pursuant to the Employee Matters Agreement. Accordingly, following the closing of the spin-off, PJT Partners will not be responsible for these costs and such charges are thus reversed in these pro forma financial statements.

PJT Partners incurred severance costs of \$19.8 million and \$0.3 million for the year ended December 31, 2014 and the six months ended June 30, 2015, respectively, primarily associated with the termination of employees and related benefits. These amounts were recorded as Compensation and Benefits in the Combined Statements of Operations and are reversed by this adjustment.

As of June 30, 2015, the Company had a remaining liability relating to these severance obligations, net of payments, of \$4.5 million comprised of \$4.1 million in Due to Blackstone and \$0.3 million in Accrued Compensation and Benefits. Blackstone provides payroll services on behalf of the U.S. operations of the Company and the liability is thus recorded based on whether Blackstone or the Company will pay the liability. Because Blackstone will be required to assume these severance obligations pursuant to the Employee Matters Agreement, this adjustment reverses the Company’s liability for them. At June 30, 2015, the Company had a net receivable from Blackstone and thus the Due to Blackstone is a component of the net Due from Blackstone.

- (h) Represents the impact of the transition services agreement. Blackstone allocates indirect expenses to PJT Partners covering services for finance, information technology, human resources, facilities, legal and compliance, public company reporting activities and external relations. Blackstone and PJT Partners expect the costs for these services to be lower for PJT Partners when it becomes an independent public company. Blackstone’s organizational size and complexity as well as it operating within multiple segments of the alternative asset management industry result in a different cost structure than the smaller less complex organizational structure of PJT Partners operating solely within the financial advisory services business. Blackstone and PJT Partners have entered into a 24 month transition services agreement for which Blackstone will continue to provide the defined services after the spin-off at rates estimated by Blackstone and PJT Partners to be arms-length market comparable rates. Each of the individual services covered by the transition services agreement can be terminated by either Blackstone or PJT Partners with 60 days’ notice. The reversed historical indirect allocated expenses specifically represent those expenses covered by an equivalent service in the transition services agreement. The pro forma effect of the agreement is detailed below:

	Year Ended December 31, 2014			Six Months Ended June 30, 2015		
	Historical Indirect Allocated Expenses	Transition Services Agreement	Net	Historical Indirect Allocated Expenses	Transition Services Agreement	Net
(Dollars in Thousands)						
Expenses						
Compensation and Benefits	\$(18,868)	\$ —	\$(18,868)	\$ (8,680)	\$ —	\$(8,680)
Occupancy and Related	(8,298)	—	(8,298)	(3,729)	—	(3,729)
Travel and Related	(885)	—	(885)	(609)	—	(609)
Professional Fees	(6,334)	27,554	21,220	(2,932)	13,778	10,846
Communications and Information Services	(5,570)	—	(5,570)	(2,099)	—	(2,099)
Other Expenses	(4,603)	—	(4,603)	(2,250)	—	(2,250)
Total Expenses	<u>\$(44,558)</u>	<u>\$ 27,554</u>	<u>\$(17,004)</u>	<u>\$(20,299)</u>	<u>\$ 13,778</u>	<u>\$(6,521)</u>

Notes to Unaudited Pro Forma Combined Financial Statements

- (i) Provision (Benefit) for Taxes adjustment resulting from the pro forma separation adjustments using the same calculation methodologies described in (a), calculated as follows:

	Year Ended December 31,	Six Months Ended June 30,
	<u>2014</u>	<u>2015</u>
	(Dollars in Thousands)	
Combined Statement of Operations		
Separation Adjustments	\$ 9,114	\$ (2,799)
Attributable to All Shareholders		
Marginal Tax Rate	1.8%	1.8%
Incremental Tax Provision (Benefit)	\$ 161	\$ (49)
Attributable to PJT Partners		
Allocation to PJT Partners	%	%
Marginal Tax Rate	%	%
Incremental Tax Provision (Benefit)	2,272	(705)
Total Incremental Tax Provision (Benefit)	\$ 2,433	\$ (754)

- (j) Represents the pre-spin-off settlement of account balances in accordance with the terms of the transaction agreement as follows: Cash and Cash Equivalents of \$45.8 million is contributed to Blackstone (represents the balance to establish Cash and Cash Equivalents at \$25.0 million) and the full settlement of Due from Blackstone of \$37.9 million.
- (k) Reflects the incremental allocation of Net Income (Loss) and Additional Paid-In Capital to Redeemable Non-Controlling Interests consistent with the ownership percentages described in adjustment (b). The Redeemable Non-Controlling Interest is measured at fair value as of the spin-off date and is remeasured each subsequent reporting period to reflect its then current redemption value. The redemption value is based upon the fair value of PJT Partners Holdings LP units, calculated as the closing price per share of PJT Partners Inc.'s Class A Common Stock at each reporting date multiplied by the number of participating PJT Partners Holdings LP Partnership Units outstanding. As of June 30, 2015 the fair value was calculated at the distribution price of \$ per share of Class A Common Stock multiplied by participating PJT Partners Holdings LP Partnership Units outstanding, which represents the Redeemable Non-Controlling Interest. The Redeemable Non-Controlling Interest was adjusted to reflect a fair value of \$ million as of June 30, 2015 with a corresponding decrease in Additional Paid-In Capital. The following table calculates the number of PJT Partners Holdings LP Partnership Units that comprise the Redeemable Non-Controlling Interest as of June 30, 2015:

Shares of Class A Common Stock Outstanding	
Controlling Interest Percentage	_____
Total Partnership Units	
Redeemable Non-Controlling Interest Percentage	_____
Total Redeemable Non-Controlling Interest Units	_____

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- (l) Pro forma basic earnings per share and pro forma weighted-average basic shares outstanding are based on the number of shares of Class A common stock of PJT Partners Inc. on December 31, 2014 and June 30, 2015, adjusted for an assumed distribution ratio of one share of Class A common stock of PJT Partners Inc. for every Blackstone common units held on , 2015, the record date. Pro forma diluted earnings per share and pro forma weighted-average diluted shares outstanding give effect to the potential dilution from common shares related to equity awards granted to our employees under PJT Partners' stock-based compensation programs. The actual effect on a go-forward basis will depend on various factors, including the employment of personnel at PJT Partners and the value of the equity awards at the time of the spin-off. PJT Partners cannot estimate the fully dilutive effects at this time. As of December 31, 2014 and June 30, 2015, \$ million and \$ million awards were excluded from the computation of diluted earnings per share, respectively, as their impact was anti-dilutive.

	Year Ended December 31,	Six Months Ended June 30,
	2014	2015
Weighted-Average Shares of Class A Shares Outstanding		
Basic	=====	=====
Diluted	=====	=====

**MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

You should read the following discussion of our results of operations and financial condition together with the audited historical financial statements and the notes thereto included in this information statement, as well as the discussion in the section of this information statement entitled "Business."

The financial statements, which are discussed below, reflect the historical financial condition, results of operations and cash flows of the financial and strategic advisory services, restructuring and reorganization advisory services and Park Hill Group businesses of Blackstone, which, together with the capital markets services business that will be retained by Blackstone, have historically constituted Blackstone's Financial Advisory reporting segment. The financial information discussed below and included in this information statement, however, may not necessarily reflect what our financial condition, results of operations or cash flows would have been had we been a standalone company during the periods presented or what our financial condition, results of operations and cash flows may be in the future.

Our Business

PJT Partners is a global independent financial advisory firm. Our veteran team of professionals, including our 31 partners, delivers a wide array of strategic advisory, restructuring and reorganization, and funds advisory services to corporations, financial sponsors, institutional investors and governments around the world. We offer a balanced portfolio of advisory services designed to help our clients realize major corporate milestones. We also provide, through Park Hill Group, fund placement and secondary advisory 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, established in 1985, offers a broad range of financial advisory and transaction execution capability, including acquisitions, mergers, joint ventures, minority investments, asset swaps, divestitures, takeover defenses, corporate finance advisory, private placements and distressed sales. Since inception, we have advised on more than 292 announced M&A transactions with a total value of more than \$600 billion. The combined value of the announced M&A transactions that we and PJT Capital advised on over the past two years was more than \$195 billion. Our restructuring and reorganization business, established in 1991, is one of the world's leading restructuring advisors, having advised on more than 400 distressed situations, both in and out of bankruptcy, involving more than \$1.5 trillion of total liabilities. Park Hill Group, our funds advisory services business, is the world's leading private equity and real estate fund placement agent, having served as a placement agent to more than 194 funds raising approximately \$261 billion for a diverse range of investment strategies since its inception in 2005. Moreover, Park Hill Group is the only group among its peers with top-tier dedicated private equity, hedge fund and real estate advisory groups, as well as a dedicated team that supports secondary transactions in limited partnership interests in existing funds.

We believe the success of our business has resulted from a highly-experienced team and a relentless focus on our core principles: prioritizing our client's interests, providing superior client service, protecting client confidentiality and avoiding conflicts of interest. As of June 30, 2015, our strategic advisory team was comprised of 100 professionals, including 9 partners, with an average of over 22 years of experience in providing corporate finance and mergers and acquisitions advice. As of June 30, 2015, our restructuring and reorganization team was comprised of 51 professionals, including 8 partners with an average of 18 years of experience advising a diverse base of clients, including companies, creditors, corporate parents, hedge funds, financial sponsors and acquirers of troubled companies. We believe that we have one of the most seasoned and experienced restructuring teams in the financial services industry, working on a significant share of the major restructuring assignments in this area. As of June 30, 2015, our Park Hill Group team was comprised of 84 professionals, including 14 partners with an average of over 20 years of experience advising and executing on all aspects of the fundraising process, and operates across seven offices around the world.

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Spin-off from Blackstone

On October 7, 2014, the board of directors of Blackstone Group Management L.L.C. approved a plan to separate Blackstone's financial and strategic advisory services, restructuring and reorganization advisory services and Park Hill Group businesses from Blackstone to form PJT Partners, following which PJT Partners will be an independent, publicly traded company.

Consummation of the spin-off, including the consummation of the acquisition and the distribution of our Class A common stock to Blackstone common unitholders is subject to the satisfaction or waiver of certain conditions. In addition, we, Blackstone and Mr. Taubman have the right to terminate the Transaction Agreement and abandon the spin-off in certain circumstances, as described in this information statement. See "The Spin-Off—Conditions to the Spin-Off" and "—Termination and Abandonment of the Spin-Off." Immediately following the distribution, Blackstone will not own any shares of any class of our outstanding common stock, and we will have entered into a Separation Agreement and will enter into several other agreements with Blackstone. These agreements will set forth the principal transactions required to effect our separation from Blackstone and provide for the allocation between us and Blackstone of various assets, liabilities, rights and obligations (including employee benefits and tax-related assets and liabilities) and govern the relationship between us and Blackstone after completion of the spin-off. These agreements will also include arrangements with respect to transitional services to be provided by Blackstone to us.

We expect to experience changes in our ongoing cost structure for certain items that we will incur as an independent public company that have not been historically allocated to us as a part of Blackstone, and accordingly are not covered by the transition services agreement. For example, Blackstone currently provides certain corporate functions on our behalf, including, but not limited to, insurance, access to liquidity, including working capital, and directors' fees. PJT Partners' historical combined financial statements include direct expenses and allocations of these expenses from Blackstone. These costs may not be representative of the future costs we will incur as an independent public company. No pro forma adjustments have been made to reflect such costs due to the fact that they currently are not objectively determinable.

In addition, we currently contemplate that we may incur certain costs during the transition to being a stand-alone public company that are not covered by the transition services agreement. These costs might include, but are not limited to, incremental accounting, tax and other professional costs pertaining to the spin-off and establishing us as a stand-alone public company, recruiting and relocation costs associated with hiring additional key corporate senior management personnel, costs related to establishing our new brand in the marketplace and costs to separate corporate information systems. No pro forma adjustments have been made for these costs as the costs are not expected to have an ongoing impact on our operating results. Due to the scope and complexity of these activities, the amount of these costs could increase or decrease materially and the timing of incurrence could change.

Primary Sources of Revenue

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 reorganization services include providing advice to corporations and creditors in bankruptcies and restructurings around the world, with 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 within Park Hill Group include providing solutions to investing clients seeking portfolio liquidity, unfunded commitment relief and investments in secondary markets. Advisory

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Fees typically consist of advisory 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.

From time to time we serve as an advisor to portfolio companies owned or controlled by Blackstone as well as funds managed by Blackstone. Advisory Fee Revenue from such assignments was 11.8% and 5.9% of our Advisory Fees for each of the years ended December 31, 2014 and 2013, respectively. We earned Advisory Fees from 142 clients and 147 clients for the years ended December 31, 2014 and 2013, respectively. For the year ended December 31, 2014, no one client represented 10% or more of Advisory Fees. For the year ended December 31, 2013, one client represented 12.3% of Advisory Fees. The number of clients from which we earned Advisory Fees equal to or greater than \$1 million was 68 and 70 for the years ended December 31, 2014 and 2013, respectively.

Placement Fees – Our funds 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 to alternative investment funds are typically recognized as earned upon acceptance by a fund of capital or capital commitments, in accordance with terms set forth in individual agreements. For commitment based fees, revenue is recognized as commitments are accepted (referred to as a “closing”). 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 hedge fund structures, placement fees are earned based on net asset value (“NAV”) and calculated as a percentage of a placed investor’s month end NAV. Typically, we earn fees for such hedge 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 funds to provide capital fundraising services, which are recorded as revenues in the period over which services are provided. However, our more recent placement fee arrangements have increasingly eliminated upfront fees and such fees comprised less than one percent of our Placement Fee Revenues for each of the years ended December 31, 2014 and 2013, respectively.

From time to time, we serve as an advisor to funds managed by Blackstone and to portfolio companies owned or controlled by Blackstone. Placement Fee Revenue from such assignments was 11.7% and 9.4% of our Placement Fees for each of the years ended December 31, 2014 and 2013, respectively. We earned Placement Fees from 75 clients and 66 clients for the years ended December 31, 2014 and 2013, respectively, with no one client representing 10% or more of Placement Fee Revenues in either period. The number of clients from which we earned Placement Fees equal to or greater than \$1 million was 35 and 30 for the years ended December 31, 2014 and 2013, respectively.

Interest Income – Interest income is earned on bank deposits and outstanding placement fees receivable.

Other Revenue – Other Revenue consists of miscellaneous income and foreign exchange gains and losses arising on transactions denominated in currencies other than U.S. dollars.

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Primary Expenses

Compensation and Benefits — Compensation and benefits expense includes employee and partner salaries, bonuses, benefits and employer taxes. 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, deferred cash 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.

As described in “Certain Relationships and Related Party Transactions—Transaction Agreement,” upon consummation of the acquisition, Mr. Taubman and the other selling holders of equity interests in PJT Capital LP will receive an aggregate of unvested Partnership Units and an aggregate of unvested Participating LTIP Units in PJT Partners Holdings LP that will be subject to time-based vesting and an aggregate of partnership interests in PJT Partners Holdings LP that will be issued in the form of LTIP Units and subject to both time-based and market condition-based vesting. As a result, we expect to record equity-based compensation expense of \$ million, which will be charged to compensation and benefits expense over the service period. The effect of the market condition on the LTIP Units that are subject to time-based and market condition-based vesting will be reflected in the estimated grant date fair value of these awards.

In addition, as described in “Certain Relationships and Related Party Transactions—Agreements with Blackstone Related To The Spin-Off—Employee Matters Agreement,” we intend to issue retention awards to PJT Partners personnel at the time of the spin-off covering an aggregate of shares of our Class A common stock and Partnership Units that generally will vest 100% on the third anniversary of the spin-off subject to the holder’s continued employment with us through such vesting date. Retention awards may also be issued in the form of LTIP Units subject to both time-based and market condition-based vesting. As a result, we expect to record equity-based compensation expense of \$ million, which will be will be charged to compensation and benefits expense over the service periods.

Also as described in “Certain Relationships and Related Party Transactions—Agreements with Blackstone Related To The Spin-Off—Employee Matters Agreement,” we intend to issue replacement equity awards to PJT Partners personnel at the time of the spin-off covering an aggregate of shares of our Class A common stock and Partnership Units. The vesting and settlement terms of the replacement awards will be identical to the corresponding Blackstone award which it replaced and as a result, we expect to record equity-based compensation expense associated with such replacement equity awards consistently with historical periods.

Our remaining expenses are the other costs typical to operating our business, which 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, NY, 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;

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- *Communications and Information Services* – consisting primarily of costs for our technology infrastructure, telecommunications costs and fees paid for access to external market data;
- *Other Expenses* – consisting principally of depreciation and amortization on our leasehold improvements and intangibles, research, bad debt and interest;

Income Taxes — Our operations have historically been included in Blackstone’s income tax returns, except for certain entities that are classified as partnerships for U.S. tax purposes. Our historical income tax expense and deferred tax balances have been presented in the combined financial statements on a separate company basis as if we filed income tax returns on a stand-alone basis separate from Blackstone. After consummation of the spin-off, PJT Partners Inc. will become subject to U.S. Federal, state, local and foreign income taxes with respect to its allocable share of any taxable income of PJT Partners Holdings LP at the prevailing corporate tax rates. Accordingly, our deferred taxes and effective tax rate will differ from those in the historical periods.

We are subject to entity level taxation in New York City, and certain foreign businesses are subject to entity level foreign income taxes. As a result, the Combined Statements of Operations include tax expense related to jurisdictions where those businesses operate.

Other

Redeemable Non-Controlling Interest — Following the spin-off, PJT Partners Inc. will be a holding company and its only material asset will be its controlling equity interest in PJT Partners Holdings LP. As the sole general partner of PJT Partners Holdings LP, PJT Partners Inc. will operate and control all of the business and affairs and consolidate 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.) will be reflected as a non-controlling interest in PJT Partners Inc.’s consolidated financial statements.

Non-GAAP Financial Measures

Adjusted Net Income — Adjusted Net Income is a key performance measure used by management.

Adjusted Net Income is a key measure of value creation, a benchmark of performance and a key indicator in making resource allocation and compensation decisions. Adjusted Net Income represents Net Income (Loss) Attributable to PJT Partners excluding Transaction-Related charges and after current period taxes. Transaction-Related charges arise from the spin-off and related transactions, Blackstone’s IPO and special equity awards from reissued IPO units and other corporate actions, including acquisitions. Transaction-Related charges include equity-based compensation charges, amortization of intangible assets, severance, occupancy and professional fees. Adjusted Net Income is a non-GAAP measure. Adjusted Net Income is derived from and reconciled to, but not equivalent to, its most directly comparable GAAP measure of Net Income (Loss) Attributable to PJT Partners.

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Combined Results of Operations

Following is a discussion of our combined results of operations for the six months ended June 30, 2015 and 2014 and for the years ended December 31, 2014, 2013 and 2012.

	Six Months Ended June 30,				Year Ended December 31,			2014 vs. 2013		2013 vs. 2012	
	2015	2014	2015 vs. 2014		2014	2013	2012	\$	%	\$	%
			\$	%							
(Dollars in Thousands)											
Revenues											
Advisory Fees	\$105,266	\$129,503	\$(24,237)	-19%	\$271,278	\$256,433	\$244,439	\$ 14,845	6%	\$11,994	5%
Placement Fees	48,323	42,188	6,135	15%	127,664	136,726	106,764	(9,062)	-7%	29,962	28%
Interest Income	1,530	1,555	(25)	-2%	3,046	2,955	3,809	91	3%	(854)	-22%
Other	(325)	(300)	(25)	-8%	(919)	840	(395)	(1,759)	N/M	1,235	N/M
Total Revenues	154,794	172,946	(18,152)	-10%	401,069	396,954	354,617	4,115	1%	42,337	12%
Expenses											
Compensation and Benefits	139,760	168,978	(29,218)	-17%	317,478	339,778	318,255	(22,300)	-7%	21,523	7%
Occupancy and Related	14,044	12,361	1,683	14%	25,601	21,715	22,332	3,886	18%	(617)	-3%
Travel and Related	6,306	5,862	444	8%	13,382	13,678	13,606	(296)	-2%	72	1%
Professional Fees	5,966	5,011	955	19%	10,837	12,344	13,713	(1,507)	-12%	(1,369)	-10%
Communications and Information Services	2,791	3,375	(584)	-17%	7,048	6,772	7,855	276	4%	(1,083)	-14%
Other Expenses	7,055	11,005	(3,950)	-36%	19,185	16,467	18,047	2,718	17%	(1,580)	-9%
Total Expenses	175,922	206,592	(30,670)	-15%	393,531	410,754	393,808	(17,223)	-4%	16,946	4%
Income (Loss) Before Provision for Taxes	(21,128)	(33,646)	12,518	37%	7,538	(13,800)	(39,191)	21,338	N/M	25,391	65%
Provision for Taxes	2,002	974	1,028	106%	3,046	3,373	3,357	(327)	-10%	16	0%
Net Income (Loss) Attributable to PJT Partners	\$(23,130)	\$(34,620)	\$ 11,490	33%	\$ 4,492	\$(17,173)	\$(42,548)	\$ 21,665	N/M	\$25,375	60%

N/M Not meaningful.

Six Months Ended June 30, 2015 Compared to Six Months Ended June 30, 2014

Revenues

Total Revenues were \$154.8 million for the six months ended June 30, 2015, a decrease of \$18.2 million compared to Total Revenues for the six months ended June 30, 2014 of \$172.9 million. The decrease in revenues was driven by a decrease in Advisory Fees of \$24.2 million partially offset by an increase in Placement Fees of \$6.1 million. The number of clients from which we earned Advisory Fees decreased to 86 for the six months ended June 30, 2015 from 98 for the six months ended June 30, 2014. The number of clients from which we earned Advisory Fees equal to or greater than \$1 million was 32 for each of the six month periods ended June 30, 2015 and 2014. The number of clients from which we earned Placement Fees decreased to 44 for the six months ended June 30, 2015 from 49 for the six months ended June 30, 2014. The number of clients from which we earned Placement Fees equal to or greater than \$1 million was 16 for each of the six month periods ended June 30, 2015 and 2014.

Expenses

Expenses were \$175.9 million for the six months ended June 30, 2015, a decrease of \$30.7 million compared to \$206.6 million for the six months ended June 30, 2014. The decrease in expenses was primarily

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attributable to a decrease of \$29.2 million in Compensation and Benefits. The overall decrease in Compensation and Benefits was primarily due to changes associated with the deferred compensation plan. Expenses for the six months ended June 30, 2015 included \$29.3 million of Transaction-Related charges, which include principally equity-based compensation charges associated with Blackstone's IPO and special equity awards from reissued IPO units, and expenses for the six months ended June 30, 2014 included \$41.6 million of Transaction-Related charges.

Provision for Taxes

The Company's Provision for Taxes for the six months ended June 30, 2015 and 2014 was \$2.0 million and \$1.0 million, respectively. This resulted in an effective tax rate of -9.5% and -2.9%, respectively, based on our Loss Before Provision for Taxes of \$21.1 million and \$33.6 million, respectively.

The New York City Unincorporated Business Tax ("UBT") of \$1.2 million for the period ended June 30, 2015 compared with the New York City UBT of \$1.1 million for the period ended June 30, 2014 resulted in a 2.2% decrease to the effective tax rate between the respective periods based on the reduction of pre-tax loss of \$21.1 million and \$33.6 million for the six months ended June 30, 2015 and June 30, 2014, respectively.

Year Ended December 31, 2014 Compared to Year Ended December 31, 2013

Revenues

Total Revenues were \$401.1 million for the year ended December 31, 2014, an increase of \$4.1 million compared to Total Revenues for the year ended December 31, 2013 of \$397.0 million. The increase in Total Revenues in 2014 was driven by an increase of Advisory Fees of \$14.8 million, partially offset by a decrease in Placement Fees of \$9.1 million. The number of clients from which we earned Advisory Fees decreased from 147 in 2013 to 142 in 2014. The number of clients from which we earned Advisory Fees equal to or greater than \$1 million increased from 66 in 2013 to 69 in 2014. The number of clients from which we earned Placement Fees increased to 75 in 2014 from 66 in 2013. The number of clients from which we earned Placement Fees equal to or greater than \$1 million increased to 35 in 2014 from 30 in 2013.

Expenses

Expenses were \$393.5 million for the year ended December 31, 2014, a decrease of \$17.2 million compared to \$410.8 million for the year ended December 31, 2013. The decrease in expenses was primarily attributable to decreases of \$22.3 million in Compensation and Benefits and \$1.5 million in Professional Fees, partially offset by an increase of \$3.9 million in Occupancy and Related expenses. The overall decrease in Compensation and Benefits was primarily due to changes associated with the deferred compensation plan. Professional fees decreased primarily as a result of reduced consulting and recruiting fees. Occupancy and Related expenses increased primarily as a result of additional rent in New York and London. Expenses for the year ended December 31, 2014 included \$91.3 million of Transaction-Related charges, which include principally equity-based compensation charges associated with Blackstone's IPO and special equity awards from reissued IPO units, and expenses for the year ended December 31, 2013 included \$82.0 million of Transaction-Related charges.

Provision for Taxes

The Company's Provision for Taxes for the year ended December 31, 2014 and 2013 was \$3.0 million and \$3.4 million, respectively. This resulted in an effective tax rate of 40.4% based on our Income Before Taxes of \$7.5 million for the year ended December 31, 2014 and an effective tax rate of -24.4% based on our Loss Before Taxes of \$13.8 million for the year ended December 31, 2013.

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The New York City UBT of \$3.0 million for the year ended December 31, 2014 compared with the New York City UBT of \$3.0 million for the year ended December 31, 2013 resulted in a 61.7% increase to the effective tax rate between the respective years based on the pre-tax income of \$7.5 million and pre-tax loss of \$13.8 million for the years ended December 31, 2014 and December 31, 2013, respectively.

Year Ended December 31, 2013 Compared to Year Ended December 31, 2012

Revenues

Total Revenues were \$397.0 million for the year ended December 31, 2013, an increase of \$42.3 million compared to \$354.6 million for the year ended December 31, 2012. The increase in Total Revenues in 2013 was driven primarily by an increase in Placement Fee revenues of \$30.0 million as well as an increase in Advisory Fees of \$12.0 million. The number of clients from which we earned Advisory Fees increased to 147 in 2013 from 135 in 2012. The number of clients from which we earned Advisory Fees equal to or greater than \$1 million increased to 70 in 2013 from 61 in 2012. The number of clients from which we earned Placement Fees increased to 66 in 2013 from 57 in 2012. The number of clients from which we earned Placement Fees equal to or greater than \$1 million increased to 30 in 2013 from 19 in 2012.

Expenses

Expenses were \$410.8 million for the year ended December 31, 2013, an increase of \$16.9 million compared to \$393.8 million for the year ended December 31, 2012. The increase was primarily attributable to an increase in Compensation and Benefits of \$21.5 million, primarily due to the overall increase in fee revenue. Expenses for the year ended December 31, 2013 included \$82.0 million of Transaction-Related charges, which include principally equity-based compensation charges associated with Blackstone's IPO and special equity awards from reissued IPO units, and expenses for the year ended December 31, 2012 included \$83.5 million of Transaction-Related charges.

Provision for Taxes

The Company's Provision for Taxes for the years ended December 31, 2013 and 2012 was \$3.4 million and \$3.4 million, respectively. This resulted in an effective tax rate of -24.4% and -8.6%, respectively, based on our Loss Before Provision for Taxes of \$13.8 million and \$39.2 million, respectively.

The New York City UBT of \$3.0 million for the period ended December 31, 2013 compared with the New York City UBT of \$2.5 million for the period ended December 31, 2012 resulted in a 15.5% decrease to the effective tax rate between the respective years based on the reduction of pre-tax loss of \$13.8 million and \$39.2 million for the periods ended December 31, 2013 and December 31, 2012, respectively.

Additional information regarding our income taxes can be found in Note 7. "Income Taxes" in the "Notes to Combined Financial Statements" of this filing.

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Adjusted Net Income

The following table is a reconciliation of Net Income (Loss) Attributable to PJT Partners to Adjusted Net Income for the respective periods:

	Six Months Ended June 30,				Year Ended December 31,			2014 vs. 2013		2013 vs. 2012	
	2015	2014	2015 vs. 2014		2014	2013	2012	\$	%	\$	%
			\$	%							
Net Income (Loss) Attributable to PJT Partners	\$ (23,130)	\$ (34,620)	\$ 11,490	33%	\$ 4,492	\$ (17,173)	\$ (42,548)	\$ 21,665	N/M	\$ 25,375	60%
Provision for Taxes	2,002	974	1,028	106%	3,046	3,373	3,357	(327)	-10%	16	0%
Income (Loss) Before Provision for Taxes	\$ (21,128)	\$ (33,646)	12,518	37%	7,538	(13,800)	(39,191)	21,338	N/M	25,391	65%
Adjustments											
Compensation and Benefits (a)	23,337	40,280	(16,943)	-42%	91,294	81,981	83,529	9,313	11%	(1,548)	-2%
Occupancy and Related (b)	3,360	—	3,360	N/M	679	—	—	679	N/M	—	N/M
Professional Fees (b)	1,303	—	1,303	N/M	44	—	—	44	N/M	—	N/M
Communication and Information Services (b)	8	—	8	N/M	—	—	—	—	—	—	—
Other Expenses (c)	1,311	1,326	(15)	-1%	2,828	2,653	2,653	175	7%	—	—
Adjusted Pre-Tax Income	8,191	7,960	231	3%	102,383	70,834	46,991	31,549	45%	23,843	51%
Provision for Taxes (d)	1,239	1,274	(35)	-3%	3,814	3,584	3,298	230	6%	286	9%
Adjusted Net Income	<u>\$ 6,952</u>	<u>\$ 6,686</u>	<u>\$ 266</u>	<u>4%</u>	<u>\$ 98,569</u>	<u>\$ 67,250</u>	<u>\$ 43,693</u>	<u>\$ 31,319</u>	<u>47%</u>	<u>\$ 23,557</u>	<u>54%</u>

- (a) This adjustment adds back to Income (Loss) Before Provision for Taxes amounts for Transaction-Related charges, which include principally equity-based compensation charges associated with Blackstone's IPO, special equity awards from reissued IPO units and severance. Severance was \$19.8 million for the year ended December 31, 2014 and \$0.3 million for the six months ended June 30, 2015. There were no severance costs related to the spin-off that were incurred during the years ended December 31, 2013 and 2012 or during the six months ended June 30, 2014. The \$19.8 million of severance costs for the year ended December 31, 2014 consists of \$14.6 million of cash-based severance payments and \$5.2 million of equity-based severance payments. The cash severance amount is based on Blackstone's plan to provide departing employees with 50% of their 2014 total cash compensation amount. The equity amount is based on accelerated vesting of certain equity awards held by departing employees. The balance of this adjustment relates to equity-based compensation charges associated with the vesting during the periods presented of awards granted and re-issued in connection with the Blackstone IPO in 2007. These awards have vested or will vest in the period from 2007 through 2015. As these awards represent payment for prior existing ownership interests, and as the associated expense is not expected to recur in periods after 2015, we believe that the presentation of a non-GAAP financial measure that excludes the expense associated with their vesting, as well as non-recurring severance costs associated with the spin-off, provides useful insights into the results of the business in the periods presented. We expect to incur costs for similar equity-based awards after the spin-off as further discussed in "Certain Relationships and Related Party Transactions—Agreements with Blackstone Related to the Spin-Off—Employee Matters Agreement." We also expect to incur incremental costs for similar equity-based awards to be put in place at the time the spin-off is consummated as discussed in the Unaudited Pro Forma Combined Statement of Operations in adjustment (f). Had these similar plans been in place on January 1, 2014, the incremental expense to the Company, as noted in pro forma adjustment (f) to the Unaudited Pro Forma Combined Financial Statements, would have been \$27.7 million for the year ended December 31, 2014 and \$9.6 million for the six months ended June 30, 2015.
- (b) These adjustments add back to Income (Loss) Before Provision for Taxes Transaction-Related charges associated with the spin-off.
- (c) This adjustment adds back to Income (Loss) Before Provision for Taxes amounts for the amortization of intangible assets which are associated with Blackstone's IPO.
- (d) Taxes represent the total GAAP tax provision adjusted to include only the current tax provision calculated on Income (Loss) Before Provision for Taxes.

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Adjusted Net Income - Pro Forma

The following table presents our reconciliation of Adjusted Net Income on a pro forma combined basis to pro forma adjusted Net Loss:

	Year Ended December 31, 2014	Six Months Ended June 30, 2015
	(Dollars in Thousands)	
Pro Forma Net Loss	\$ (3,042)	\$ (18,257)
Pro Forma Provision (Benefit) for Taxes	19,694	(5,670)
Pro Forma Income (Loss) Before Provision for Taxes	16,652	(23,927)
Adjustments		
Compensation and Benefits (a)	71,453	23,060
Occupancy and Related (b)	679	3,360
Professional Fees (b)	44	1,303
Communication and Information Services	—	8
Other Expenses (c)	2,828	1,311
Pro Forma Adjusted Income (Loss) Before Provision for Taxes	91,656	5,115
Provision for Taxes (d)	3,929	1,142
Pro Forma Adjusted Net Income (Loss)	<u>\$ 87,727</u>	<u>\$ 3,973</u>

- (a) Represents the amounts for Transaction-Related charges, which include principally equity-based compensation charges associated with Blackstone's IPO and special equity awards from reissued IPO units. Of the total Transaction-Related charges of \$91.3 million for the year ended December 31, 2014, \$19.8 million related to severance has been recorded in pro forma adjustment (g), with the remaining \$71.5 million recorded here. Of the total Transaction-Related charges of \$23.3 million for the six months ended June 30, 2015, \$0.3 million related to severance has been recorded in pro forma adjustment (g), with the remaining \$23.1 million recorded here. The adjustment relates to equity-based compensation charges associated with the vesting during the period presented of awards granted and re-issued in connection with the Blackstone IPO in 2007. These awards have vested or will vest in the period from 2007 through 2015. As these awards represent payment for prior existing ownership interests, and as the associated expense is not expected to recur in periods after 2015, we believe that the presentation of a non-GAAP financial measure that excludes the expense associated with their vesting provides useful insights into the results of the business in the period presented. We expect to incur costs for similar equity-based awards after the spin-off as further discussed in "Certain Relationships and Related Party Transactions—Agreements with Blackstone Related to the Spin-Off—Employee Matters Agreement." We also expect to incur incremental costs for similar equity-based awards to be put in place at the time the spin-off is consummated as discussed in the Unaudited Pro Forma Combined Statement of Operations in adjustment (f). Had these similar plans been in place on January 1, 2014, the incremental expense to the Company, as noted in pro forma adjustment (f) to the Unaudited Pro Forma Combined Financial Statements, would have been \$27.7 million for the year ended December 31, 2014 and \$9.6 million for the six months ended June 30, 2015.
- (b) Represents Transaction-Related charges for occupancy and professional fees due to the spin-off.
- (c) Represents the amounts for amortization of intangible assets, which are associated with Blackstone's IPO.
- (d) Taxes represent the total GAAP tax provision adjusted to include only the current tax provision calculated on Income (Loss) Before Provision for Taxes.

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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. PJT Partners' cash and cash equivalents reflects only the cash balances of legal entities transferring to PJT Partners.

Our assets have historically comprised cash and receivables related to fees earned from providing strategic advisory and placement services. Our liabilities include accrued compensation and benefits, accounts payable and accrued expenses and taxes payable. Intercompany amounts due to Blackstone are typically settled monthly, which include settlements of accruals for forecast year end incentive compensation. After the spin-off, we will hold the accrual and cash for year end incentive compensation. Blackstone currently holds the accrual and cash for year end incentive payments. 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 significant portion of annual compensation, 15% to 20%, is 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, we expect to procure, substantially concurrently with the completion of the spin-off, from one or more financing sources a revolving credit facility for PJT Partners Holdings LP.

We evaluate our cash needs on a regular basis in light of current market conditions. As of June 30, 2015 and December 31, 2014, the Company had cash and cash equivalents of \$70.8 million and \$38.5 million, respectively.

Our liquidity is highly dependent upon cash receipts from clients, which are generally dependent upon the successful completion of transactions as well as the timing of receivable collections. As of June 30, 2015 and December 31, 2014, total accounts receivable including receivable from affiliates were \$154.2 million and \$175.1 million, respectively, net of allowance for doubtful accounts of \$3.0 million and \$3.8 million, respectively. Average days outstanding on our receivables from strategic advisory and restructuring services is approximately 60 days. Receivables from our funds advisory services are often collected over a multi-year period. As of June 30, 2015 and December 31, 2014, \$55.6 million and \$66.0 million, respectively, of receivables attributable to our funds advisory services business were expected to be collected at or more than one year from each date.

Sources and Uses of Liquidity

Following the separation, our primary cash needs will be 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, borrowings under the new revolving credit facility to be entered into in connection with the spin-off and access to additional bank financing and capital markets. 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, which 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 recent 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 or issue additional equity. Although we believe that the arrangements in place at the time of the separation 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: (1) our credit ratings or absence of a credit rating, (2) the liquidity of the overall capital markets and (3) the current state of the economy. We cannot assure that such financing will be available to us on

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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, bank financing and capital markets 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, Partnership Units in PJT Partners Holdings LP 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. See “Certain Relationships and Related Person Transactions—Exchange Agreement.” 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 selected 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 12. “Regulated Entities” in the “Notes to Combined Financial Statements” for further information. The licenses under which we operate are meant to be appropriate to conduct our strategic advisory, restructuring and reorganization and funds advisory services businesses. We believe that we provide each of our subsidiaries with sufficient capital and liquidity, consistent with their business and regulatory requirements.

Park Hill Group LLC, which is an entity within Park Hill Group funds advisory services business, is a registered broker-dealer 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 as of June 30, 2015 and December 31, 2014 of \$42.3 million and \$34.6 million, respectively, which exceeded the minimum net capital requirement by \$42.0 million and \$34.3 million, respectively. Park Hill Group LLC does not carry customer accounts and does not otherwise hold funds or securities for, or owe money or securities to, customers and, accordingly, is exempt from the SEC Customer Protection Rule (Rule 15c3-3).

In connection with the spin-off, PJT Partners Holdings LP will acquire from Mr. Taubman and the other selling holders of equity interests in PJT Capital LP, PJT Partners LP, which is registered as a broker-dealer with the SEC. We anticipate that from and after the consummation of the spin-off, our domestic strategic advisory and restructuring and reorganization businesses will be conducted through PJT Partners LP. We expect that upon consummation of the spin-off, PJT Partners LP will be required to maintain minimum net capital of \$50,000.

We expect that following the consummation of the spin-off, we will also conduct certain activities through a newly-formed subsidiary licensed with the United Kingdom’s Financial Conduct Authority, which will be required to maintain regulatory net capital of €50,000, and certain activities through a newly-formed subsidiary licensed with the Hong Kong Securities and Futures Commission, which will be subject to a minimum liquid capital requirement of HK\$3 million. Our activities may also be subject to regulation, including regulatory capital requirements, by various other foreign jurisdictions and self-regulatory organizations.

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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.

Critical Accounting Policies

We prepare our combined financial statements in accordance with GAAP. In applying many of these accounting principles, we need to make assumptions, estimates and/or judgments that affect the reported amounts of assets, liabilities, revenues and expenses in our 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 Combined Financial Statements” of this filing.

Principles of Combination

The combined financial statements have been prepared on a stand-alone basis and are derived from the consolidated financial statements and accounting records of Blackstone. The combined financial statements reflect the financial position, results of operations and cash flows of PJT Partners as they were historically managed, in conformity with GAAP. The combined financial statements include certain assets that have historically been held at the Blackstone corporate level but are specifically identifiable or otherwise attributable to these combined financial statements, primarily goodwill and intangible assets.

These financial statements are presented as if such businesses had been combined for all periods presented. All intercompany transactions have been eliminated.

Revenue Recognition

Revenues primarily consist of Advisory and Placement Fees, Interest Income and Other. Transaction-based 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 consist of retainer and transaction-based fee arrangements related to strategic advisory services, restructuring and reorganization services and secondary advisory services within 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 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. Private 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 investment funds are typically recognized as earned upon acceptance by a fund of capital or capital commitments, 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 hedge fund structures, placement fees are earned based on NAV and calculated as a percentage of a placed investor’s month end NAV. Typically, fees for such hedge fund structures are earned over a 48 month period. For these arrangements, revenue is recognized monthly as the amounts become fixed and determinable.

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The Company may receive non-refundable up-front fees upon execution of agreements with funds to provide capital fundraising services, which are recorded as revenues in the period over which services are provided. However, more recent placement fee arrangements have increasingly eliminated upfront fees and such fees comprised less than one percent of Placement Fee revenues in each of the years ended December 31, 2014 and 2013, respectively, and six month periods ended June 30, 2015 and 2014.

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

Interest Income – The Company typically earns interest on Cash and Cash Equivalents and on outstanding Placement Fees receivable. 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 and Receivable from Affiliates in the 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.

Other Revenue – Other Revenue consists of miscellaneous income and foreign exchange gains and losses arising on transactions denominated in currencies other than U.S. dollars.

Expenses

Our principal expense is related to compensation and benefits. Our accounting policies related thereto are as follows:

Compensation and Benefits – Certain employees of PJT Partners participate in Blackstone's equity-based compensation plans. Equity-based compensation expense related to these plans is based upon specific identification of cost related to PJT Partners' employees. PJT Partners also receives allocated equity-based compensation expense associated with Blackstone employees of central support functions. 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.

In certain instances, PJT Partners 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 derived 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 prior to termination, the remaining unrecognized compensation cost is accelerated.

Intangibles and Goodwill

PJT Partners' intangible assets are derived from customer relationships. Identifiable finite-lived intangible assets are amortized on a straight-line basis over their estimated useful lives of 15 years, reflecting the average time over which such relationships are expected to contribute to cash flows. Amortization expense is included within Other Expenses in the 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.

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Goodwill comprises goodwill arising from the contribution and reorganization of Blackstone's predecessor entities in 2007 immediately prior to Blackstone's IPO. 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 segment 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 PJT Partners' 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.

Off-Balance Sheet Arrangements

We do not invest in any off-balance sheet vehicles that provide liquidity, capital resources or market or credit risk support that expose us to any liability that is not reflected in our combined financial statements.

Recent Accounting Developments

Information regarding recent accounting developments and their impact on the Company can be found in Note 2. "Summary of Significant Accounting Policies" in the "Notes to Combined Financial Statements" of this filing.

Contractual Obligations, Commitments and Contingencies

The following table sets forth information relating to our contractual obligations as of December 31, 2014:

<u>Contractual Obligations</u>	<u>2015</u>	<u>2016-2017</u>	<u>2018-2019</u> (Dollars in Thousands)	<u>Thereafter</u>	<u>Total</u>
Operating Lease Obligations (a)	<u>\$554</u>	<u>\$ 1,158</u>	<u>\$ 1,227</u>	<u>\$ 72</u>	<u>\$3,011</u>

- (a) Our primary office space is leased by Blackstone and charges are allocated to us for which any future commitments are not included in this table. Further disclosure regarding rent is presented in Note 10. "Commitments and Contingencies—Commitments, Operating Leases" in the "Notes to Combined Financial Statements" of this filing. We lease certain office space under agreements that expire through 2020. 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 on the Combined Statements of Financial Condition.

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, from and after the first anniversary of the date of the consummation of the spin-off (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

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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 IRS may challenge all or part of the tax basis increase and increased deductions, and a court could sustain such a challenge.

We will enter 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 future 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 will be 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. See “Certain Relationships and Related Person Transactions—Tax Receivable Agreement.”

We anticipate that we will 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 will record an increase in deferred tax assets for the estimated income tax effects of the increases in tax basis based on enacted federal and state 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 will reduce the deferred tax asset with a valuation allowance; and
- we will 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 liability due under the tax receivable agreement and the remaining 15% of the estimated realizable tax benefit as an increase to additional paid-in capital.

All of the effects of changes in any of our estimates after the date of the exchange will be included in net income. Similarly, the effect of subsequent changes in the enacted tax rates will be included in net income.

Indemnifications

We enter into contracts that 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.

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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 one major U.S. financial institution. 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 June 30, 2015 and December 31, 2014, our allowance for doubtful accounts was \$3.0 million and \$3.8 million, respectively, representing 2.0% and 2.1%, respectively, of the gross accounts receivable and receivable from affiliates outstanding 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 year ended December 31, 2014 the impact of the fluctuation of foreign currencies in Other Comprehensive Income, Net of Tax – Currency Translation Adjustment in the Combined Statements of Comprehensive Income was \$1.2 million and in Other Revenues in the Combined Statements of Operations for transaction losses was \$1.0 million. For the six months ended June 30, 2015 the impact of the fluctuation of foreign currencies in Other Comprehensive Income, Net of Tax – Currency Translation Adjustment in the Condensed Combined Statements of Comprehensive Income was \$0.8 million and in Other Revenues in the Condensed Combined Statements of Operations for transaction losses was \$0.3 million. 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.

BUSINESS**Our Business**

PJT Partners is a global independent financial advisory firm. Our veteran team of professionals, including our 31 partners, delivers a wide array of strategic advisory, restructuring and reorganization and funds advisory services to corporations, financial sponsors, institutional investors and governments around the world. We offer a balanced portfolio of advisory services designed to help our clients realize major corporate milestones. We also provide, through Park Hill Group, fund placement and secondary advisory 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, established in 1985, offers a broad range of financial advisory and transaction execution capability, including acquisitions, mergers, joint ventures, minority investments, asset swaps, divestitures, takeover defenses, corporate finance advisory, private placements and distressed sales. Since inception, we have advised on more than 292 announced M&A transactions with a total value of more than \$600 billion. The combined value of the announced M&A transactions that we and PJT Capital advised on over the past two years was more than \$195 billion. Our restructuring and reorganization business, established in 1991, is one of the world's leading restructuring advisors, having advised on more than 400 distressed situations, both in and out of bankruptcy, involving more than \$1.5 trillion of total liabilities. Park Hill Group, our funds advisory services business, is the world's leading private equity and real estate fund placement agent, having served as a placement agent to more than 194 funds raising approximately \$261 billion for a diverse range of investment strategies since its inception in 2005. Moreover, Park Hill Group is the only group among its peers with top-tier dedicated private equity, hedge fund and real estate advisory groups, as well as a dedicated team that supports secondary transactions in limited partnership interests in existing funds.

We believe the success of our business has resulted from a highly-experienced team and a relentless focus on our core principles: prioritizing our client's interests, providing superior client service, protecting client confidentiality and avoiding conflicts of interest. As of June 30, 2015, our strategic advisory team was comprised of 100 professionals, including 9 partners, with an average of over 22 years of experience in providing corporate finance and mergers and acquisitions advice. As of June 30, 2015, our restructuring and reorganization team was comprised of 51 professionals, including 8 partners with an average of 18 years of experience advising a diverse base of clients, including companies, creditors, corporate parents, hedge funds, financial sponsors and acquirers of troubled companies. We believe that we have one of the most seasoned and experienced restructuring teams in the financial services industry, working on a significant share of the major restructuring assignments in this area. As of June 30, 2015, our Park Hill Group team was comprised of 84 professionals, including 14 partners with an average of over 20 years of experience advising and executing on all aspects of the fundraising process, and operates across seven offices around the world.

Our firm will be led by Paul J. Taubman, who will serve as our Chairman and Chief Executive Officer. Before departing in late 2012, Mr. Taubman spent 30 years at Morgan Stanley where he served as Co-President of the Institutional Securities Group. Prior to becoming Co-President, he served as Head of Global Investment Banking and Head of its Global Mergers and Acquisitions Department. In addition to being one of the preeminent investment bankers in the world, Mr. Taubman is a proven leader with the experience and skill to lead PJT Partners in its new life as an independent public company. Since departing Morgan Stanley, Mr. Taubman and PJT Capital have advised on transactions with a total value of more than \$140 billion.

Mr. Taubman joins us with a team of veteran investment bankers, including 14 partners, who have a wealth of experience and client relationships developed over long tenures in the investment banking industry, and who share a common commitment to excellence. Through their sizable equity stake in our business, a significant

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portion of which is subject to performance-based vesting, the long-term incentives of Mr. Taubman and our partners will be strongly aligned with the interests of our stockholders. Upon completion of the spin-off, our partners, advisory professionals and other employees will initially own in the aggregate over % of the equity in our business, assuming the equity awards to be received by such persons in connection with the spin-off were fully vested and earned.

We believe this spin-off will further unlock our potential by meaningfully enhancing our opportunities for organic growth, including by enhancing our ability to compete for business from financial sponsors and eliminating conflicts with Blackstone's investing areas.

- **Conflicts with other financial sponsors** . We believe the ability to compete unhindered by the inherent challenges of securing business from Blackstone competitors significantly increases the addressable market of our advisory and placement services. For instance, while transactions involving financial sponsors represented nearly a third of global M&A advisory volume by transaction value in 2014, such transactions represented only 10% of the advisory revenue generated by our strategic advisory and restructuring and reorganization businesses in the same period.
- **Conflicts with Blackstone's investing areas** . As part of Blackstone, we have been effectively precluded from competing for advisory and restructuring engagements in many transactions where an investment or potential investment by a Blackstone fund created an actual or perceived conflict of interest. An advisory engagement can have the effect of precluding or limiting an investment opportunity of a Blackstone fund given that advisory clients may require Blackstone to act exclusively on behalf of a potential seller, buyer or other party in a subject transaction. As a result, we have declined to compete for many advisory assignments in order to avoid creating a potential conflict with a potential Blackstone investment opportunity. In that connection, sellers may resist engaging our strategic advisory team if they see a reasonable possibility that a Blackstone investing business could be a buyer. Investment conflicts have also been particularly prevalent as between our restructuring and reorganization practice and Blackstone's credit business.

We believe the impact of these actual or perceived conflicts has been to artificially constrain the growth opportunities that PJT Partners might otherwise have enjoyed as an independent company, including mandates we have lost to competitors and business that we declined to compete for in the first instance.

We additionally believe we will excel in attracting and retaining world-class professionals. We believe that the opportunity to practice at a dedicated advisory firm whose core mission is providing client-focused advice and solutions is a compelling proposition for practitioners that increasingly seek to leave behind large financial institutions. Moreover, while we and PJT Capital have enjoyed great success recruiting, we believe that the freedom from conflicts and increased addressable market that will result from the spin-off will make our firm even more attractive to new hires.

Since our founding, we have earned a reputation as a trusted, long-term strategic advisor by providing thoughtful, tailored solutions to help our clients achieve their strategic, financial and fundraising goals. Together, our objective is to become the leading provider of financial advice and the top destination for advisory talent.

Our revenues for the year ended December 31, 2014 were \$401.1 million. We had 100 clients and 96 clients that generated fees equal to or greater than \$1 million in 2014 and 2013, respectively, and there was no single transaction or client in 2014 or 2013 the fees from which were equal to 10% or more of the revenues of PJT Partners for such periods. As of June 30, 2015, we employed 235 professionals across 11 offices around the world.

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Our Strategy

We intend to grow our business by increasing our share of business from existing clients and developing new client relationships as we expand into new industry verticals, geographies and products. Our strategy for achieving these objectives has five components:

- ***Provide World-Class Financial Advice*** . The creativity and depth of our advice, and the integrity and judgment with which we deliver it, are the foundations of the business we have built. As the newly independent PJT Partners, we intend to build on nearly three decades of commitment to excellence in the work we do and the delivery of superior outcomes for our clients across our full suite of advisory services.
- ***Invest in New Capabilities to Better Serve Our Clients*** . We are focused on continuing to expand the breadth and depth of our platform and build capabilities in areas where a sizable market opportunity clearly exists in order both to expand wallet share with existing clients and to develop new client relationships. Such efforts may include expansion into new industry verticals, geographies and product capabilities such as capital markets services. In each such case, our goal to offer increasingly comprehensive and valuable solutions to our clients will be combined with a disciplined approach to managing our financial resources and an insistence on hiring only top-tier talent.
- ***Exploit Embedded Growth Opportunities*** . We intend to drive organic growth by exploiting opportunities that will arise from our separation from Blackstone, including relief from conflicts with Blackstone's investing areas and an enhanced ability to compete for business from financial sponsors. For instance, we believe the ability to compete for strategic advisory engagements in transactions involving financial sponsors (which represented nearly a third of global M&A advisory volume by transaction value in 2014) unhindered by the inherent challenges of securing advisory assignments from Blackstone competitors increases by approximately 50% the addressable market of our strategic advisory services. The opportunities of our funds advisory services business have similarly been constrained as some other sponsors have been reluctant to hire us to assist with their fundraising needs. Finally, Blackstone's ability to hire us for advisory and placement assignments will no longer be impacted by actual or perceived conflicts of interest following the spin-off.
- ***Attract and Retain Best-in-Class Talent*** . The creativity, insightfulness and clarity of our advice, and the trusted client relationships it inspires, are the foundation of our business. We will continue to focus on hiring and retaining top-quality practitioners with expertise and relationships in new industries, products and geographies where we perceive an opportunity to fulfill existing or emerging client needs. We believe that the opportunity to practice at a dedicated advisory firm whose core mission is providing client-focused advice and solutions is a compelling proposition for practitioners that increasingly seek to leave behind large financial institutions. Moreover, while we and PJT Capital have enjoyed great success recruiting, we believe that the freedom from conflicts and increased addressable market that will result from the spin-off will make our firm even more attractive to new hires.
- ***Leverage Our Diverse Platform*** . We have developed a scaled, diversified global advisory franchise comprised of complementary businesses, which each share our culture of excellence, teamwork and entrepreneurship. We are focused on maintaining the market leadership of our restructuring and reorganization and funds advisory services businesses in order to complement our world-class strategic advisory franchise, offering our clients a comprehensive and differentiated suite of independent advisory services and enhancing the stability of our revenue stream. As one firm, we intend to leverage the diverse capabilities and relationships of each business to deliver value for our clients.

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Competitive Strengths

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

- **Trusted Advisors with Proven Track Records.** We are recognized experts in strategic advisory, restructuring and reorganization and funds advisory 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. With 11 offices spanning the globe, we have advised on or served as placement agent on:
 - more than 292 announced M&A transactions with a total value of more than \$600 billion;
 - more than 400 distressed situations, both in and out of bankruptcy, involving more than \$1.5 trillion of total liabilities; and
 - fundraising for 194 funds that have raised approximately \$261 billion for a diverse range of investment strategies.

Through our spin-off and combination with PJT Capital, we believe we can harness the legacy, scale and scope of a well-established business while capturing the entrepreneurial energy of a new firm.

- **Complementary Business Lines.** Our unique and highly differentiated portfolio of industry, product, and geographical expertise will better enable us to serve our clients. Our partners and team members have relationships with hundreds of corporate executives, board members, financial sponsors and governments as well as expertise in multiple product areas, industry verticals and geographies. Through our Park Hill business, we have relationships with over 3,000 different institutional investors, who collectively manage over \$75 trillion of capital. These unique relationships and capabilities have the potential to help us drive incremental value for clients, and growth for our company, as we operate in a more integrated and cohesive manner.
- **Veteran Team of Practitioners.** As of June 30, 2015, our team consisted of 235 professionals, including 31 partners, each with an average of over 20 years of relevant experience. Many of our partners are recognized leaders in their particular areas of expertise. Our partners share a culture of being practitioners first; consistently demonstrating an active, hands-on, high-touch approach to serving clients. Our professionals adhere to core principles: prioritizing our client's interests, providing superior client service, protecting client confidentiality and avoiding conflicts of interest.
- **Experienced Leadership to Drive Profitable Growth.** Our team will be led by Mr. Taubman, one of the preeminent investment bankers in the world. Mr. Taubman is a proven leader with the experience and skill to lead PJT Partners in its new life as an independent public company, in addition to actively advising our firm's clients. We anticipate he will continue his success in attracting and retaining new talent that is increasingly seeking to leave large financial institutions in favor of dedicated advisory firms.

Industry Trends

We believe we are well-positioned to take advantage of the following favorable trends in our industry:

- **Robust Mergers & Acquisitions Activity.** M&A volume globally for 2014 and the first half of 2015 was up 41% and 32%, respectively, as compared to 2013 and the first half of 2014, respectively, and 2014 was the most active year since 2007. We expect this trend to continue as a result of an improving global macroeconomic environment, strong corporate balance sheets, a trend toward global consolidation and an environment in which companies are increasingly pursuing strategic acquisitions as part of their growth strategy. M&A volume is subject to periodic fluctuation based on a variety of factors, including conditions in the credit markets and other macroeconomic factors. For instance, recent periods have seen a decline in the number of leveraged buyouts in excess of certain debt levels due in part to the implementation of guidance from U.S. federal banking agencies with regard to

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leveraged lending practices. However, we believe there continue to be ample opportunities for sponsor M&A activity. Moreover, we believe such constraints have had very little impact, if any, on M&A volumes more generally.

The chart below depicts global announced M&A volume over the past ten years and the first half of 2015.



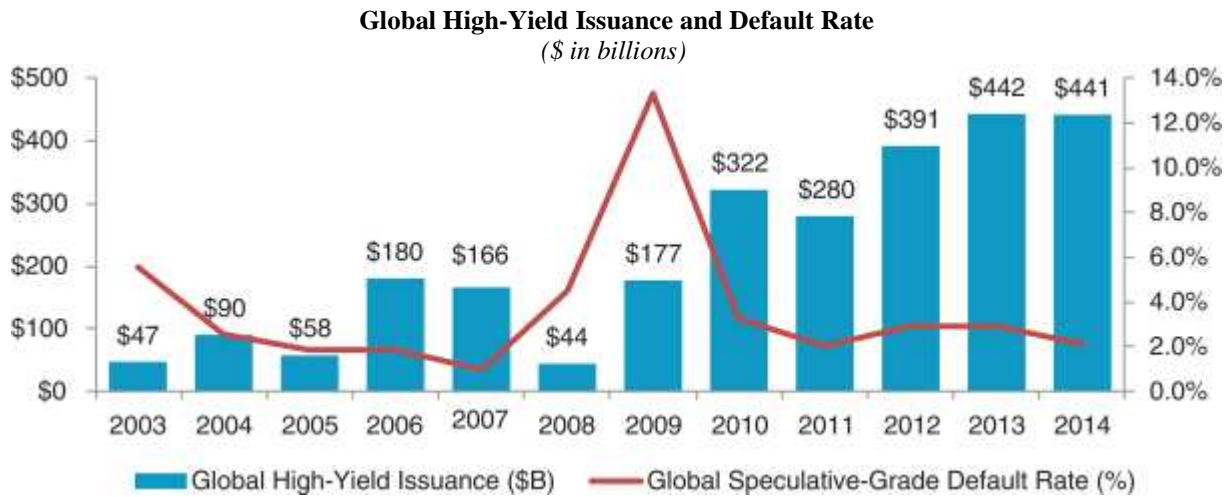
Source: Thomson Reuters 2015

Note: Volume measured as ranking value including net debt of target.

- **Active Debt Markets to Drive Future Restructuring and Reorganization Activity** . Both 2012 and 2013 represented record years for leveraged finance issuance in the United States as companies took advantage of historically low borrowing costs to leverage their capital structures. Given the lag between high-yield issuance and default rates, today's historical level of current issuance should create a favorable environment for our Restructuring and Reorganization business in future periods. Moreover, we believe that restructuring activity in recent periods has been approaching a cyclical low, with high-yield default rates well below their long-term historical averages and strong demand for high-yield credit providing liquidity and access to capital for companies looking to refinance near-term maturities. We believe our leading Restructuring and Reorganization advisory franchise will position us well to capitalize on a future upturn in restructuring activity when corporate default rates moderate back to their long-term averages.

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The chart below depicts the volume of global high-yield debt issuance and the default rate for speculative-grade debt since 2003.



Source : Thomson Reuters 2015, Moody’s Annual Default Study 2015

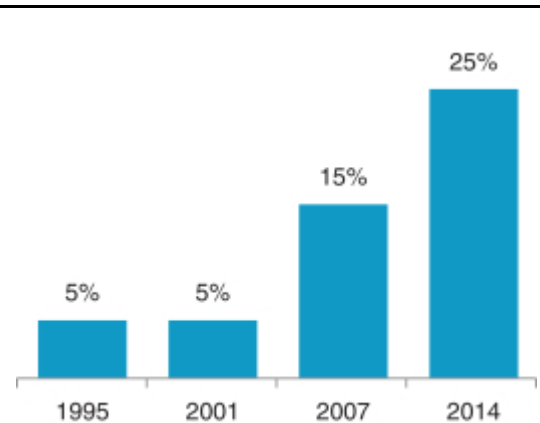
- Increasing Importance of Alternative Assets Driving Demand for Capital Raising Services** . McKinsey and Co. estimates that global alternative assets under management has grown from \$3.2 trillion in 2005 to \$7.2 trillion in 2013, representing a compound annual growth of 11%. Moreover, institutional investors have allocated increasingly larger portions of their portfolios to alternative asset classes. The allocation to alternative assets in pension fund portfolios increased from 5% in 2001 to 25% in 2014.

Global AUM of Alternative Assets
(\$ in trillions)



Source : McKinsey, *The Trillion-Dollar Convergence: Capturing the Next Wave of Growth in Alternative Investments*, August 2014

Pension Asset Allocation to Alternative Assets
(Average percent of total portfolio AUM)



Source: Towers Watson, *Global Pension Assets Study 2015*, February 2015

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In addition, as illustrated in the chart below, greater investor demand has led to a 16% compound annual growth rate in global capital raising for alternative investment strategies over the last five years, and in the first half of 2015 increased 12% as compared to the first half of 2014.



Source: Preqin

Note: Global capital includes private equity, real estate, secondaries, distressed debt mezzanine and other.

We expect this current trend will continue as the combination of volatile returns in public equities and low yields on traditional fixed income investments shifts investor focus to the lower correlated and absolute levels of returns offered by alternative assets. As a leading alternative asset fundraising platform, Park Hill Group is well-positioned to benefit from this tailwind. In addition, as an independent firm, Park Hill Group will be even better positioned to foster relationships with additional alternative asset managers who were previously reluctant to hire Park Hill Group when it was a part of Blackstone.

- **Growing Demand for Dedicated Advisory Services** . Demand for dedicated advisory services has increased significantly over the past several years. Since 2003, dedicated advisory firms have increased their market share of global M&A volume significantly from 19% to 34%. In 2014, 60% of the top 10 announced M&A deals and 60% of the top 20 announced M&A deals included a dedicated advisory firm. In addition, over the past five years, the great majority of restructurings with an announced restructuring value of at least \$100 million have included a dedicated advisory firm. We believe this is the result of a growing market preference for firms whose core mission is providing client-focused advice and solutions, free from the conflicts at large financial institutions where sizable sales and trading, underwriting and lending businesses coexist with an advisory business that comprises only a small portion of revenues and profits.
- **Ongoing Challenges at Large Financial Institutions** . We will seek to continue to take advantage of growth opportunities arising from the ongoing challenges at large financial institutions. These firms face increasing regulation leading to higher operating costs, compensation limitations and increased capital constraints, all of which we believe adversely affect their ability to serve clients and compete to attract and retain talented professionals. In addition, such institutions must devote substantial resources and attention to the management of internal conflicts associated with lending to clients or potential clients of their advisory businesses or trading in their securities. We believe dislocation at large financial institutions has led to an increased exodus of senior advisory talent and that we are well- positioned to take advantage of this trend as we seek to attract and retain top-tier professionals.

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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. 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 believe our primary competitors in securing advisory engagements include the investment banking businesses of Bank of America Corporation, Citigroup Inc., Credit Suisse Group AG, The Goldman Sachs Group, Inc., JPMorgan Chase & Co., Morgan Stanley and other large investment banking businesses as well as independent investment banking firms such as Centerview Partners, Moelis & Company, Evercore Partners Inc., Greenhill & Co., Inc., Lazard Ltd., Houlihan Lokey, Inc., Alvarez & Marsal and NM Rothschild & Sons Limited. We believe the primary competitors of Park Hill Group in securing engagements for funds advisory services are Cogent, Credit Suisse, Hodes Weill, Lazard Ltd., UBS AG, Greenhill and Evercore.

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.

In past years there has been substantial consolidation in the financial services industry. In particular, a number of large commercial banks and other broad-based financial services firms have established or acquired broker-dealers or have merged with other financial institutions. Many of these firms have the ability to offer a wider range of products, from loans, deposit-taking and insurance to brokerage, asset management and investment banking services, which may enhance their competitive position. They also have the ability to support investment banking and securities products with commercial lending and other financial services revenues in an effort to gain market share, which could result in pricing pressure in our business or loss of opportunities for us. In addition, we may be at a competitive disadvantage with regard to certain of our competitors who are able to, and regularly do, provide financing or market making services that are often instrumental in effecting transactions. The trend toward consolidation has significantly increased the capital base and geographic reach of our competitors as well as the potential for actual or perceived conflicts of these firms.

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, not with protecting the interests of our stockholders or creditors. In the U.S., the SEC is the federal agency responsible for the administration of the federal securities laws. Upon consummation of the spin-off, we anticipate that one or more of our subsidiaries through which we will conduct our financial advisory and funds advisory services business in the U.S. will be registered as broker-dealers with the SEC. Any such registered broker-dealer will be subject to regulation and oversight by the SEC. In addition, 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 would 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.

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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.

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

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, or 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.

Facilities

Our principal executive offices are currently located in leased office space at 345 Park Avenue, New York, New York 10154. We currently lease the space for our offices in Atlanta, Boston, Chicago, Hong Kong, London, Madrid, Menlo Park, San Francisco, Sydney and Tokyo. We do not own any real property. We intend to move our principal executive offices to 280 Park Avenue, New York, New York 10017 in 2015.

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Employees

As of June 30, 2015, we had 291 employees.

Legal Proceedings

From time to time, we may be subject to legal proceedings and claims in the ordinary course of business.

On June 16, 2009, Plaintiffs Frank Foy and Suzanne Foy, purportedly as *qui tam* plaintiffs on behalf of the State of New Mexico, filed a case in New Mexico state court against Park Hill Group, The Blackstone Group L.P., and one of its officers (together, “Blackstone Defendants”), in addition to dozens of other named and unnamed defendants, alleging violations of New Mexico’s Fraud Against Taxpayers Act (“FATA”) in an action styled *Foy v. Austin Capital Management, Ltd., et al.*, Case No. D-101-CV-2009-01189 (N.M. Dist. Ct.). The complaint alleges, among other things, that the New Mexico Educational Retirement Board and the New Mexico State Investment Council made investments that were influenced by kickbacks and other inducements. In the complaint, the Blackstone Defendants are grouped together with other defendants who are all alleged generically to have conspired to defraud the State of New Mexico. In May 2011, the trial court ruled that, as defendants had argued, FATA cannot constitutionally be applied retroactively. Plaintiffs appealed and, in December 2012, the intermediate appellate court affirmed the trial court’s determination that FATA cannot constitutionally be applied retroactively. Plaintiffs appealed. On June 25, 2015, the New Mexico Supreme Court reversed the intermediate appellate court and held that a provision of FATA imposing treble damages could be applied retroactively. The New Mexico Supreme Court reserved judgment on whether FATA’s provision imposing a civil penalty could be applied retroactively. The New Mexico Supreme Court also ordered this case to be consolidated with another case by the same plaintiff, to which the Blackstone Defendants are not parties. The proceedings in the trial court had been stayed pending resolution of Plaintiffs’ appeal and will resume following the New Mexico Supreme Court’s appointment of a pro-tem judge to oversee the consolidated action. In 2009, the Blackstone Defendants filed a motion to dismiss the claims against them. That motion was never ruled upon.

Blackstone Advisory Partners L.P. is named as a defendant in a consolidated class action pending in the Delaware Court of Chancery (*In re Physicians Formula, Inc. Stockholder Litigation*). Purported classes of common stockholders of Physicians Formula, Inc. allege that the directors of Physicians Formula, Inc. breached their fiduciary duties in connection with a merger between Physicians Formula, Inc. and Markwins International Corporation, as well as in connection with an earlier merger agreement between Physicians Formula, Inc. and Swander Pace Capital. Plaintiffs allege that the directors failed to maximize shareholder value and that Physicians Formula, Inc.’s definitive proxy failed to disclose certain material information to stockholders. Plaintiffs claim that Blackstone Advisory Partners L.P., which served as the financial advisor to the Special Committee of the Physicians Formula, Inc. board of directors, aided and abetted the director defendants in the alleged breach of their fiduciary duty. After the conclusion of discovery (other than expert discovery), the director defendants and Blackstone each requested the Court’s leave to file a motion for summary judgment. Plaintiffs opposed the request. The court denied the requests of the director defendants and of Blackstone. Expert discovery is ongoing. There is no date scheduled for any trial of the action.

We believe that the foregoing suits are totally without merit and will continue to defend them vigorously.

MANAGEMENT

Directors and Executive Officers

Following the spin-off, we will consist of the businesses that currently conduct the operations of Blackstone’s financial and strategic advisory, restructuring and reorganization advisory and funds advisory services as well as the acquired operations of PJT Capital. Following the spin-off, none of our executive officers will be affiliated with Blackstone.

The following table sets forth certain information concerning the persons who are expected to serve as our directors and our executive officers following the spin-off. Our initial Board of Directors will include the four individuals named below, along with a fifth individual who will be identified prior to the consummation of the spin-off. Ages are as of June 30, 2015.

<u>Name</u>	<u>Age</u>	<u>Position(s)</u>
Paul J. Taubman	54	Chairman and Chief Executive Officer
Dennis S. Hersch	68	Director
Thomas M. Ryan	62	Director
Kenneth C. Whitney	57	Director
Ji-Yeun Lee	48	Managing Partner
Helen T. Meates	53	Chief Financial Officer
James W. Cuminale	62	General Counsel

Paul J. Taubman —Mr. Taubman will serve as our Chief Executive Officer and as Chairman of our Board of Directors. Mr. Taubman has served as founder and principal of PJT Capital since August 2, 2013. Prior to founding PJT Capital, Mr. Taubman was Co-President of Morgan Stanley’s Institutional Securities Division. Mr. Taubman began his career at Morgan Stanley in 1982 as an analyst and rejoined the firm as an associate after business school. After serving as Co-Head of the Global Mergers and Acquisitions Department, Mr. Taubman assumed the role of Co-Head of Investment Banking and subsequently Head of Investment Banking. After a 30-year tenure at Morgan Stanley, Mr. Taubman retired in December 2012. Mr. Taubman is Board President of New York Cares. He graduated with a B.S. in Economics from the University of Pennsylvania’s Wharton School in 1982, and earned his M.B.A. from Stanford University’s Graduate School of Business in 1986.

Mr. Taubman’s knowledge of and extensive experience in various senior leadership roles in the investment banking and the financial services industry will provide our Board of Directors valuable industry-specific knowledge and expertise. In addition, Mr. Taubman’s role as our Chief Executive Officer will bring management perspective to board deliberations and provide valuable information about the status of our day-to-day operations.

Dennis S. Hersch —Mr. Hersch will serve as a director on our Board of Directors. Mr. Hersch is President of N.A. Property, Inc., through which he has acted as a business advisor to Mr. and Mrs. Leslie H. Wexner since February 2008. He was a Managing Director of J.P. Morgan Securities Inc., an investment bank, from December 2005 through January 2008, where he served as the Global Chairman of its Mergers & Acquisitions Department. Mr. Hersch was a partner of Davis Polk & Wardwell LLP, a New York law firm, from 1978 until December 2005. Mr. Hersch has served as a director of L Brands, Inc. since 2006, and was a director of Clearwire Corporation from November 2008 until June 2013.

Mr. Hersch’s knowledge of and experience in investment banking and the financial services industry give the Board of Directors valuable industry-specific knowledge and expertise on these and other matters. In addition, Mr. Hersch brings to our Board legal and financial expertise, as well considerable experience with corporate governance matters, strategic issues and corporate transactions.

Thomas M. Ryan —Mr. Ryan will serve as a director on our Board of Directors. Mr. Ryan is the former Chairman and Chief Executive Officer of the Board of CVS Health Corporation, formerly known as CVS Caremark Corporation (“CVS”), a pharmacy healthcare provider. He served as Chairman from April 1999 to May 2011. He was Chief Executive Officer of CVS from May 1998 to February 2011 and also served as President from May 1998

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to May 2010. Mr. Ryan serves on the boards of Yum! Brands, Inc., Five Below, Inc. and Vantiv, Inc., and is an Operating Partner of Advent International. Mr. Ryan was a director of Reebok International Ltd. from 1998 to 2005 and Bank of America Corporation from 2004 to 2010.

Mr. Ryan's extensive operating and management experience, including as chief executive officer of a global pharmacy healthcare business, as well as his expertise in finance, strategic planning and his public company directorship and committee experience position him well to serve on our Board of Directors.

Kenneth C. Whitney—Mr. Whitney will serve as a director on our Board of Directors. Since April 2013, Mr. Whitney has managed a private family investment office focused on startup businesses and entertainment projects, where he is a Tony Award-winning producer. Since his retirement from The Blackstone Group L.P. in April 2013 until September 2015, he was also a Senior Advisor to Blackstone. Mr. Whitney was previously a Senior Managing Director and Head of Blackstone's Investor Relations & Business Development Group from 1998 to April 2013. After joining Blackstone in 1988, Mr. Whitney focused his efforts in raising capital for Blackstone's private investment funds and the establishment of Blackstone affiliates in the alternative investment area. He was a member of the Executive Committee and was responsible for the development of Blackstone Real Estate Partners, Blackstone Mezzanine Partners and Blackstone Debt Advisors and oversaw Blackstone's initial investments and joint ventures in the real estate area, as well as the establishment of the Park Hill business. Before joining Blackstone, Mr. Whitney began his career at Coopers & Lybrand in 1980, where he spent time in the firm's accounting and audit areas as well as in the tax and mergers and acquisitions areas. Mr. Whitney currently sits on the Board of Trustees for The First Tee and the University of Delaware, where he received a B.S. in Accounting .

Mr. Whitney's knowledge of and experience in the private equity and financial services industry, as well as his extensive operating and management experience provide unique insights on our business and add industry-specific expertise and knowledge to our Board.

Ji-Yeun Lee—Ji-Yeun Lee will serve as the Managing Partner of the Company, having joined PJT Capital as one of the Founding Partners in January 2014. From 2011 until she joined PJT Capital, Ms. Lee was Managing Director and the Deputy Head of Global Investment Banking at Morgan Stanley where she worked from 1988 until she joined PJT Partners. The majority of Ms. Lee's career at Morgan Stanley was spent in Mergers & Acquisitions advising clients on a broad range of transactions across industries and geographies, including six years in the firm's London office. Ms. Lee held management roles of increasing responsibility at Morgan Stanley, having been appointed the Chief Operating Officer of the Mergers & Acquisitions Department in 2004 and the Deputy Head of Global Investment Banking in 2007. In 2011, she joined Morgan Stanley's Management Committee. Ms. Lee received a Bachelor of Arts degree from Amherst College. She also serves on the Board of Directors of the Good Shepherd Services.

Helen T. Meates—Helen Meates will serve as the Chief Financial Officer of PJT Partners, having joined PJT Capital as Chief Financial Officer in January 2015. Prior to joining PJT Capital, Ms. Meates was a Managing Director at Morgan Stanley, where she worked for 22 years. She joined Morgan Stanley in 1992 in the Investment Banking Division and spent most of her career in Global Capital Markets, including nine years in Leveraged Finance. In 2011, she was appointed as Deputy Head of Global Capital Markets and co-Chair of the firm's Capital Commitment Committee. In November 2013, she assumed the role of Global Chief Operating Officer for the Research Division and was appointed to the Institutional Securities Operating Committee. Ms. Meates also served on the firm's Institutional Securities Risk Committee, Microfinance Advisory Board and Diversity Committee. She received a law degree (LL.B.) from Canterbury University in New Zealand in 1986 and an M.B.A. from Columbia Business School in 1992. She practiced law in New Zealand prior to attending business school. Ms. Meates serves on the boards of the SMA Foundation and the Bridgehampton Chamber Music Festival.

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James W. Cuminale —Mr. Cuminale will serve as the General Counsel of the Company, having joined PJT Capital as General Counsel on July 1, 2015. From November 2006 through June 2015, Mr. Cuminale was the Chief Legal Officer of Nielsen Holdings N.V. (or its predecessor). Prior to joining Nielsen, Mr. Cuminale served for over ten years as the Executive Vice President– Corporate Development, General Counsel and Secretary of PanAmSat Corporation and PanAmSat Holding Corporation. Mr. Cuminale received a B.A. from Trinity College and a J.D. from Vanderbilt University Law School. He serves on the Board of Trustees of Trinity College (since 2015) and the Board of Advisors at Vanderbilt University Law School (since 2011).

Our Board of Directors Following the Spin-Off

After the completion of the distribution, we expect to have a Board of Directors initially consisting of five directors, including the four named herein and one to be identified prior to consummation of the spin-off.

Structure of the Board of Directors

Our Board of Directors will be divided into three classes that will be, as nearly as possible, of equal size. The initial terms of the Class I, Class II and Class III directors will expire at the annual meeting in each of 2016, 2017 and 2018, respectively, and in each case, when any successor has been duly elected and qualified. Upon the expiration of each initial term, directors will subsequently serve three-year terms if renominated and reelected. The proposed Class I directors will include Mr. Taubman, the proposed Class II directors will include Mr. Ryan and Mr. Hersch, and the proposed Class III directors will include Mr. Whitney.

Committees of the Board of Directors

Following the spin-off, the standing committees of our Board of Directors will include an Audit Committee, a Compensation Committee and a Nominating/Corporate Governance Committee, each as further described below. Following our listing on the New York Stock Exchange and in accordance with the transition provisions of the rules of the New York Stock Exchange applicable to companies listing in conjunction with a spin-off transaction, each of these committees will, by the date required by the rules of the New York Stock Exchange, be composed exclusively of directors who are independent. Other committees may also be established by the Board of Directors from time to time.

Audit Committee. The initial members of the Audit Committee are expected to include Mr. Whitney (chair) and Mr. Hersch. The Audit Committee will have the responsibility, among other things, to meet periodically with management and with both our independent auditor and our internal auditors (or other personnel or service provider responsible for the internal audit function) to review audit results and the adequacy of and compliance with our system of internal controls. In addition, the Audit Committee will appoint or discharge our independent auditor, and review and approve auditing services and permissible non-audit services to be provided by the independent auditor in order to evaluate the impact of undertaking such added services on the independence of the auditor. The responsibilities of the Audit Committee will be more fully described in our Audit Committee charter. The Audit Committee charter will be posted on our website and will be available in print to any shareholder who requests it. Further, the Board of Directors has determined that Mr. Whitney and Mr. Hersch possess accounting or related financial management expertise within the meaning of the New York Stock Exchange listing standards and that _____ qualifies as an “audit committee financial expert” as defined under the applicable SEC rules.

Compensation Committee. The members of the Compensation Committee are expected to include Mr. Ryan (chair) and Mr. Hersch. The Compensation Committee will oversee all benefit programs, executive compensation and actions that affect the compensation of our senior officers. The Compensation Committee will also provide strategic direction for our overall compensation structure, policies and programs. The responsibilities of the Compensation Committee will be more fully described in the Compensation Committee charter. The Compensation Committee Charter will be posted on our website and will be available in print to any shareholder who requests it. Each member of the Compensation Committee will be a non-employee director and there are no Compensation Committee interlocks involving any of the projected members of the Compensation Committee.

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Nominating/Corporate Governance Committee. The initial members of the Nominating/Corporate Governance Committee are expected to include Mr. Taubman (chair) and Mr. Ryan. The Nominating/Corporate Governance Committee will be responsible for developing and recommending to the Board of Directors criteria for identifying and evaluating director candidates, and identifying and reviewing the qualifications of and proposing candidates for election to the Board of Directors. The Nominating/Corporate Governance Committee will also review and recommend action to the Board of Directors on matters involving corporate governance and, in general, oversee the evaluation of the Board of Directors. The responsibilities of the Nominating/Corporate Governance Committee will be more fully described in the Nominating/Corporate Governance Committee charter. The Nominating/Corporate Governance Committee charter will be posted on our website and will be available in print to any shareholder who requests it.

Director Independence. Our Board of Directors is expected to annually determine the independence of directors based on a review by the directors and the Nominating/Corporate Governance Committee. Our Board of Directors has affirmatively determined that the following directors, who are anticipated to be elected to our Board of Directors, are independent: Dennis S. Hersch and Thomas M. Ryan. No director will be considered independent unless the Board of Directors determines that he or she has no material relationship with us, either directly or as a partner, shareholder, or officer of an organization that has a material relationship with us. Material relationships can include commercial, industrial, banking, consulting, legal, accounting, charitable, and familial relationships, among others. The standards that will be relied upon by the Board of Directors in affirmatively determining whether a director is independent are composed, in part, of those objective standards set forth in the New York Stock Exchange rules, which generally provide that:

- A director who is an employee, or whose immediate family member (defined as a spouse, parent, child, sibling, father- and mother-in-law, son- and daughter-in-law, brother- and sister-in-law and anyone, other than a domestic employee, sharing the director's home) is an executive officer, of our company, would not be independent until three years after the end of such relationship.
- A director who receives, or whose immediate family member receives, more than \$120,000 per year in direct compensation from our company, other than director and committee fees and pension or other forms of deferred compensation for prior services (provided such compensation is not contingent in any way on continued service) would not be independent until three years after ceasing to receive such amount.
- A director who is a partner of or employed by, or whose immediate family member is a partner of or employed by and personally works on our company's audit, a present or former internal or external auditor of our company would not be independent until three years after the end of the affiliation or the employment or auditing relationship.
- A director who is employed, or whose immediate family member is employed, as an executive officer of another company where any of our company's present executives serve on the other company's compensation committee would not be independent until three years after the end of such service or employment relationship.
- A director who is an employee, or whose immediate family member is an executive officer, of a company that makes payments to, or receives payments from, our company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million, or 2% of such other company's consolidated gross revenue, would not be independent.

Director Nominations

Following the spin-off, we expect that the Nominating/Corporate Governance Committee will weigh the characteristics, experience, independence and skills of potential candidates for election to the Board of Directors and will recommend nominees for director to the Board of Directors for election. In considering candidates for the Board of Directors, the Nominating/Corporate Governance Committee will also assess the size, composition and combined expertise of the Board of Directors. As the application of these factors involves the exercise of

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judgment, we expect that the Nominating/Corporate Governance Committee will not have a standard set of fixed qualifications that is applicable to all director candidates, although we anticipate that the Nominating/Corporate Governance Committee will at a minimum assess each candidate's strength of character, judgment, industry knowledge or experience, his or her ability to work collegially with the other members of the Board of Directors and his or her ability to satisfy any applicable legal requirements or listing standards. In identifying prospective director candidates, we expect that the Nominating/Corporate Governance Committee may seek referrals from other members of the Board of Directors, management, stockholders and other sources, including third party recommendations. When considering director candidates, the Nominating/Corporate Governance Committee will seek individuals with backgrounds and qualities that, when combined with those of our incumbent directors, provide a blend of skills and experience to further enhance the effectiveness of the Board of Directors. In connection with its annual recommendation of a slate of nominees, the Nominating/Corporate Governance Committee also may assess the contributions of those directors recommended for re-election in the context of the Board evaluation process and other perceived needs of the Board of Directors.

Director Compensation

Following the spin-off, our employees who serve on our Board of Directors will receive no separate compensation for service as a director or on committees of our Board of Directors. However, we expect to establish compensation practices for our outside directors that will be aligned with creating and sustaining equityholder value whereby such directors will receive customary compensation for their service as members of our Board of Directors and of committees of our Board of Directors and be reimbursed for reasonable out-of-pocket expenses incurred in connection with such service.

Executive Compensation

Following the spin-off, we will consist of the businesses that currently conduct the operations of Blackstone's financial and strategic advisory, restructuring and reorganization advisory and funds advisory services as well as the acquired operations of PJT Capital. We did not have a principal executive officer during 2014. Mr. Taubman, our Chairman and Chief Executive Officer, and our other executive officers have had no historic role or compensation at Blackstone. The historical compensation of the Blackstone personnel who work in the Blackstone operations that will comprise our business following the separation has been primarily determined by Blackstone's founder, Mr. Stephen A. Schwarzman, who approves and oversees administration of Blackstone's executive compensation program. In connection with the spin-off, we will form our own Compensation Committee that will be responsible for our future executive compensation programs. Accordingly, our executive compensation programs following the spin-off may differ significantly from the Blackstone programs in place during 2014. We have presented information below under "—Actions Taken in Anticipation of Separation—Partner Agreement with Paul J. Taubman" concerning the compensation arrangements entered into with Mr. Taubman.

Actions Taken in Anticipation of Separation

Partner Agreement with Paul J. Taubman

PJT Partners Holdings LP has entered into a Partner Agreement with Mr. Taubman (the "CEO Agreement") which governs the terms of his employment from and after the closing of the acquisition. Mr. Taubman will serve as Chairman and Chief Executive Officer of PJT Partners Inc. and Chairman, Chief Executive Officer and Partner of PJT Partners Holdings LP. The CEO Agreement provides for an annual base salary of \$1,000,000 through the third anniversary of the closing of the acquisition and an annual draw of \$350,000 thereafter.

Mr. Taubman is generally subject to covenants of non-competition and non-solicitation of employees, consultants, clients and investors during his service to PJT Partners Holdings LP and for a period ending on the later of (x) two and one-half years following our spin-off and (y) one year following the termination of his service to PJT Partners Holdings LP in the case of the non-competition restrictions, and two years following the termination of his service to PJT Partners Holdings LP in the case of the non-solicitation restrictions. If

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Mr. Taubman is terminated by PJT Partners Holdings LP without “cause” or he resigns for “good reason,” the foregoing periods of time during which he will be subject to the non-competition restrictions will be reduced to 120 days and 90 days respectively. If Mr. Taubman’s service with PJT Partners Holdings LP is terminated for any reason other than his resignation without “Board Change Good Reason” or a termination of service by PJT Partners Holdings LP for cause, in each case within 24 months following a “Board Change of Control,” then (1) the covenants of non-competition and non-solicitation of client and investors will expire upon termination, and (2) the covenants of non-solicitation of employees and consultants will expire six months after termination. Mr. Taubman is also subject to perpetual covenants of confidentiality and non-disparagement.

Founder Units. Pursuant to the CEO Agreement and the Transaction Agreement, Mr. Taubman will acquire upon consummation of the acquisition, an aggregate of Partnership Units in PJT Partners Holdings LP and an aggregate of Participating LTIP Units in PJT Partners Holdings LP (collectively, “Founder Units”), which, in each case, vest over a five year period, with 20% vesting on October 9, 2017 (the third anniversary of the signing of the Transaction Agreement), 30% vesting on October 9, 2018 (the fourth anniversary of the signing of the Transaction Agreement), and 50% vesting on October 9, 2019 (the fifth anniversary of the signing of the Transaction Agreement). The Founder Units vest in full upon a change in control of PJT Partners.

Founder Earn-Out Units. Mr. Taubman will also acquire upon consummation of the acquisition, an aggregate of partnership interests in PJT Partners Holdings LP (the “Founder Earn-Out Units”) that will be issued in the form of LTIP Units, as described in “The Spin-Off—Amended and Restated Limited Partnership Agreement of PJT Partners Holdings LP” and “Certain Relationships and Related Party Transactions—PJT Partners Holdings LP Limited Partnership Agreement.” The Founder Earn-Out Units are subject to both time and performance vesting. The Founder Earn Out Units satisfy the time-vesting requirement over a five year period, with 20% vesting on October 9, 2017 (the third anniversary of the signing of the Transaction Agreement), 30% vesting on October 9, 2018 (the fourth anniversary of the signing of the Transaction Agreement) and 50% vesting on October 9, 2019 (the fifth anniversary of the signing of the Transaction Agreement). The performance vesting requirement will be satisfied upon the publicly traded Class A shares of PJT Partners Inc. achieving certain volume-weighted average share price targets over any consecutive 30-day trading period following the consummation of the spin-off, as follows:

- 1/5th of the Founders Earn-Out Units will be earned upon achieving a trading price of PJT Partners Inc. of \$ per share;
- 1/5th of the Founders Earn-Out Units will be earned upon achieving a trading price of PJT Partners Inc. of \$ per share;
- 1/5th of the Founders Earn-Out Units will be earned upon achieving a trading price of PJT Partners Inc. of \$ per share;
- 1/5th of the Founders Earn-Out Units will be earned upon achieving a trading price of PJT Partners Inc. of \$ per share; and
- 1/5th of the Founders Earn-Out Units will be earned upon achieving a trading price of PJT Partners Inc. of \$ per share.

The performance vesting requirements must be met prior to the sixth anniversary of the consummation of the spin-off. No portion of the Founder Earn Out Units will become vested until both the time-vesting and performance-vesting conditions have been satisfied. Upon a change in control of PJT Partners, the time-vesting conditions will be deemed satisfied, but the performance-vesting conditions will be satisfied only if the applicable share price targets are achieved in connection with such change in control.

Partnership Units received upon conversion of Participating LTIP Units and Founder Earn-Out Units will be entitled to the benefits of the exchange agreement, as described under “Certain Relationships and Related Person Transactions—Exchange Agreement.”

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If Mr. Taubman's service to PJT Partners terminates for any reason other than Mr. Taubman's resignation without good reason or by PJT Partners for cause, then (i) all of Mr. Taubman's unvested Founder Units and Founder Earn-Out Units will remain outstanding and eligible to vest, (ii) the unvested performance-based Founder Earn-Out Units will vest only upon the satisfaction of the applicable stock price performance conditions and will time vest on their regularly scheduled vesting dates during the period Mr. Taubman is bound by the restrictive covenants described above (the "Restriction Period"), with full time-vesting at the end of the Restriction Period, or, if earlier, the date of Mr. Taubman's death, and (iii) all unvested Founder Units will continue to vest on their regularly scheduled vesting dates during the Restriction Period and will vest in full upon the expiration of the Restriction Period, or, if earlier, the date of Mr. Taubman's death.

Notwithstanding the foregoing, if Mr. Taubman's service to PJT Partners is terminated for any reason other than his resignation without Board Change Good Reason, or termination by PJT Partners for cause, in each case within 24 months following a Board Change of Control, then all of Mr. Taubman's unvested Founder Units and Founder Earn-Out Units will fully vest upon such termination, without regard to any applicable service or performance vesting conditions.

For purposes of the CEO Agreement:

- "cause" means the occurrence or existence of any of the following: (i) Mr. Taubman's willful act of fraud, misappropriation, or embezzlement against PJT Partners Holdings LP that has a material adverse effect on the business of PJT Partners Holdings LP, (ii) Mr. Taubman's conviction of a felony or (iii) an un-appealable final determination by a court or regulatory body having authority with respect to securities laws that Mr. Taubman violated any applicable securities laws or any rules or regulations thereunder if such final determination (A) bars Mr. Taubman from employment in the securities industry or (B) renders Mr. Taubman unable to substantially perform his duties to PJT Partners Holdings LP; provided, that, PJT Partners Holdings LP must provide a notice of termination to Mr. Taubman within 60 days of the occurrence of the event constituting "cause," and, other than with respect to clause (ii) above, Mr. Taubman will have the opportunity to cure within 30 days of receiving such notice.
- "good reason" means the occurrence of any of the following events without Mr. Taubman's written consent: (i) a material adverse change in Mr. Taubman's titles, positions, authority, duties or responsibilities, (ii) the assignment of any duties materially inconsistent with Mr. Taubman's positions, (iii) a reduction of Mr. Taubman's salary, (iv) the relocation of Mr. Taubman's principal place of employment to anywhere other than PJT Partners Holdings LP's principal office, (v) a material breach by PJT Partners Holdings LP or its affiliates of the CEO Agreement or any other material agreement with PJT Partners Holdings LP or its affiliates, (vi) the failure of PJT Partners Inc. to nominate Mr. Taubman or Mr. Taubman's failure to be elected to the board of PJT Partners Inc. (other than as a result of Mr. Taubman's voluntary resignation) or Mr. Taubman's removal as a member of the board by PJT Partners Inc. (other than for "cause"), (vii) the hiring or firing of any executive officer, or (viii) the failure by PJT Partners Holdings LP to obtain written assumption of the Partner Agreement by a purchaser or successor of New LP; provided, that, Mr. Taubman must provide a notice of termination to PJT Partners Holdings LP within 60 days of the occurrence of the event constituting "good reason," and PJT Partners Holdings LP will have the opportunity to cure within 30 days of receiving such notice.
- "Board Change Good Reason" means the occurrence of any of the following events without Mr. Taubman's written consent: (i) a material adverse change in Mr. Taubman's titles, positions, authority, duties or responsibilities, (ii) the assignment any duties materially inconsistent with Mr. Taubman's positions, (iii) a reduction of Mr. Taubman's salary, (iv) the relocation of Mr. Taubman's principal place of employment to anywhere other than PJT Partners Holdings LP's principal office, (v) a breach by PJT Partners Holdings LP or its affiliates of the CEO Agreement or any other material agreement with PJT Partners Holdings LP or its affiliates, (vi) the failure of PJT Partners Inc. to nominate Mr. Taubman or Mr. Taubman's failure to be

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elected to the board of PJT Partners Inc. (other than as a result of Mr. Taubman's voluntary resignation) or Mr. Taubman's removal as a member of the board by PJT Partners Inc. (other than for "cause"), (vii) the failure by PJT Partners Holdings LP to obtain written assumption of the CEO Agreement by a purchaser or successor of PJT Partners Holdings LP, (viii) PJT Partners Inc. or any of its affiliates effecting a material disposition, acquisition or other business combination, (ix) PJT Partners Inc. or any of its affiliates entering into a new significant business line or discontinuing a significant existing business line, (x) the hiring or firing of any executive officer, or (xi) PJT Partners Inc. or any of its affiliates making any material compensation decisions with respect to partners or employees other than Mr. Taubman or PJT Partners Inc. or any of its affiliates failing to implement any material compensation decision made by Mr. Taubman with respect to partners or employees; provided, that, Mr. Taubman must provide a notice of termination to PJT Partners Holdings LP within 120 days of the occurrence of the event constituting "Board Change Good Reason," and PJT Partners Holdings LP will have the opportunity to cure within 10 days of receiving such notice.

- "Board Change of Control" means a majority of the members of the board of PJT Partners Inc. ceasing to be "continuing directors" which means any member of the board of PJT Partners Inc. who: (i) was a member of such board immediately following the spin-off; or (ii) was nominated for election or elected or appointed to the board with the approval of a majority of the "continuing directors" who were members of such board at the time of such nomination, election or appointment .

PJT Partners Inc. 2015 Omnibus Incentive Plan

In connection with the spin-off, we will adopt a new omnibus incentive plan.

Summary of Our 2015 Omnibus Incentive Plan

Purpose. The purpose of our 2015 Omnibus Incentive Plan is to provide a means through which to attract and retain key personnel and to provide a means whereby our directors, officers, employees, partners, consultants and advisors can acquire and maintain an equity interest in us, or be paid incentive compensation, including incentive compensation measured by reference to the value of our Class A common stock, thereby strengthening their commitment to our welfare and aligning their interests with those of our stockholders.

Administration. Our 2015 Omnibus Incentive Plan will be administered by the compensation committee of our board of directors or such other committee of our board of directors to which it has properly delegated power, or if no such committee or subcommittee thereof exists, our board of directors (as applicable, the "Committee"). The Committee is authorized to interpret, administer, reconcile any inconsistency in, correct any defect in and/or supply any omission in our 2015 Omnibus Incentive Plan and any instrument or agreement relating to, or any award granted under, our 2015 Omnibus Incentive Plan; establish, amend, suspend, or waive any rules and regulations and appoint such agents as the Committee deems appropriate for the proper administration of our 2015 Omnibus Incentive Plan; adopt sub-plans; and to make any other determination and take any other action that the Committee deems necessary or desirable for the administration of our 2015 Omnibus Incentive Plan. Except to the extent prohibited by applicable law or the applicable rules and regulations of any securities exchange or inter-dealer quotation system on which our securities are listed or traded, the Committee may allocate all or any portion of its responsibilities and powers to any one or more of its members and may delegate all or any part of its responsibilities and powers to any person or persons selected by it in accordance with the terms of our 2015 Omnibus Incentive Plan. Unless otherwise expressly provided in our 2015 Omnibus Incentive Plan, all designations, determinations, interpretations, and other decisions under or with respect to our 2015 Omnibus Incentive Plan or any award or any documents evidencing awards granted pursuant to our 2015 Omnibus Incentive Plan are within the sole discretion of the Committee, may be made at any time and are final, conclusive and binding upon all persons or entities, including, without limitation, us, any participant, any holder or beneficiary of any award, and any of our stockholders.

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Interests Subject to our 2015 Omnibus Incentive Plan. Our 2015 Omnibus Incentive Plan provides that the total number of shares of Class A common stock, Partnership Units or LTIP Units (collectively, “Interests”) that may be issued under our 2015 Omnibus Incentive Plan is (counting the number of shares of Class A common stock into which any Partnership Units or LTIP Units are, or may become, exchangeable and subject to the reallocation provisions of the Partnership Agreement). Of this amount, the maximum number of Interests for which incentive stock options may be granted is ; the maximum number of Interests for which options or stock appreciation rights may be granted to any individual participant during any single fiscal year is ; the maximum number of Interests for which performance compensation awards denominated in shares may be granted to any individual participant in respect of a single fiscal year is (or if any such awards are settled in cash, the maximum amount may not exceed the fair market value of such shares on the last day of the performance period to which such award relates); the maximum number of shares of Class A common stock granted during a single fiscal year to any non-employee director, taken together with any cash fees paid to such non-employee director during the fiscal year, shall not exceed \$ in total value; and the maximum amount that may be paid to any individual participant for a single fiscal year under a performance compensation award denominated in cash is \$. Except for substitute awards (as described below), in the event any award terminates, lapses, or is settled without the payment of the full number of shares subject to such award, including as a result of net settlement of the award or as a result of the award being settled in cash, the undelivered Interests may be granted again under our 2015 Omnibus Incentive Plan, unless the Interests are surrendered after the termination of our 2015 Omnibus Incentive Plan, and only if stockholder approval is not required under the then-applicable rules of the exchange on which the shares of Class A common stock are listed. Awards may, in the sole discretion of the Committee, be granted in assumption of, or in substitution for, outstanding awards previously granted by an entity directly or indirectly acquired by us or with which we combine (referred to as “*substitute awards*”), and such substitute awards shall not be counted against the total number of Interests that may be issued under our 2015 Omnibus Incentive Plan, except that substitute awards intended to qualify as “incentive stock options” shall count against the limit on incentive stock options described above. No award may be granted under our 2015 Omnibus Incentive Plan after the tenth anniversary of the effective date (as defined therein), but awards granted before then may extend beyond that date.

Options. The Committee may grant non-qualified stock options and incentive stock options, under our 2015 Omnibus Incentive Plan, with terms and conditions determined by the Committee that are not inconsistent with our 2015 Omnibus Incentive Plan; provided, that all stock options granted under our 2015 Omnibus Incentive Plan are required to have a per share exercise price that is not less than 100% of the fair market value of our Class A common stock underlying such stock options on the date such stock options are granted (other than in the case of options that are substitute awards), and all stock options that are intended to qualify as incentive stock options must be granted pursuant to an award agreement expressly stating that the options are intended to qualify as incentive stock options, and will be subject to the terms and conditions that comply with the rules as may be prescribed by Section 422 of the Code. The maximum term for stock options granted under our 2015 Omnibus Incentive Plan will be ten years from the initial date of grant, or with respect to any stock options intended to qualify as incentive stock options, such shorter period as prescribed by Section 422 of the Code. However, if a non-qualified stock option would expire at a time when trading of shares of our Class A common stock is prohibited by our insider trading policy (or “blackout period” imposed by us), the term will automatically be extended to the 30th day following the end of such period. The purchase price for the Class A shares as to which a stock option is exercised may be paid to us, to the extent permitted by law (i) in cash or its equivalent at the time the stock option is exercised; (ii) in Class A shares having a fair market value equal to the aggregate exercise price for the Class A shares being purchased and satisfying any requirements that may be imposed by the Committee; or (iii) by such other method as the Committee may permit in its sole discretion, including, without limitation, (A) in other property having a fair market value on the date of exercise equal to the purchase price, (B) if there is a public market for the Class A shares at such time, through the delivery of irrevocable instructions to a broker to sell the Class A shares being acquired upon the exercise of the stock option and to deliver to us the amount of the proceeds of such sale equal to the aggregate exercise price for the Class A shares being purchased or (C) through a “net exercise” procedure effected by withholding the minimum number of shares needed to pay the exercise price and all applicable required withholding taxes. Any fractional shares of common stock will be settled in cash.

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Stock Appreciation Rights. The Committee may grant stock appreciation rights, with terms and conditions determined by the Committee that are not inconsistent with our 2015 Omnibus Incentive Plan. Generally, each stock appreciation right will entitle the participant upon exercise to an amount (in cash, Class A shares or a combination of cash and Class A shares, as determined by the Committee) equal to the product of (i) the excess of (A) the fair market value on the exercise date of one share of Class A common stock, over (B) the strike price per share, times (ii) the number of shares of Class A common stock covered by the stock appreciation right. The strike price per share of a stock appreciation right will be determined by the Committee at the time of grant but in no event may such amount be less than the fair market value of a share of common stock on the date the stock appreciation right is granted (other than in the case of stock appreciation rights granted in substitution of previously granted awards).

Restricted Shares and Restricted Stock Units. The Committee may grant restricted Interests, restricted interest units, representing the right to receive, upon the expiration of the applicable restricted period, one share of Class A common stock or one Partnership Unit for each restricted interest unit, or, in the sole discretion of the Committee, the cash value thereof (or any combination thereof). As to restricted shares of our Class A common stock, subject to the other provisions of our 2015 Omnibus Incentive Plan, the holder will generally have the rights and privileges of a stockholder as to such restricted shares of Class A common stock, including, without limitation, the right to vote such restricted shares of common stock (except, that if the lapsing of restrictions with respect to such restricted shares of Class A common stock is contingent on satisfaction of performance conditions other than or in addition to the passage of time, any dividends payable on such restricted shares of Class A common stock will be retained, and delivered without interest to the holder of such shares when the restrictions on such shares lapse, unless otherwise determined by the Committee). As to restricted Partnership Units, subject to the other provisions of our 2015 Omnibus Incentive Plan, the holder will generally have the rights and privileges of a partner as to such restricted Partnership Unit, including, without limitation, the right to vote such Partnership Unit to the extent a unit has voting rights (except, that if the lapsing of restrictions with respect to such restricted Partnership Unit is contingent on satisfaction of performance conditions other than or in addition to the passage of time, any dividends payable on such Partnership Unit will be retained, and delivered without interest to the holder of such unit when the restrictions on such unit lapse, unless otherwise determined by the Committee). As to restricted interest units, a holder will not have the rights and privileges of a stockholder.

Other Interest-Based Awards. The Committee may issue unrestricted Interests, rights to receive grants of awards at a future date, or other awards denominated in Interests (including, without limitation, performance shares or performance units), under our 2015 Omnibus Incentive Plan, including performance-based awards, with terms and conditions determined by the Committee that are not inconsistent with our 2015 Omnibus Incentive Plan.

Performance Compensation Awards. The Committee may also designate any award as a “performance compensation award” intended to qualify as “performance-based compensation” under Section 162(m) of the Code. The Committee also has the authority to make an award of a cash bonus to any participant and designate such award as a performance compensation award under our 2015 Omnibus Incentive Plan. The Committee has sole discretion to select the length of any applicable performance periods, the types of performance compensation awards to be issued, the applicable performance criteria and performance goals, and the kinds and/or levels of performance goals that are to apply. The performance criteria that will be used to establish the performance goals may be based on the attainment of specific levels of our performance (and/or one or more affiliates, divisions or operational and/or business units, product lines, brands, business segments, administrative departments, or any combination of the foregoing) and are limited to specific criteria enumerated in our 2015 Omnibus Incentive Plan.

Effect of Certain Events on the 2015 Omnibus Incentive Plan and Awards. In the event of (a) any dividend (other than regular cash dividends) or other distribution (whether in the form of cash, shares of Class A common stock, other securities or other property), recapitalization, reclassification, stock split, reverse stock split, reorganization, merger, consolidation, split-up, split-off, spin-off, combination, repurchase or exchange of our shares of common stock or other securities, issuance of warrants or other rights to acquire our shares of common stock or other securities, or other similar corporate transaction or event (including, without limitation, a change in control, as defined in our 2015 Omnibus Incentive Plan) that affects the shares of common stock, or (b) unusual

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or nonrecurring events (including, without limitation, a change in control) affecting us, any affiliate, or the financial statements of us or any affiliate, or changes in applicable rules, rulings, regulations or other requirements of any governmental body or securities exchange or inter-dealer quotation system, accounting principles or law, such that in either case an adjustment is determined by the Committee in its sole discretion to be necessary or appropriate, then the Committee must make any such adjustments in such manner as it may deem equitable, including, without limitation, any or all of: (i) adjusting any or all of (A) the Interest limits applicable under our 2015 Omnibus Incentive Plan with respect to the number of awards which may be granted thereunder; (B) the number of our Interests or other securities which may be issued in respect of awards or with respect to which awards may be granted under our 2015 Omnibus Incentive Plan or any sub-plan and (C) the terms of any outstanding award, including, without limitation, (1) the number of Interests or other securities subject to outstanding awards or to which outstanding awards relate, (2) the exercise price or strike price with respect to any award or (3) any applicable performance measures; (ii) providing for a substitution or assumption of awards, accelerating the exercisability of, lapse of restrictions on, or termination of, awards or providing for a period of time for participants to exercise outstanding awards prior to the occurrence of such event; and (iii) cancelling any one or more outstanding awards and causing to be paid to the holders holding vested awards (including any awards that would vest as a result of the occurrence of such event but for such cancellation) the value of such awards, if any, as determined by the Committee (which if applicable may be based upon the price per share of Class A common stock received or to be received by other holders of our Class A common stock in such event), including, without limitation, in the case of options and stock appreciation rights, a cash payment equal to the excess, if any, of the fair market value of the shares of Class A common stock subject to the option or stock appreciation right over the aggregate exercise price or strike price thereof.

Nontransferability of Awards. An award will not be transferable or assignable by a participant (unless such transfer is specifically required by applicable law) other than by will or by the laws of descent and distribution and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance will be void and unenforceable against us or any affiliate. However, the Committee may, in its sole discretion, permit awards (other than incentive stock options) to be transferred, including transfer to a participant's family members, any trust established solely for the benefit of a participant or such participant's family members, any partnership or limited liability company of which a participant, or such participant and such participant's family members, are the sole member(s), and a beneficiary to whom donations are eligible to be treated as "charitable contributions" for tax purposes.

Amendment and Termination. Our board of directors may amend, alter, suspend, discontinue, or terminate our 2015 Omnibus Incentive Plan or any portion thereof at any time; provided, that no such amendment, alteration, suspension, discontinuation or termination may be made without stockholder approval if (i) such approval is necessary to comply with any regulatory requirement applicable to our 2015 Omnibus Incentive Plan or for changes in GAAP to new accounting standards; (ii) it would materially increase the number of securities which may be issued under our 2015 Omnibus Incentive Plan (except for adjustments in connection with certain corporate events) or (iii) it would materially modify the requirements for participation in our 2015 Omnibus Incentive Plan; provided, further, that any such amendment, alteration, suspension, discontinuance or termination that would materially and adversely affect the rights of any participant or any holder or beneficiary of any award shall not to that extent be effective without such individual's consent.

The Committee may, to the extent consistent with the terms of any applicable award agreement, waive any conditions or rights under, amend any terms of, or alter, suspend, discontinue, cancel or terminate, any award granted or the associated award agreement, prospectively or retroactively (including after a participant's termination); provided, that, except as otherwise permitted in our 2015 Omnibus Incentive Plan, any such waiver, amendment, alteration, suspension, discontinuance, cancellation or termination would materially and adversely affect the rights of any participant with respect to such award will not to that extent be effective without such individual's consent; provided that without stockholder approval, except as otherwise permitted in our 2015 Omnibus Incentive Plan, (i) no amendment or modification may reduce the exercise price of any option or the strike price of any stock appreciation right; (ii) the Committee may not cancel any outstanding option or stock

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appreciation right and replace it with a new option or stock appreciation right (with a lower exercise price or strike price, as the case may be) or other award or cash payment that is greater than the value of the cancelled option or stock appreciation right and (iii) the Committee may not take any other action which is considered a “repricing” for purposes of the stockholder approval rules of any securities exchange or inter-dealer quotation system on which our securities are listed or quoted.

Partnership Interests. With respect to an award of Partnership Units or LTIP Units, in the event of a conflict or inconsistency as between the 2015 Omnibus Incentive Plan and the partnership agreement of PJT Partners Holdings LP or as between the 2015 Omnibus Incentive Plan and the applicable award agreement, the partnership agreement and the award agreement shall govern and control, respectively.

Dividends and Dividend Equivalents. The Committee in its sole discretion may provide part of an award with dividends or dividend equivalents, on such terms and conditions as may be determined by the Committee in its sole discretion; provided, that no dividends or dividend equivalents shall be payable in respect of outstanding (i) options or stock appreciation rights or (ii) unearned performance compensation awards or other unearned awards subject to performance conditions (other than or in addition to the passage of time) (although dividends or dividend equivalents may be accumulated in respect of unearned awards and paid after such awards are earned and become payable or distributable).

Clawback/Repayment. All awards are subject to reduction, cancellation, forfeiture or recoupment to the extent necessary to comply with (i) any clawback, forfeiture or other similar policy adopted by our board of directors or the committee and as in effect from time to time, and (ii) applicable law. To the extent that a participant receives any amount in excess of the amount that the participant should otherwise have received under the terms of the award for any reason (including, without limitation, by reason of a financial restatement, mistake in calculations or other administrative error), the participant will be required to repay any such excess amount to the company.

Detrimental Activity. If a participant has engaged in any detrimental activity, as defined in our 2015 Omnibus Incentive Plan, as determined by the committee, the committee may, in its sole discretion, provide for one or both of the following: (i) cancellation of any or all of such participant’s outstanding awards, or (ii) forfeiture by the participant of any gain realized on the vesting or exercise of awards and prompt repayment to the company of any such gain.

Bonus Deferral Plan

We are contemplating establishing a Bonus Deferral Plan (which we also refer to as our “Bonus Deferral Plan”) for certain of our eligible employees and partners in order to provide such individuals with a pre-tax deferred incentive compensation opportunity and to enhance our alignment of interests with such eligible individuals. The Deferred Compensation Plan is an unfunded, nonqualified deferred compensation plan which provides for the automatic, mandatory deferral of a portion of each participant’s annual cash bonus payment.

At the end of each year, the Plan Administrator (as defined in the Deferred Compensation Plan) will select plan participants in its sole discretion and notify such individuals that they have been selected to participate in the Deferred Compensation Plan for such year. Participation is mandatory for those individuals selected by the Plan Administrator to be participants. An individual, if selected, may not decline to participate in the Deferred Compensation Plan and an individual who is not so selected may not elect to participate in the Deferred Compensation Plan. The selection of participants is made on an annual basis; an individual selected to participate in the Deferred Compensation Plan for a given year may not necessarily be selected to participate in a subsequent year.

In respect of the deferred portion of his or her annual cash bonus payment, each participant receives deferral shares which represent rights to receive in the future a specified number of shares of our Class A common stock under our 2015 Omnibus Incentive Plan, subject to vesting provisions described below. The amount of each

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participant's annual cash bonus payment deferred under the Deferred Compensation Plan is calculated pursuant to a deferral rate table using the participant's total annual incentive compensation, which generally includes such participant's annual cash bonus payment. For deferrals of 2015 annual cash bonus payments, the deferral percentage will be calculated on the basis set forth in the following table (or such other table that may be adopted by the Plan Administrator):

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).

Generally, deferral awards are satisfied by delivery of shares of our Class A common stock in equal annual installments over the three year vesting period. Delivery of shares of our Class A common stock underlying vested deferral awards is delayed until anticipated trading window periods to better facilitate the participant's liquidity to meet tax obligations. If the participant's employment is terminated for cause, the participant's undelivered deferral shares (vested and unvested) will be immediately forfeited. Upon a change in control or termination of the participant's services because of death, disability or without cause, the shares of Class A common stock underlying any outstanding deferral awards (vested and unvested) will become immediately deliverable. Unvested bonus deferral awards are forfeited upon a participant's resignation. However, in connection with a qualifying retirement, bonus deferral awards will continue to vest and be delivered over the applicable deferral period, subject to forfeiture if the participant violates any applicable provision of his her employment or partner agreement or engages in any competitive activity (as such term is defined in the Deferred Compensation Plan).

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Transaction Agreement

The following is a summary of certain material provisions of the Transaction Agreement. The rights and obligations of the parties are governed by the express terms and conditions of the Transaction Agreement and not by this summary or any other information included in this information statement. Recipients of this information statement are urged to read the Transaction Agreement in its entirety. The Transaction Agreement has been included to provide recipients of this information statement with information regarding its terms. It is not intended to provide any other factual information about Blackstone, us, Mr. Taubman or PJT Capital. Information about Blackstone, us, Mr. Taubman and PJT Capital can be found elsewhere in this information statement.

The Transaction Agreement contains representations and warranties that Blackstone, we, Mr. Taubman, PJT Capital LP and the other parties thereto made to each other. These representations and warranties have been made solely for the benefit of the other parties to the Transaction Agreement and have been qualified by certain information that has been disclosed to the other parties to the Transaction Agreement and that is not reflected in the Transaction Agreement. In addition, these representations and warranties may be intended as a way of allocating risks among parties if the statements contained therein prove to be incorrect, rather than as actual statements of fact. Accordingly, recipients of this information statement should not rely on the representations and warranties as characterizations of the actual state of facts. Moreover, information concerning the subject matter of the representations and warranties may have changed since the date of the Transaction Agreement, which subsequent information may or may not be fully reflected in the companies' public disclosures.

The Acquisition. Under the Transaction Agreement, immediately prior to the distribution, we will acquire 100% of the equity interests of PJT Capital LP and PJT Management, LLC (its general partner). As a result of the acquisition, PJT Capital LP will become our wholly owned subsidiary. Upon consummation of the acquisition, Mr. Taubman and the other selling holders of equity interests in PJT Capital LP will receive an aggregate of _____ unvested Partnership Units in PJT Partners Holdings LP and an aggregate of _____ unvested Participating LTIP Units in PJT Partners Holdings LP, which, in each case, will be subject to time-based vesting as described in "Management—Actions Taken in Anticipation of Separation—Partner Agreement with Paul J. Taubman—Founder Units."

Regulatory Approval and Efforts to Close. The acquisition is subject to the requirements of the HSR Act, and the rules and regulations promulgated thereunder, which provide that certain acquisition transactions may not be completed until required information has been furnished to the DOJ and the FTC, and until certain waiting periods have been terminated or have expired. On December 18, 2014, the FTC granted early termination of the waiting period under the HSR Act with respect to the acquisition. The expiration or earlier termination of any HSR Act waiting period would not preclude the DOJ or the FTC from challenging the Transactions on antitrust grounds or from seeking to preliminarily or permanently enjoin the Transactions. None of the parties believe that the Transactions will violate federal antitrust laws, but there can be no guarantee that the DOJ or the FTC will not take a different position. If the merger is not completed within twelve (12) months after the expiration or earlier termination of the applicable HSR Act waiting period, the parties will be required to submit new information to the DOJ and the FTC, and a new HSR Act waiting period will have to expire or be earlier terminated before the Transactions could be completed.

Subject to the terms of the Separation Agreement, the Transaction Agreement generally provides that the parties will use, and will cause their respective subsidiaries to use, their reasonable best efforts to take promptly, or cause to be taken, all actions and to do promptly, or cause to be done, all things necessary, proper or advisable under applicable laws to carry out the intent and purposes of the Transaction Agreement and to consummate the spin-off.

In connection with any filing or submission required, action to be taken or commitment to be made by the any party or its affiliates to consummate the transactions contemplated by the Transaction Agreement, (A) no

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party shall, without the other parties' prior written consent, sell, divest or dispose of, or commit to any sale divestiture or disposal of, any assets, license any of its intellectual property or take any other action or commit to take any action that would limit their freedom of action with respect to, or their ability to retain any of, their respective businesses or assets or intellectual property.

Representations and Warranties. The Transaction Agreement contains substantially reciprocal customary representations and warranties that we, Blackstone, Mr. Taubman, PJT Capital LP and the other seller parties made to each other as of specific dates.

The representations and warranties by each of us, Blackstone and PJT Capital LP in the Transaction Agreement relate to, among other things: due organization, good standing and corporate power; authority to enter into the Transaction Agreement (and other transaction-related agreements) and no conflicts with or violations of governance documents, other obligations or laws; ownership, capitalization and subsidiaries; financial statements and absence of undisclosed liabilities; litigation; compliance with laws and regulatory matters; prior conduct of business; tax matters; compliance with SEC requirements of the information supplied for this information statement (and any other applicable requirements of the information supplied to other governmental authorities); transactions with interested persons; and payment of fees to brokers or finders in connection with the spin-off. In addition, PJT Capital LP made representations and warranties that relate to material agreements; title to properties; insurance, benefit plans; existence of third-party contracts for the services of Mr. Taubman and intellectual property matters and we and Blackstone made representations and warranties that relate to information concerning our business pipeline and sufficiency of assets for the independent operation of the business following the spin-off.

Mr. Taubman and the other seller parties to the Transaction Agreement made representations and warranties relating to, among other things: due authorization and non-contravention of law or contract; ownership; related party agreements; legal compliance; accredited investor status; receipt for investment; tax matters; and compliance with SEC requirements of the information supplied for this information statement (and any other applicable requirements of the information supplied to other governmental authorities).

Many of the representations and warranties contained in the Transaction Agreement are subject to a "material adverse effect" standard. None of the representations and warranties contained in the Transaction Agreement survive the closing.

Under the Transaction Agreement, "material adverse effect" means any fact, event, series of events, change, effect or circumstance that, individually or in the aggregate, (1) has had or would reasonably be expected to have a material adverse effect on the business, condition (financial or otherwise), assets, liabilities or results of operations of the relevant party or business unit, taken as a whole, or (2) prohibits or materially impairs the ability of the relevant party or business unit to timely perform its obligations under the Transaction Agreement at or prior to closing; provided, however, that in no event shall any of the following constitute a material adverse effect (except in the case of (a), (b), (c), (e) or (f) to the extent such fact, event, series of events, change, effect or circumstance has a disproportionate and adverse effect on the relevant party or business unit relative to other persons in the investment banking industry in the United States):

- (a) any fact, event, series of events, change, effect or circumstance resulting from or relating to a decline or worsening in economic or financial conditions generally;
- (b) any fact, event, series of events, change, effect or circumstance that affects the investment banking industry generally;
- (c) any fact, event, series of events, change, effect or circumstance resulting from or relating to changes in the securities markets, capital markets, credit markets or currency markets in the United States;
- (d) any fact, event, series of events, change, effect or circumstance resulting from or relating to the announcement of the spin-off;

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- (e) the engagement by the United States in hostilities or the escalation thereof, whether or not pursuant to the declaration of a national emergency or war, or the occurrence or the escalation of any military or terrorist attack upon the United States;
- (f) any change in GAAP or applicable law or interpretations thereof;
- (g) any action taken by the other party or its affiliates; or
- (h) any effect resulting from compliance with the terms and conditions of the Transaction Agreement.

Conduct of Business. Until the earlier of the closing and termination of the Transaction Agreement, subject to certain exceptions and items disclosed in the schedules to the Transaction Agreement, each of us and Blackstone with respect to our business, and Mr. Taubman, the other seller parties and PJT Capital with respect to the business of PJT Capital are required to conduct the relevant business in the ordinary course consistent with past practice and shall use commercially reasonable efforts to preserve intact the present business operations, organization and goodwill of the relevant business, and preserve the relationships with clients, employees and others having business relationships with the relevant business, including, in the case of PJT Capital, by enforcing any covenants or other agreements with respect to certain material agreements and arrangements in the schedules to the Transaction Agreement.

Without the prior written consent of the other parties to the Transaction Agreement (which consent shall not be unreasonably withheld, conditioned, or delayed), subject to certain specified exceptions and thresholds, and items disclosed in the schedules to the Transaction Agreement, neither we nor Blackstone with respect to the PJT Partners business, and none of Mr. Taubman, the other seller parties and PJT Capital with respect to the business of PJT Capital may take, permit or authorize any or all of the following actions or commit or agree to take any of the following actions:

- adopt or propose any change in the organizational documents of PJT Capital, PJT Partners Holdings LP or PJT Partners Inc., as applicable, except as required by applicable law;
- issue any equity interests, equity equivalents or other interests in PJT Capital, PJT Partners Holdings LP or PJT Partners Inc., as applicable;
- (A) incur, assume, guarantee, refinance or become obligated with respect to any indebtedness that will not be repaid at or prior to the spin-off, (B) other than in the ordinary course, enter into any swap or hedging transaction or other derivative agreements, or (C) other than in the ordinary course, make any loans, capital contributions, advances or other investments in or to any person;
- sell, license or dispose of, or subject to any claim, any assets, other than in the ordinary course of business;
- acquire (including by merger) another business or entity or equity interests or other interests of any other person or any material assets;
- make any capital expenditures that would impose material liabilities on our business after the spin-off;
- settle, compromise, discharge or agree to settle any action, except where such action is not reasonably likely to result in the imposition of injunctive relief against the relevant business;
- change or revoke any tax election (including any election relating to entity classification for U.S. Federal income tax purposes), enter into any closing agreement, or settle or compromise any proceeding with respect to any tax or tax return; or
- wind up, terminate or dissolve any relevant entity.

In addition, without our prior written consent (which consent shall not be unreasonably withheld, conditioned, or delayed) PJT Capital may not declare, set aside or pay any cash dividends, or make any cash distribution.

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No-Shop; Transfer of Interests. Until the earlier of the closing and termination of the Transaction Agreement, each of Blackstone and the seller parties will not (1) solicit, initiate or knowingly encourage any acquisition proposal from any person, (2) engage in discussions or negotiations in respect of an acquisition proposal, (3) furnish or cause to be furnished to any person, any information concerning the business, operations, properties or assets of our business or the business of PJT Capital, as applicable, in connection with an acquisition proposal, or (4) otherwise cooperate in any way with, or assist or participate in, facilitate or encourage, any effort or attempt by any other person to do or seek any of the foregoing.

For purposes of the Transaction Agreement, an “acquisition proposal” means any offer or proposal for, or indication of interest in (1) a merger, consolidation, stock exchange, business combination, reorganization, recapitalization, liquidation, dissolution or other similar transaction involving PJT Capital, in the case of the seller parties, or us or PJT Partners Holdings LP, in the case of Blackstone, any purchase of a majority or more of the assets of any of PJT Capital LP, PJT Management, LLC or their respective subsidiaries, in the case of the seller parties, or us or PJT Partners Holdings LP, in the case of Blackstone, or any purchase of a majority of the interests, common stock or capital stock of any of PJT Capital LP, PJT Management, LLC or their respective subsidiaries, in the case of the seller parties, or us or PJT Partners Holdings LP, in the case of Blackstone, or (2) in the case of the seller parties, an employment or other services arrangement between Mr. Taubman (whether as an officer, partner, employee, independent contractor or otherwise) and any person other than PJT Capital, in each case other than the transactions contemplated by the Transaction Agreement.

Until the earlier of the closing and termination of the Transaction Agreement, except for the transactions contemplated by the Transaction Agreement and certain other exceptions expressly contemplated by the Transaction Agreement, none of the seller parties shall, directly or indirectly, sell, transfer or convey any of their interests in PJT Capital or create or incur any encumbrance on any such interest without our prior written consent.

No Solicitation. Until the earlier of the closing or the second anniversary of the date of the Transaction Agreement, each of Blackstone and us, on the one hand, and the seller parties and PJT Capital, on the other hand, shall not, and shall cause their respective affiliates not to, without the prior written consent of the other parties, directly or indirectly, solicit or hire (or cause or seek to cause to leave the employ of the other parties), whether as an officer, employee or consultant or other independent contractor, any individual who is currently or hereafter becomes a senior officer (or partner) or other management-level employee of the other parties, provided, however, that these restrictions shall not apply (x) to any general advertisement, or any search firm engagement which, in any such case, is not directed or focused on personnel employed by the other parties or their affiliates or (y) the solicitation or hiring of any individual whose employment or term in office was terminated by the other parties or their affiliates.

Partner Agreements. Pursuant to the Transaction Agreement, each of Mr. Taubman and the key members of his team has executed and delivered a Partner Agreement or a Managing Director Agreement, as applicable, providing for such person’s employment by PJT Partners Holdings LP, which will become effective pursuant to their terms as of the date of the distribution. See “Management—Actions Taken in Anticipation of Separation—Partner Agreement with Paul J. Taubman.”

Founder Earn-Out Units. The Transaction Agreement provides for the issuance to Mr. Taubman and the other selling holders of equity interests in PJT Capital LP at the time of the distribution of an aggregate of _____ partnership interests in PJT Partners Holdings LP that will be issued in the form of LTIP Units under our Omnibus Incentive Plan, which will be subject to both time and performance vesting as described in “Management—Actions Taken in Anticipation of Separation—Partner Agreement with Paul J. Taubman—Founder Earn-Out Units.”

Amendment; Waiver. The Transaction Agreement may not be amended except by an instrument in writing signed by each of the parties. Any provision of the Transaction Agreement may be waived, provided that any such waiver must be set forth in a writing executed by the waiving party.

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Fees and Expenses. The Transaction Agreement provides that if the spin-off is consummated all expenses of PJT Capital in connection with the spin-off shall be borne by PJT Capital and all expenses of us and Blackstone in connection with the spin-off shall be borne by Blackstone.

Agreements with Blackstone Related to the Spin-Off

This section of the information statement summarizes material agreements between us and Blackstone (and, in certain cases, PJT Capital as well) that will govern the spin-off and the ongoing relationships between the two companies thereafter and are intended to provide for an orderly transition to our status as an independent, publicly traded company. Additional or modified agreements, arrangements and transactions, which would be negotiated at arm's length, may be entered into between us and Blackstone after the spin-off. The summaries below of each of these agreements set forth the terms that we believe are material. These summaries are qualified in their entirety by reference to the full text of the applicable agreements, which are incorporated by reference into this information statement.

Following the spin-off, we and Blackstone will operate independently, and neither will have any ownership interest in the other. In order to govern certain ongoing relationships between us and Blackstone after the spin-off and to provide mechanisms for an orderly transition, we and Blackstone intend to enter into agreements pursuant to which certain services and rights will be provided for following the spin-off, and we and Blackstone will indemnify each other against certain liabilities arising from our respective businesses. The following is a summary of the terms of the material agreements we have entered into or expect to enter into with Blackstone.

Separation Agreement

We intend to enter into a Separation Agreement with Blackstone prior to the consummation of the spin-off. The Separation Agreement will set forth agreements with Blackstone regarding the principal actions to be taken in connection with our spin-off from Blackstone. It will also set forth other agreements that govern certain aspects of our relationship with Blackstone following the spin-off.

Transfer of Assets and Assumption of Liabilities. The Separation Agreement will set forth the principal transactions required to effect our separation from Blackstone and provide for certain transfers of assets and assumptions of liabilities. The contributed assets will include the following:

- 100% of the equity interests in Park Hill Group LLC and the regulatory-related permits and licenses used by Park Hill Group LLC for purposes of our business;
- the assets of Blackstone Advisory Partners L.P. ("BAP") that are exclusively or primarily used, or held for exclusive or primary use, in (x) the financial and strategic advisory services conducted by BAP and/or (y) the restructuring and reorganization advisory services conducted by BAP (including, in each case, BAP engagement letters and other contracts, employees and employment agreements and tangible property);
- an amount of cash to be determined prior to the spin-off, which amount will take into account the accounts receivable our business will have as of the spin-off and be designed to satisfy all regulatory and statutory reserve requirements and to provide minimum working capital to our business; and
- such other assets of Blackstone subsidiaries that are exclusively or primarily used, or held for exclusive or primary use, in our business.

The assumed liabilities will include only specifically identified liabilities, including:

- liabilities to the extent relating exclusively or primarily to our business or the ownership of the Contributed Assets;
- liabilities contemplated to be assumed by our business by the Separation Agreement, the Registration Rights Agreement, the Exchange Agreement, the Tax Receivable Agreement, the Employee Matters Agreement, the Tax Matters Agreement and the Transition Services Agreement; and

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- accrued compensation (however, Blackstone will either pay to our employees or reimburse us for certain compensation accrued by it for our employees prior to the spin-off date).

Notwithstanding the foregoing, the contributed assets will not include certain excluded assets and the assumed liabilities will not include certain excluded liabilities.

Excluded Assets will be all assets of Blackstone or any of its affiliates not included as contributed assets, including:

- assets exclusively or primarily related to Blackstone's capital markets and related capital markets services business, Blackstone's private wealth unit, and businesses and activities related to the funds of Blackstone and its affiliates, including "IRBD" and "GSO";
- the Blackstone name and trademarks;
- all cash and cash equivalents in excess of the amount agreed upon prior to the spin-off to be contributed to us;
- all regulatory-related permits and licenses other than those held by Park Hill Group LLC; and
- the equity interests in BAP.

Excluded Liabilities will be all liabilities of Blackstone or any of its affiliates not included as assumed liabilities, including:

- certain liabilities with respect to the employment, service, termination of employment or termination of service of former employees to be retained by Blackstone and any lease breakage costs incurred by us or our subsidiaries prior to March 31, 2016;
- liabilities incurred in connection with the implementation of the internal reorganization; and
- any obligations for indebtedness for borrowed money, other than the revolving credit facility for PJT Partners Holdings LP.

To the extent any portion of the contributed assets or assumed liabilities or excluded assets or excluded liabilities, as the case may be, by their terms or operation of law, cannot be transferred, the parties shall cooperate and use commercially reasonable efforts to seek to obtain, any necessary consents or approvals. In the event that any such transfer of contributed assets or assumed liabilities or excluded assets or excluded liabilities, as the case may be, has not been consummated by the closing, from and after the closing (1) the party retaining such contributed asset or excluded asset, as the case may be, shall thereafter hold such contributed asset or excluded asset in trust for the use and benefit of the party entitled thereto (at the expense of the party entitled thereto) and (2) the party intended to assume or retain such assumed liability or excluded liability, as the case may be, shall, pay or reimburse the party bearing such assumed liability or excluded liability for all amounts paid or incurred in connection with such assumed liability or excluded liability.

In addition, to the extent necessary and permissible for regulatory purposes, the parties will agree to put in place back-to-back arrangements in one or more jurisdictions to address any broker dealer or other licensing matters.

Financing. We expect to procure, substantially concurrently with the completion of the spin-off, from one or more financing sources a revolving credit facility for PJT Partners Holdings LP in an aggregate principal amount of up to \$ million. We expect the revolving credit facility will have a maturity of and will be on market terms (including pricing). We do not expect to have any borrowings under the revolving credit facility outstanding upon consummation of the spin-off.

Build-Out Costs. Blackstone has agreed to pay us, or reimburse us, for up to \$33 million of costs and expenses incurred prior to the date of the spin-off in connection with the build-out and outfitting of several of our offices, including our New York office. Costs that will be covered by this agreement with Blackstone include specified costs and expenses for fixed assets necessary for occupancy at these offices, including leaseholder improvements, office equipment and upfront software implementation costs.

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Mutual Release and Indemnity. The Separation Agreement will provide for a customary mutual release of all pre-closing claims by Blackstone and us. In addition, Blackstone will agree to indemnify us for losses arising out of any excluded assets or excluded liabilities and we will agree to indemnify Blackstone for losses arising out of contributed assets and assumed liabilities.

Legal Materials. We expect that the Separation Agreement will contain customary provisions with respect to invocation of joint representation privilege relating to pre-separation privileged documents and cooperation with respect to litigation relating to pre-separation matters (including customary witness services covenant). Blackstone will be entitled to control the assertion or waiver of privilege with respect to any privileged materials to the extent relating to Blackstone's business other than the PJT Partners business.

Non-Compete and No Solicitation. We expect that the Separation Agreement will contain customary covenants with respect to access and record retention following the spin-off. Additionally, the Separation Agreement will include non-competition and non-solicit covenants.

The Separation Agreement will provide that during the period beginning on the distribution date and ending on the third (3rd) anniversary thereof, each of Blackstone and its affiliates will not engage (whether as an owner, operator, manager, employee, officer, director, consultant, advisor, representative or otherwise), directly or indirectly, anywhere in the world in a business competitive with the PJT Partners business or the business of PJT Capital. Notwithstanding the foregoing, the foregoing covenant will not be deemed to prohibit or otherwise restrict:

- the conduct of any business of Blackstone or any of its affiliates (including Pátria Investimentos Ltda. and its affiliates and Blackstone's capital markets business, and advisory services provided by Blackstone and its affiliates to its funds and their portfolio companies) (other than the PJT Partners business) in a manner consistent in all material respects with the way such business is conducted as of the date thereof;
- the acquisition of or any investment in any entity or person whose aggregate annual revenue (including the revenue of such person or entity's subsidiaries) from providing investment banking services, financial and strategic advisory services, restructuring and reorganization advisory services and funds advisory services do not exceed twenty-five percent (25%) of its aggregate annual revenue (including the revenue of such person or entity's subsidiaries);
- the business or operation of any direct or indirect portfolio companies of investment funds or vehicles or accounts managed or sponsored by Blackstone or any of its affiliates or any of the fund management or advisory business of Blackstone or any of its affiliates; and
- ownership of less than five percent (5%) of the outstanding stock of any publicly-traded corporation.

In addition, the Separation Agreement will extend the effectiveness of the no-solicitation covenant contained in the Transaction Agreement to two years from the consummation of the spin-off.

Dispute Resolution. The Separation Agreement will contain arbitration provisions, which match the Transaction Agreement.

Termination. The Separation Agreement will terminate automatically upon termination of the Transaction Agreement. Except as otherwise expressly contemplated by the Separation Agreement or any of the other separation agreement, no covenants and agreements of the parties contained in the Separation Agreement or any other separation agreement will survive the spin-off.

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Employee Matters Agreement

We intend to enter into an Employee Matters Agreement with Blackstone that will govern the respective rights, responsibilities and obligations of the parties from and after the spin-off with respect to employee-related liabilities and our 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 will generally provide 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 our employees participated prior to the spin-off.

We will retain or otherwise assume all liabilities for our current and former employees and employees of Blackstone who will become our employees upon consummation of the spin-off. Blackstone will retain or otherwise assume 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 our business (except that we will assume certain specified liabilities). For at least 12 months following the spin-off, each individual who remains employed by us will receive (1) a base salary and bonus opportunity that generally are no less favorable in aggregate than those provided immediately before the spin-off and (2) other compensation and employee benefits that are substantially similar in the aggregate to those in effect immediately prior to the spin-off. We will assume all annual cash incentive arrangements with respect to PJT Partners personnel and will retain our existing or adopt new welfare, 401(k) and similar plans for PJT Partners personnel. However, Blackstone will either pay to our employees or reimburse us for the amount of 2015 annual incentive compensation that was accrued by Blackstone for such employees prior to the spin-off date.

Generally, fifty percent (50%) of each unvested Blackstone equity award held by PJT Partners personnel (other than awards scheduled to vest within 180 calendar days following the spin-off) who remain employed with us through the spin-off will be converted into equity awards of PJT Partners based on the per share price of Blackstone prior to the spin-off and an assumed \$ valuation for PJT Partners. We expect such converted equity awards to represent an aggregate of shares of Class A common stock of PJT Partners Inc. and Partnership Units of PJT Partners Holdings LP, before giving effect to any true-up awards as described in the next paragraph. The remaining 50% of each unvested Blackstone equity award generally will remain denominated in Blackstone units after the spin-off, subject to adjustments in accordance with Blackstone's equity incentive plan. The vesting and settlement terms of these converted PJT Partners awards will be identical to the corresponding Blackstone award which it replaced (and the unconverted Blackstone awards also will continue to vest on the same terms), except that any service-based vesting will be based on continuous service to us instead of Blackstone. If any converted equity awards are forfeited by PJT Partners personnel, we generally will reimburse Blackstone in cash or in shares of Class A common stock of PJT Partners Inc. for the value of such forfeited replacement equity awards on a quarterly basis. If the employment of any PJT Partners personnel is terminated, Blackstone, in its sole discretion, may elect to accelerate the vesting of any converted equity awards.

In the event that the value of the PJT Partners personnel's converted PJT Partners equity award during each 20-trading day period within the first 180 calendar days following the spin-off is less than the hypothetical value that the relinquished Blackstone award would have had over the same periods, then the PJT Partners personnel will receive a "true-up award" in an amount equal to the shortfall, with the shortfall calculated using 20-trading day volume-weighted average trading prices of PJT Partners Inc. and Blackstone during the last 20-trading days of the 180 days following the spin-off. If, on the other hand, the value of the converted PJT Partners equity awards is equal to or greater than the value of hypothetical value of the relinquished award in any of the 20-trading day measurement periods, then no true-up will be payable. The true-up award will be payable by Blackstone in cash, Blackstone equity or PJT Partners equity, at Blackstone's discretion. The true-up award will be subject to terms and conditions as determined by Blackstone in its sole discretion after consultation with PJT Partners.

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Generally, if during the one-year period following the spin-off we terminate the employment of certain specified Blackstone employees, then we will provide such terminated employee with severance benefits pursuant to a formula agreed upon with Blackstone. On a monthly basis, Blackstone will be obligated to reimburse us for a portion of any such severance costs to the extent required under the Employee Matters Agreement.

We expect to issue various types of retention awards to PJT Partners personnel at the closing of the spin-off representing an aggregate of _____ shares of Class A common stock of PJT Partners Inc. and Partnership Units of PJT Partners Holdings LP, as well as certain cash-based retention awards. The retention awards will generally vest 100% on the second or third anniversary of the spin-off (in the case of equity-based awards) or the second anniversary of the spin-off (in the case of cash-based awards) subject, in each case, to the holder's continued employment with us through such vesting date. Any forfeited retention award will be reallocated by us to eligible employees. If the holder's employment is terminated by PJT Partners without cause, including as a result of the holder's disability or death, prior to the scheduled vesting date, all or a portion of the holder's retention awards will be deemed vested as of the termination date, scheduled vesting date or first or second anniversary of the termination date, as may be applicable to the award.

Retention awards may also be issued in the form of performance-vesting LTIP Units with performance-vesting conditions similar in structure to the Founder Earn-Out Units.

Tax Matters Agreement

We and PJT Partners Holdings LP intend to enter into a Tax Matters Agreement with Blackstone and the selling holders of equity interests in PJT Capital LP that will govern the respective rights, responsibilities and obligations of the parties to the Tax Matters Agreement 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. We have (and will continue to have following the spin-off) several liability with one of the Distributing Corporations to the IRS for the consolidated U.S. Federal income taxes of such Distributing Corporation's consolidated group relating to the taxable periods during which we were part of that group. However, the Tax Matters Agreement will specify the portion, if any, of this tax liability for which we will bear responsibility and Blackstone will agree to indemnify us against any amounts for which we are not responsible. The Tax Matters Agreement will also provide special rules for allocating tax liabilities in the event that the spin-off is not tax-free. In addition, under the Tax Matters Agreement, PJT Partners Inc. and PJT Partners Holdings LP will agree to indemnify Blackstone, and Blackstone will agree to indemnify PJT Partners Inc. and PJT Partners Holdings LP, for any tax of PJT Partners Inc. or a Distributing Corporation resulting from certain transactions to the extent an indemnifying party's actions caused such tax liability, whether or not the indemnified party consented to such transaction or the indemnifying party was otherwise permitted to enter into such transaction under the terms of the Tax Matters Agreement, and for all or a portion of any tax liabilities resulting from the spin-off under certain other circumstances. Moreover, the Tax Matters Agreement will generally provide that the selling holders of equity interests in PJT Capital LP will be responsible for any of its pre-acquisition taxes and that each of Blackstone, PJT Partners Inc. and PJT Partners Holdings LP will indemnify such selling holders for certain pre-acquisition taxes for which Blackstone, PJT Partners Inc. and PJT Partners Holdings LP are responsible.

The Tax Matters Agreement will provide for certain covenants that may restrict our ability to pursue strategic or other transactions that otherwise could maximize the value of our business and may discourage or delay a change of control that you may consider favorable. For example, unless we were to receive a private letter ruling from the IRS, an opinion at no less than a "should level" reasonably acceptable to Blackstone from a nationally recognized tax advisor or Blackstone were to grant us a waiver, we would be restricted until two years after the spin-off is consummated from entering into transactions (other than certain issuances of our stock pursuant to the exchange agreement) which would result in an ownership shift in PJT Partners Inc. or divestitures of our business or entities which could impact the intended tax-free nature of the spin-off. We may, however, issue shares of our Class A common stock to holders of Partnership Units pursuant to the exchange agreement or

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cause all or a portion of the voting power of any share of Class B common stock with respect to the election and removal of directors of PJT Partners Inc. to be increased to up to the number of votes to which a holder is then entitled on all other matters presented to stockholders, subject to certain limitations on the amount of such issuances or increases in voting power, without receiving such a private letter ruling, opinion or waiver. Under the Tax Matters Agreement, PJT Partners Inc. and PJT Partners Holdings LP will agree to indemnify Blackstone for any tax resulting from any such transactions, whether or not Blackstone consented to such transactions or we were otherwise permitted to enter into such transactions under the Tax Matters Agreement. Though valid as between the parties, the Tax Matters Agreement will not be binding on the IRS.

Transition Services Agreement

We intend to enter into a Transition Services Agreement with Blackstone under which Blackstone or its respective affiliates will provide us with certain services, as described below, 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 us and Blackstone following the distribution.

Pursuant to the Transition Services Agreement, Blackstone will agree to provide us certain finance, information technology, human resources and compensation, facilities, legal and compliance, external relations, and public company services. We will pay Blackstone for any such services at agreed amounts as set forth in the Transition Services Agreement. Payments will be made on a quarterly basis. In addition, from time to time during the term of the agreement, we and Blackstone may mutually agree on additional services to be provided by Blackstone to us at pricing based on market rates that are reasonably agreed by the parties.

Other Agreements

Effective upon the distribution, we intend for certain intercompany work orders and/or informal intercompany commercial arrangements to be converted into third-party contracts based on the standard terms and conditions of Blackstone.

Exchange Agreement

We will enter into an exchange agreement with the limited partners of PJT Partners Holdings LP pursuant to which they (or certain permitted transferees) will 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 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. The price per Partnership Unit to be received in a cash-settled exchange will be equal to the fair value of a share of our Class A common stock (determined in accordance with and subject to adjustment under the exchange agreement). In the event cash-settled exchanges of Partnership Units are funded with new issuances of Class A common stock, the fair value of a share of our Class A common stock will be deemed to be equal to the net proceeds per share of Class A common stock received by PJT Partners Inc. in the related issuance. Accordingly, in this event, the price per Partnership Unit to which an exchanging Partnership Unitholder will be entitled may be greater than or less than the then-current market value of our Class A common stock. The exchange agreement will also provide 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, would result in any breach of any debt agreement or other material contract of PJT Partners Inc. or PJT Partners Holdings LP, or, subject to certain limitations, would cause unreasonable financial burden on PJT Partners Holdings LP. In addition, each Partnership Unitholder that is currently a member of the board of directors of Blackstone Group Management L.L.C. will agree that for a specified multi-year period following the spin-off (or such earlier time as such Partnership Unitholder shall cease to be employed by or provide services to Blackstone) such Partnership Unitholder will (1) consult with the Chief Executive Officer of PJT Partners Inc. prior to

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submitting any election of exchange under the exchange agreement and (2) use commercially reasonable efforts to ensure that dispositions (if any) of the Partnership Units or Class A common stock that such Partnership Unitholder received in connection with the spin-off be effected through a plan of distribution that mitigates any sustained adverse effect on the market price of the Class A common stock. As a holder exchanges Partnership Units for cash (to the extent such cash-settled exchanges are funded with new issuances of Class A common stock as described above) or for shares of Class A common stock, the number of Partnership Units held by PJT Partners Inc. is correspondingly increased as it acquires the exchanged Partnership Units.

Registration Rights Agreement

We will enter into a registration rights agreement with the limited partners of PJT Partners Holdings LP pursuant to which we will grant them, their affiliates and certain of their transferees the right, under certain circumstances and subject to certain restrictions, to require us to register under the Securities Act shares of Class A common stock delivered in exchange for Partnership Units.

In addition, in the event that any holder or group of holders that elect to exchange Partnership Units with a cash value of at least \$75 million (determined in accordance with the registration rights agreement) in respect of any quarterly exchange date, a demand committee comprised of certain Partnership Unitholders will have the right to request that we facilitate a registered underwritten offering with respect to (1) the sale by such holder(s) of Class A common stock delivered to such holder(s) in exchange for such Partnership Units (in the event that we elect to settle such exchange in shares of Class A common stock); or (2) the sale by us of Class A common stock to fund the cash-settled exchanges of such Partnership Units (in the event that we elect to settle such exchange in cash); provided, however, that we will not be obligated to effect any such requested registration within 180 days after the effective date of a previous registration pursuant to the registration rights agreement. In addition, we will have the right to defer effecting a demand for a maximum of 60 days in certain circumstances, not to exceed 90 days in any 365-day period, including if such demand could materially interfere with a bona fide business or financing transaction.

Holders of Partnership Units will also have the ability to exercise certain piggyback registration rights in respect of registered offerings requested by other registration rights holders or initiated by us, subject to customary cut-back provisions.

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, from and after the first anniversary of the date of the consummation of the spin-off (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 IRS may challenge all or part of the tax basis increase and increased deductions, and a court could sustain such a challenge.

We will enter 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. PJT Partners Inc. expects to benefit from the remaining 15% of cash tax

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savings, if any, in income tax it realizes. For purposes of the tax receivable agreement, the cash tax savings in income tax will be 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 (as described in more detail below) 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. 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* —for instance, the increase in any tax deductions will vary depending on the fair market value, which may fluctuate over time, of the depreciable or amortizable assets of PJT Partners Holdings LP at the time of each exchange;
- *the price of shares of our Class A common stock at the time of the exchange* —the increase in any tax deductions, as well as the tax basis increase in other assets, of PJT Partners Holdings LP, is directly proportional to the cash price for the applicable Partnership Units (in the case of a cash-settled exchange) or the price of shares of our Class A common stock at the time of the exchange (in the case of a stock-settled exchange);
- *the extent to which such exchanges are taxable* —if an exchange is not taxable for any reason, increased deductions will not be available; and
- *the amount and timing of our income* —PJT Partners Inc. will be required to pay 85% of the cash tax savings as and when realized, if any. If PJT Partners Inc. does not have taxable income, PJT Partners Inc. is not generally required (absent a change of control or circumstances requiring an early termination payment) to make payments under the tax receivable agreement for that taxable year because no cash tax savings will have been realized. However, any cash tax savings that do not result in realized benefits in a given tax year will likely generate tax attributes that may be utilized to generate benefits in previous or future tax years. The utilization of such tax attributes will result in payments under the tax receivables agreement.

We anticipate that we will 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 will record an increase in deferred tax assets for the estimated income tax effects of the increases in tax basis based on enacted Federal and state 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 will reduce the deferred tax asset with a valuation allowance; and
- we will 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 liability due under the tax receivable agreement and the remaining 15% of the estimated realizable tax benefit as an increase to additional paid-in capital.

All of the effects of changes in any of our estimates after the date of the exchange will be included in net income. Similarly, the effect of subsequent changes in the enacted tax rates will be included in net income.

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We expect that as a result of the size of the increases in the tax basis of the tangible and intangible assets of PJT Partners Holdings LP, the payments that we may make under the tax receivable agreement will be substantial. There may be a material negative effect on our liquidity if, as a result of timing discrepancies or otherwise, the payments under the tax receivable agreement exceed the actual cash tax savings that PJT Partners Inc. realizes in respect of the tax attributes subject to the tax receivable agreement and/or distributions to PJT Partners Inc. by PJT Partners Holdings LP are not sufficient to permit PJT Partners Inc. to make payments under the tax receivable agreement after it has paid taxes. Late payments under the tax receivable agreement generally will accrue interest at an uncapped rate equal to LIBOR plus 500 basis points. The payments under the tax receivable agreement are not conditioned upon continued ownership of us by holders of Partnership Units.

In addition, the tax receivable agreement provides that upon certain changes of control, PJT Partners Inc.'s (or its successor's) obligations with respect to acquired or exchanged Partnership Units (whether acquired or exchanged before or after such transaction) would be based on certain assumptions, including that PJT Partners Inc. would 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.

Furthermore, PJT Partners Inc. may elect to terminate the tax receivable agreement early by making an immediate payment equal to the present value of the anticipated future cash tax savings. In determining such anticipated future cash tax savings, the tax receivable agreement includes several assumptions, including (1) 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, (2) PJT Partners Inc. will have sufficient taxable income in each future taxable year to fully realize all potential tax savings, (3) the tax rates for future years will be those specified in the law as in effect at the time of termination and (4) certain non-amortizable assets are deemed disposed of within specified time periods. In addition, the present value of such anticipated future cash tax savings are discounted at a rate equal to LIBOR plus 100 basis points. Assuming that the market value of a share of Class A common stock were to be equal to \$ _____ and that LIBOR were to be _____ %, we estimate that the aggregate amount of these termination payments would be approximately \$ _____ if PJT Partners Inc. were to exercise its termination right immediately following the spin-off.

As a result of the change in control provisions and the early termination right, PJT Partners Inc. could be required to make payments under the tax receivable agreement that are greater than the specified percentage of the actual cash tax savings that PJT Partners Inc. realizes in respect of the tax attributes subject to the tax receivable agreement. In these situations, our obligations under the tax receivable agreement could have a substantial negative impact on our liquidity.

Decisions made by our internal owners in the course of running our business may influence the timing and amount of payments that are received by an exchanging or selling existing owner under the tax receivable agreement. For example, the earlier disposition of assets following an acquisition or exchange transaction generally will accelerate payments under the tax receivable agreement and increase the present value of such payments, and the disposition of assets before an acquisition or exchange transaction will increase an existing owner's tax liability without giving rise to any rights of an existing owner to receive payments under the tax receivable agreement.

Payments under the tax receivable agreement will be based on the tax reporting positions that we will determine. PJT Partners Inc. will not be reimbursed for any payments previously made under the tax receivable agreement if a tax basis increase is successfully challenged by the IRS. As a result, in certain circumstances, payments could be made under the tax receivable agreement in excess of PJT Partners Inc.'s cash tax savings.

PJT Partners Holdings LP Limited Partnership Agreement

As a result of the internal reorganization, PJT Partners Inc. will hold Partnership Units in PJT Partners Holdings LP and will be the sole general partner of PJT Partners Holdings LP. Accordingly, PJT Partners Inc. will operate and control all of the business and affairs of PJT Partners Holdings LP and, through PJT Partners Holdings LP and its operating entity subsidiaries, conduct our business.

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The limited partnership agreement of PJT Partners Holdings LP will also provide that substantially all expenses incurred by or attributable to PJT Partners Inc. (such as expenses incurred in connection with the spin-off), but not including obligations incurred under the tax receivable agreement by PJT Partners Inc., income tax expenses of PJT Partners Inc. and payments on indebtedness incurred by PJT Partners Inc., will be borne by PJT Partners Holdings LP.

Pursuant to the limited partnership agreement of PJT Partners Holdings LP, as it will be in effect at the time of the consummation of the spin-off, PJT Partners Inc. has the right to determine when distributions will be made to holders of Partnership Units and the amount of any such distributions (other than tax distributions described below). If a distribution is authorized, such distribution will be made to the holders of Partnership Units pro rata in accordance with the percentages of their respective partnership interests that are entitled to participate in distributions.

The holders of Partnership Units, including PJT Partners Inc., will incur United States Federal, state and local income taxes on their proportionate share of any taxable income of PJT Partners Holdings LP. Except for the priority allocations of income in respect of LTIP Units described below, net profits and net losses of PJT Partners Holdings LP will generally be allocated to its holders (including PJT Partners Inc.) pro rata in accordance with the percentages of their respective partnership interests, except as otherwise required by law. In accordance with the partnership agreement, 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 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.

The limited partnership agreement of PJT Partners Holdings LP will provide that PJT Partners Inc. may not engage in, or cause or permit, a Termination Transaction (as defined below), other than with the consent of limited partners holding a majority of all the outstanding Partnership Units (other than Partnership Units held by PJT Partners Inc. and entities controlled by PJT Partners Inc.), including each limited partner that held, immediately following the consummation of the spin-off, and, as of any subsequent date of determination, holds, not less than five percent (5%) of the total number of Partnership Units then outstanding (a “Significant Limited Partner”), or if the requirements discussed below are satisfied. A “Termination Transaction” means any direct or indirect transfer of all or any portion of PJT Partners Inc.’s interest in PJT Partners Holdings LP in connection with, or any other occurrence of:

- a merger, consolidation or other combination transaction involving PJT Partners Inc.;
- a sale, lease, exchange or other transfer of all or substantially all of the assets of PJT Partners Inc. not in the ordinary course of business, whether in a single transaction or a series of related transactions;
- a reclassification, recapitalization or change of the outstanding shares of our Class A common stock (other than a change in par value, or from par value to no par value, or as a result of a stock split, stock dividend or similar subdivision, including in connection with the distribution, exchange, redemption or exercise of rights under our stockholder rights agreement or securities issuable in respect of such rights);
- the adoption of any plan of liquidation or dissolution of PJT Partners Inc.; or
- any other direct or indirect transfer of all or any portion of PJT Partners Inc.’s interest in PJT Partners Holdings LP, other than certain permitted transfers to affiliated entities.

Such consent of limited partners to a Termination Transaction is not required if either:

(1) in connection with the Termination Transaction:

(i) each holder of Partnership Units is entitled to receive the “transaction consideration,” defined as the fair market value, at the time of the Termination Transaction, of an amount of cash, securities or other property equal to the product of:

- the number of shares of our Class A common stock into which a Partnership Unit is then exchangeable; and

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- the greatest amount of cash, securities or other property paid per share to the holder of any shares of our Class A common stock in consideration of such shares in connection with the Termination Transaction;

provided that, if, in connection with the Termination Transaction, a purchase, tender or exchange offer is made to and accepted by the holders of a majority of the outstanding shares of our Class A common stock, the transaction consideration will refer to the fair market value of the greatest amount of cash, securities or other property which such holder would have received had it exercised its exchange right and received shares of our Class A common stock in exchange for its Partnership Units immediately prior to the expiration of such purchase, tender or exchange offer and had accepted such purchase, tender or exchange offer; and

(ii) PJT Partners Holdings LP receives an opinion from nationally recognized tax counsel to the effect that such Termination Transaction will be tax-free to each holder of Partnership Units (other than PJT Partners Inc. and entities controlled by PJT Partners Inc.) for U.S. Federal income tax purposes (except to the extent of cash received);

or

(2) all of the following conditions are met:

- substantially all of the assets directly or indirectly owned by PJT Partners Holdings LP prior to the announcement of the Termination Transaction are, immediately after the Termination Transaction, owned directly or indirectly by (x) PJT Partners Holdings LP or (y) another limited partnership or limited liability company organized or existing under the laws of the United States, any state thereof, the District of Columbia, or any territory thereof, which is the survivor of a merger, consolidation or combination of assets with PJT Partners Holdings LP, which we refer to as the “surviving partnership,”
- the surviving partnership is classified as a partnership for U.S. Federal income tax purposes;
- each holder of Partnership Units (other than PJT Partners Inc. and entities controlled by PJT Partners Inc.) that held Partnership Units immediately prior to the consummation of such Termination Transaction owns a percentage interest of the surviving partnership based on the relative fair market value of the net assets of PJT Partners Holdings LP and the other net assets of the surviving partnership immediately prior to the consummation of such transaction; and
- the rights of such limited partners with respect to the surviving partnership are at least as favorable as those of limited partners prior to the consummation of such transaction and as those applicable to any other limited partners or non-managing members of the surviving partnership, and such rights include:
 - (a) if PJT Partners Inc. or its successor has a single class of publicly traded common equity securities, the right, to the same extent provided to holders of Partnership Units pursuant to the exchange agreement, to exchange their interests in the surviving partnership for either: (1) a number of such publicly traded common equity securities with a fair market value, as of the date of consummation of such Termination Transaction, equal to the transaction consideration referred to above, subject to customary conversion rate adjustments for splits, unit distributions and reclassifications, which we refer to as the “successor shares amount;” or (2) cash in an amount equal to the fair market value of the successor shares amount at the time of such exchange; or
 - (b) if PJT Partners Inc. or its successor does not have a single class of publicly traded common equity securities, the right to exchange their interests in the surviving partnership on a quarterly basis for cash in an amount equal to the fair market value of such interest at the time of exchange, as determined at least once every calendar quarter by an independent appraisal firm of recognized national standing retained by the surviving partnership.

For the purpose of determining compliance with the condition set forth in the third bullet above, the relative fair market values shall be reasonably determined by PJT Partners Inc. as of the time of such transaction and, to the extent applicable, shall be no less favorable to the holders of Partnership Units than the relative values reflected in the terms of such transaction.

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The limited partnership agreement of PJT Partners Holdings LP will also provide the limited partners with certain consent rights in the event a majority of our board of directors ceases to be Continuing Directors (as defined below) (such event, a “Board Change of Control”). “Continuing Directors” means as of any date of determination, any member of our board of directors who: (1) was a member immediately following the consummation by spin-off; or (2) was nominated for election or elected or appointed with the approval of a majority of the Continuing Directors who were members at the time of such nomination, election or appointment, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the board of directors. From and after the occurrence of a Board Change of Control, the following actions will require the approval of limited partners representing a majority in interest of all limited partners (excluding any limited partners controlled by PJT Partners Inc.), including each Significant Limited Partner:

- any removal or appointment of any “officer,” as defined in Rule 16a-1(f) of the Exchange Act, including the Chief Executive Officer, of PJT Partners Inc.;
- the creation, authorization or issuance of any new class or series of equity interest in PJT Partners Holdings LP;
- the incurrence of any indebtedness (other than inter-company indebtedness) by PJT Partners Holdings LP or any of its subsidiaries or controlled affiliates that would, or is intended to, result in a material increase in the amount of consolidated indebtedness of the PJT Partners Holdings LP as compared to immediately prior to such Board Change of Control;
- any extraordinary distribution of PJT Partners Holdings LP;
- any change in PJT Partners Holdings LP’s distribution policy that would, or that is intended to, result in a material increase in the amount or frequency of distributions as compared to levels prior to the Board Change of Control;
- any change in PJT Partners Holdings LP’s policy regarding Partnership Unit repurchases including without limitation from PJT Partners Inc., that would, or that is intended to, result in a material increase in the amount or frequency of Partnership Unit repurchases as compared to levels prior to the Board Change of Control;
- any merger, consolidation, or sale of all or any significant portion of the assets of PJT Partners Holdings LP;
- any voluntary liquidation, dissolution or winding up of PJT Partners Holdings LP or the commencement of a proceeding for bankruptcy, insolvency, receivership or similar action with respect to the PJT Partners Holdings LP or any of its subsidiaries or controlled affiliates;
- calling any meeting of the limited partners of PJT Partners Holdings LP or submitting any matter for the vote or consent of the limited partners of PJT Partners Holdings LP;
- any settlement or compromise of any litigation directly against or otherwise relating to indemnification of the PJT Partners Inc. or its directors or officers or their affiliates or representatives or any litigation regarding tax matters; or
- any amendment to the limited partnership agreement of PJT Partners Holdings LP.

In addition, the limited partnership agreement of PJT Partners Holdings LP will enable PJT Partners Holdings LP to issue LTIP Units pursuant to the 2015 Omnibus Incentive Plan. LTIP Units are a class of partnership interest that are intended to qualify as “profits interests” in PJT Partners Holdings LP for U.S. Federal income tax purposes that, subject to certain conditions, shall automatically be converted into Partnership Units. LTIP Units initially will not have full parity, on a per unit basis, with Partnership Units with respect to liquidating and, in some cases, ordinary distributions. Participating LTIP Units will participate, from issuance, in all distributions of PJT Partners Holdings LP, other than liquidating distributions, ratably, on a per unit basis, with Partnership Units. Earn Out Units will not participate in any distribution of PJT Partners Holdings LP other than tax distributions unless and until the applicable performance vesting requirement for the relevant tranche is

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satisfied. Upon the occurrence of specified events, LTIP Units can over time achieve full parity with Partnership Units, at which time LTIP Units shall automatically be converted into Partnership Units on a one-for-one basis. The limited partnership agreement of PJT Partners Holdings LP will provide that upon a sale of all or substantially all of the assets of PJT Partners Holdings LP, holders of LTIP Units will receive a priority allocation of income. The priority allocation will generally be made to the holders of LTIP Units until the capital account of each LTIP Unit equals the capital account of a Partnership Unit. In addition, the capital accounts of the LTIP Units will be increased in priority to the Partnership Units when PJT Partners Holdings LP revalues its assets. After the capital account balances of the LTIP Units have been increased such that each LTIP Unit has a capital account balance equal to that of a Partnership Unit, allocations of net income and net loss are made on a per-unit basis. The effect of these allocation provisions is to enable LTIP Units, which are issued with lower capital account balances than the Partnership Units, to participate in liquidating distributions of PJT Partners Holdings LP on the same basis as Partnership Units, assuming there is sufficient profit to allocate to the LTIP Units.

Subject to the terms of any award or other applicable agreement, unvested partnership interests will be forfeited if the holder ceases to provide services to PJT Partners Holdings LP. Certain forfeited partnership interests may be subject to reallocation by Mr. Taubman (or subject to other reallocations).

In addition, the limited partnership agreement of PJT Partners Holdings LP will provide that each Partnership Unit will have attached to it a preferred unit purchase right. Such rights will become exercisable, if at all, at such time and to the same extent as the preferred stock purchase rights attached to shares of Class A common stock of PJT Partners Inc. shall become exercisable pursuant to the stockholder rights agreement described in “Description of Our Capital Stock—Anti-Takeover Effects of Our Amended and Restated Certificate of Incorporation, Our Amended and Restated Bylaws, Our Stockholder Rights Agreement and Certain Provisions of Delaware Law.” Each right will entitle its holder to purchase at an exercise price per preferred unit equal to the exercise price per share of Series A preferred stock determined in accordance with the stockholder rights agreement (1) preferred units of PJT Partners Holdings LP, or (2) in lieu of such preferred units, a number of Partnership Units equal to the number of shares of Class A common stock that a holder of a right attached to a share of Class A common stock would be entitled to purchase pursuant to the stockholder rights agreement. In the event that holders of Class A common stock exercise or exchange the rights attached thereto for shares of Series A preferred stock, PJT Partners Inc. will exercise or exchange rights attached to Partnership Units held by PJT Partners Inc. for a corresponding number of preferred units of PJT Partners Holdings LP. In the event that holders of Class A common stock of PJT Partners Inc. exercise or exchange the rights attached thereto for additional shares of Class A common stock, PJT Partners Inc. will exercise or exchange rights attached to Partnership Units held by PJT Partners Inc. for a corresponding number of additional Partnership Units of PJT Partners Holdings LP. 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 as described under “Certain Relationships and Related Person Transactions—Exchange Agreement,” the number of preferred units or Partnership Units, as the case may be, to which a holder of Partnership Units is entitled to receive upon exercise of or in exchange for the preferred unit purchase rights attached thereto will be adjusted accordingly. Each preferred unit of PJT Partners Holdings LP will have substantially the same rights and preferences with respect to distributions of PJT Partners Holdings LP in relation to Partnership Units as a share of Series A preferred stock of PJT Partners Inc. is entitled with respect to dividends and distributions of PJT Partners Inc. in relation to shares of Class A common stock. See “Description of Our Capital Stock—Preferred Stock—Junior Participating Preferred Stock.”

Statement of Policy Regarding Transactions with Related Persons

Prior to the consummation of the spin-off, our board of directors will adopt a written statement of policy regarding transactions with related persons, which we refer to as our “related person policy.” Our related person policy requires that a “related person” (as defined as in paragraph (a) of Item 404 of Regulation S-K) must promptly disclose to our general counsel any “related person transaction” (defined as any transaction that is anticipated would be reportable by us under Item 404(a) of Regulation S-K in which we were or are to be a

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participant and the amount involved exceeds \$120,000 and in which any related person had or will have a direct or indirect material interest) and all material facts with respect thereto. The general counsel will then promptly communicate that information to our board of directors. No related person transaction will be executed without the approval or ratification of our board of directors or a duly authorized committee of our board of directors. It is our policy that directors interested in a related person transaction will recuse themselves from any vote on a related person transaction in which they have an interest.

Indemnification of Directors and Officers

Our bylaws provide that we will indemnify our directors and officers to the fullest extent permitted by the Delaware General Corporation Law (the “DGCL”). In addition, our certificate of incorporation will provide that our directors will not be liable for monetary damages for breach of fiduciary duty to the fullest extent permitted by the DGCL.

There is no pending litigation or proceeding naming any of our directors or officers to which indemnification is being sought, and we are not aware of any pending or threatened litigation that may result in claims for indemnification by any director or officer.

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SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

As of the date of this information statement, all of the issued and outstanding shares of our Class A common stock are beneficially owned by Blackstone and there no outstanding shares of Class B common stock. Upon consummation of the internal reorganization and prior to the distribution, all of the issued and outstanding shares of our Class A common stock will be beneficially owned by Blackstone and our internal owners, and all of the issued and outstanding shares of our Class B common stock will be held by our internal owners. On the distribution date, The Blackstone Group L.P. will distribute on a pro rata basis to its common unitholders all of the issued and outstanding shares of Class A common stock held by it. Immediately following the spin-off, Blackstone will not own any shares of any class of our common stock.

The following tables provide information with respect to the anticipated beneficial ownership of our Class A common stock, Class B common stock and Partnership Units by:

- each person who we believe (based on the assumptions described below) will beneficially own more than 5% of any class of the outstanding voting securities of PJT Partners Inc.;
- each of our directors and the directors following the spin-off;
- each officer named in the summary compensation table; and
- all of our directors and executive officers following the spin-off as a group.

Except as otherwise noted below, the amounts of Class A common stock, Class B common stock and Partnership Units of each person are presented giving effect to the internal reorganization, the acquisition and a distribution ratio of one share of our Class A common stock for every common units of Blackstone held by each person.

To the extent our directors and executive officers own Blackstone common units at the record date of the spin-off, they will participate in the distribution on the same terms as other holders of Blackstone common units.

Except as otherwise noted in the footnotes below, each person or entity identified in the tables below has sole voting and investment power with respect to the securities owned by such person or entity. Beneficial ownership is determined in accordance with the rules of the SEC.

Immediately following the spin-off, we estimate that approximately million shares of our Class A common stock will be issued and outstanding, based on the number of common units of Blackstone expected to be outstanding as of the record date and based on the distribution ratio. The actual number of shares of our Class A common stock outstanding following the spin-off will be determined on , the record date. Immediately following the spin-off, there will be shares of Class B common stock outstanding.

<u>Name of Beneficial Owner</u>	<u>Class A Common Stock Beneficially Owned(1)</u>		<u>Class B Common Stock Beneficially Owned(2)</u>		<u>Partnership Units Beneficially Owned(1)(2)</u>		<u>Combined Voting Power in Director Elections(2)(3)</u>	<u>Combined Voting Power in All Other Matters(2)(3)</u>
	<u>Number</u>	<u>% of Class</u>	<u>Number</u>	<u>% of Class</u>	<u>Number</u>	<u>% of Class</u>	<u>Percentage</u>	<u>Percentage</u>
5% Stockholders:								
Directors and Executive Officers:								
Paul J. Taubman	—	—						
Dennis S. Hersch								
Thomas M. Ryan								
Kenneth C. Whitney								
Directors and executive officers as a group (7 persons)								

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* Represents less than 1%.

- (1) Subject to the terms of the exchange agreement, the Partnership Units may be exchanged for cash equal to the then-current market value of an equal number of shares of our Class A common stock (determined in accordance with and subject to adjustment under the exchange agreement), 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. See “Certain Relationships and Related Person Transactions—Exchange Agreement.” Beneficial ownership of Partnership Units reflected in this table has not been also reflected as beneficial ownership of shares of our Class A common stock for which such units may be exchanged. Percentage of Partnership Units treats Partnership Units held by PJT Partners Inc. as outstanding.
- (2) The shares of Class B common stock will have no economic rights but will 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 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. 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, 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, as described under “Description of Capital Stock—Common Stock—Class B Common Stock.” 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 as described under “Certain Relationships and Related Person Transactions—Exchange Agreement,” 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. Blackstone’s senior management, including Mr. Schwarzman and all of Blackstone’s other executive officers, will provide 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.
- (3) Represents percentage of voting power of the Class A common stock and Class B common stock voting together as a single class. See “Description of Capital Stock—Common Stock.”

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires that our company’s executive officers and directors, and any persons beneficially owning more than 10% of a registered class of our company’s equity securities, file reports of ownership and changes in ownership with the SEC within specified time periods. To our company’s knowledge, based upon a review of the copies of the reports furnished to our company and written representations that no other reports were required, all filing requirements were satisfied in a timely manner for the year ended December 31, 2014.

DESCRIPTION OF CAPITAL STOCK

Prior to the distribution date, we will amend and restate our certificate of incorporation and our bylaws. The following is a description of the material terms of, and is qualified in its entirety by, our amended and restated certificate of incorporation and amended and restated bylaws, each of which will be in effect upon the consummation of the spin-off, the forms of which will be filed as exhibits to our Registration Statement on Form 10, of which this information statement forms a part. Under “Description of Capital Stock,” “we,” “us,” “our,” and “our company” refer to PJT Partners Inc. and not to any of its subsidiaries.

Our purpose is to engage in any lawful act or activity for which corporations may now or hereafter be organized under the DGCL. Upon the consummation of this offering, our authorized capital stock will consist of 3,000,000,000 shares of Class A common stock, par value \$0.01 per share, 1,000,000 shares of Class B common stock, par value \$.01 per share, and 300,000,000 shares of preferred stock, par value \$0.01 per share. Unless our board of directors determines otherwise, we will issue all shares of our capital stock in uncertificated form.

Common Stock

Class A Common Stock

Holders of shares of our Class A common stock are 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. The holders of our Class A common stock do not have cumulative voting rights in the election of directors.

Holders of shares of our Class A common stock are entitled to receive dividends when and if declared by our board of directors out of funds legally available therefor, subject to any statutory or contractual restrictions on the payment of dividends and to any restrictions on the payment of dividends imposed by the terms of any outstanding preferred stock.

Upon our liquidation, dissolution or winding up and after payment in full of all amounts required to be paid to creditors and to the holders of preferred stock having liquidation preferences, if any, the holders of shares of our Class A common stock will be entitled to receive pro rata our remaining assets available for distribution.

All shares of our Class A common stock that will be outstanding at the time of the completion of the spin-off will be fully paid and non-assessable. The Class A common stock will not be subject to further calls or assessments by us. Holders of shares of our Class A common stock do not have preemptive, subscription, redemption or conversion rights. There will be no redemption or sinking fund provisions applicable to the Class A common stock. The rights, powers and privileges of our Class A common stock will be subject to those of the holders of any shares of our preferred stock or any other series or class of stock we may authorize and issue in the future.

Class B Common Stock

With respect to all matters presented to stockholders of PJT Partners Inc. other than director elections and removals, each holder of Class B common stock shall be 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 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 as described below.

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By written notice to PJT Partners Inc., 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 PJT Partners Inc. 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. Our 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. Pursuant to the Tax Matters Agreement, we will agree to certain limitations on our ability to take certain actions or to enter into certain transactions that could cause any portion of the spin-off to be taxable to the Distributing Corporations, including with respect to equity issuances or other actions that result in the acquisition by holders of our stock of the power to vote in the election and removal of directors (or the increase in such voting power). See "Certain Relationships and Related Party Transactions—Agreements with Blackstone Related to the Spin-Off—Tax Matters Agreement."

If at any time the ratio at which Partnership Units are exchangeable for shares of our Class A common stock changes from one-for-one as described under "Certain Relationships and Related Person Transactions—Exchange Agreement," the number of votes to which Class B common stockholders are entitled 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 matters on which stockholders are entitled to vote generally, except as otherwise required by law.

Holders of our Class B common stock do not have any right to receive dividends or to receive a distribution upon a liquidation or winding up of PJT Partners Inc.

Preferred Stock

No shares of preferred stock will be issued or outstanding immediately after the spin-off. Our amended and restated certificate of incorporation authorizes our board of directors to establish one or more series of preferred stock (including convertible preferred stock). Unless required by law or any stock exchange, the authorized shares of preferred stock will be available for issuance without further action by holders of our Class A or Class B common stock. Our board of directors is able to determine, with respect to any series of preferred stock, the powers (including voting powers), preferences and relative, participating, optional or other special rights, and the qualifications, limitations or restrictions thereof, including, without limitation:

- the designation of the series;
- the number of shares of the series, which our board of directors may, except where otherwise provided in the preferred stock designation, increase (but not above the total number of authorized share of the class) or decrease (but not below the number of shares then outstanding);
- whether dividends, if any, will be cumulative or non-cumulative and the dividend rate of the series;
- the dates at which dividends, if any, will be payable;
- the redemption rights and price or prices, if any, for shares of the series;
- the terms and amounts of any sinking fund provided for the purchase or redemption of shares of the series;
- the amounts payable on shares of the series in the event of any voluntary or involuntary liquidation, dissolution or winding-up of the affairs of our company;
- whether the shares of the series will be convertible into shares of any other class or series, or any other security, of our company or any other entity, and, if so, the specification of the other class or series or other security, the conversion price or prices or rate or rates, any rate adjustments, the date or dates as of which the shares will be convertible and all other terms and conditions upon which the conversion may be made;

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- restrictions on the issuance of shares of the same series or of any other class or series; and
- the voting rights, if any, of the holders of the series.

We could issue a series of preferred stock that could, depending on the terms of the series, impede or discourage an acquisition attempt or other transaction that some, or a majority, of the holders of our Class A common stock might believe to be in their best interests or in which the holders of our Class A common stock might receive a premium over the market price of the shares of Class A common stock. Additionally, the issuance of preferred stock may adversely affect the holders of our Class A common stock by restricting dividends on the Class A common stock, diluting the voting power of the Class A common stock or subordinating the liquidation rights of the Class A common stock. As a result of these or other factors, the issuance of preferred stock could have an adverse impact on the market price of our Class A common stock.

Junior Participating Preferred Stock

Shares of our junior participating preferred stock, Series A, or “Series A preferred stock,” will be reserved for issuance upon exercise of the rights under our stockholder rights agreement. See “Description of Our Capital Stock—Anti-Takeover Effects of Our Amended and Restated Certificate of Incorporation, Our Amended and Restated Bylaws, Our Stockholder Rights Agreement and Certain Provisions of Delaware Law”. Shares of our Series A preferred stock may be purchased only after the rights have become exercisable, and each share of Series A preferred stock:

- will rank junior to any other class or series of our preferred stock with respect to the payment of dividends and the distribution of assets.
- will entitle holders to a quarterly dividend in an amount per share equal to the greater of (1) \$1.00, or (2) the product of (a) 1,000 (subject to antidilution adjustment) and (b) the aggregate per share amount of all dividends declared on our Class A common stock since the preceding dividend payment date.
- will entitle holders to 1,000 votes on all matters submitted to a vote of our stockholders.
- will provide that in the event of our liquidation, no distribution shall be made (1) to holders of shares of stock ranking junior to the Series A preferred stock unless the holders of Series A preferred stock shall have received an amount equal to the accrued and unpaid dividends to the date of such payment plus an amount per share equal to 1,000 times the aggregate amount to be distributed per share to holders of Class A common stock, and (2) to holders of stock ranking on parity to the Series A preferred stock except for distributions made ratably on the Series A preferred stock and all other such parity stock.
- in the event of any consolidation, merger, combination, or other transaction in which shares of our Class A common stock are exchanged for or changed into stock or securities of another entity, cash and/or other property, will be exchanged or changed into an amount per share equal to the product of (1) 1,000 (subject to antidilution adjustment) and (2) the aggregate amount of stock, securities, cash, and/or other property into which or for which each share of our Class A common stock is changed or exchanged.

The Series A preferred stock is not redeemable.

The exercise price of the rights, the number of shares of Series A preferred stock issuable, and the number of outstanding rights will adjust to prevent dilution that may result from a stock dividend, a stock split, or a reclassification of the Series A preferred stock or our common stock.

Authorized but Unissued Capital Stock

Delaware law does not require stockholder approval for any issuance of authorized shares. However, the listing requirements of the NYSE, which would apply so long as the shares of Class A common stock remains listed on the NYSE, require stockholder approval of certain issuances equal to or exceeding 20% of the then

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outstanding voting power or the then outstanding number of shares of Class A common stock (we believe the position of the NYSE is that the calculation in this latter case treats shares issuable upon exchange of outstanding Partnership Units not held by PJT Partners Inc. as outstanding). These additional shares may be used for a variety of corporate purposes, including future public offerings, to raise additional capital or to facilitate acquisitions.

One of the effects of the existence of unissued and unreserved common stock or preferred stock may be to enable our board of directors to issue shares to persons friendly to current management, which issuance could render more difficult or discourage an attempt to obtain control of our company by means of a merger, tender offer, proxy contest or otherwise, and thereby protect the continuity of our management and possibly deprive the stockholders of opportunities to sell their shares at prices higher than prevailing market prices.

Dividends

The DGCL permits a corporation to declare and pay dividends out of “surplus” or, if there is no “surplus,” out of its net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year. “Surplus” is defined as the excess of the net assets of the corporation over the amount determined to be the capital of the corporation by its board of directors. The capital of the corporation is typically calculated to be (and cannot be less than) the aggregate par value of all issued shares of capital stock. Net assets equals the fair value of the total assets minus total liabilities. The DGCL also provides that dividends may not be paid out of net profits if, after the payment of the dividend, remaining capital would be less than the capital represented by the outstanding stock of all classes having a preference upon the distribution of assets. Declaration and payment of any dividend will be subject to the discretion of our board of directors.

As described in “Certain Relationships and Related Person Transactions—PJT Partners Holdings LP Limited Partnership Agreement,” we intend to cause PJT Partners Holdings LP to make pro rata cash distributions, to the extent of available cash, to the holders of partnership interests in PJT Partners Holdings LP 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.

Stockholder Meetings

Our amended and restated certificate of incorporation and our amended and restated bylaws provide that annual stockholder meetings will be held at a date, time and place, if any, as exclusively selected by the chairman of our board of directors. Our amended and restated bylaws provide that special meetings of the stockholders may be called only by or at the direction of the board of directors, the chairman of our board or the chief executive officer. To the extent permitted under applicable law, we may conduct meetings by remote communications, including by webcast.

Anti-Takeover Effects of Our Amended and Restated Certificate of Incorporation, Our Amended and Restated Bylaws, Our Stockholder Rights Agreement and Certain Provisions of Delaware Law

Stockholder Rights Agreement

At the request of Blackstone we will adopt a stockholder rights agreement to be executed prior to the spin-off. Although holders of shares of our Class B common stock will initially own in excess of % of the equity in our business by virtue of their ownership of Partnership Units in PJT Partners Holdings LP, their shares of Class B common stock will initially only entitle such holders to significantly less than one percent of the voting power for the election and removal of directors of PJT Partners Inc. Accordingly, in the absence of a rights plan, a short-term investor would be able to acquire an outsized percentage of the voting power for the election and removal of directors of PJT Partners Inc., and pursue an agenda that may not be in the long-term best interests of our company, without making a commensurately significant investment in the ownership of our business. Due to these highly unusual circumstances, Blackstone and we believe a stockholder rights agreement is prudent as it will permit our board of directors to manage our affairs for the long term benefit of our stockholders and allow all stockholders to realize the full value of their investment.

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Our stockholder rights agreement provides recognized stockholder protections, including no features that would limit the ability of a future board of directors to redeem the rights or otherwise make the stockholder rights agreement non-applicable to a particular transaction prior to a person or group becoming an “acquiring person.”

Upon consummation of the spin-off, each outstanding share of our Class A common stock will have attached to it a right entitling its holder to purchase from us one one-thousandth of a share of Series A junior participating preferred stock (subject to antidilution provisions) upon the occurrence of certain triggering events. The purchase price for the Series A junior participating preferred stock shall be the exercise price of \$, subject to certain adjustments. Until a triggering events occurs, or the rights are earlier redeemed, exchanged, or expire, the rights will not be evidenced by separate certificates and may be transferred only with the Class A common stock to which they are attached.

The rights will become exercisable, unless redeemed or exchanged, 10 business days after a public announcement that any person or group beneficially owns 15 percent or more of the outstanding shares of our Class A common stock (such person or group being an “acquiring person”), or 10 business days (or such later date as our board of directors may determine) after a person or group commences a tender or exchange offer the consummation of which would result in any person or group beneficially owning 15 percent or more of the outstanding shares of our Class A common stock, whichever occurs first (the “rights distribution date”). In the event that the rights become exercisable, we will distribute separate rights certificates evidencing the rights to all holders of our Class A common stock held on the date the rights become exercisable. In the event any person or group has become the beneficial owner of 15 percent or more of our Class A common stock, each right will entitle its holder (except the acquiring party whose rights become void) to purchase, in lieu of the Series A junior participating preferred stock, the number of shares of Class A common stock having a market value of two times the exercise price of the right.

If, following the date that a person or group becomes the beneficial owner of 15 percent or more of our Class A common stock, we merge into or consolidate with, or transfer 50 percent or more of our consolidated assets or earning power to another entity (other than PJT Partners Inc. or its subsidiaries) (any such transaction, a “flip-over event”), then each right will entitle its holder to purchase the number of shares of common stock of the acquiring entity having a market value of two times the exercise price of the right.

Any person who beneficially owns 15 percent or more of our Class A common stock as of the date of the initial filing with the SEC of the Registration Statement on Form 10 of which this information statement forms a part (or would beneficially own 15 percent 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), and including as “beneficially owned” for this purpose any shares of Class A common stock that may be issued to such person upon exchange of Partnership Units held by such person (whether or not vested) in accordance with the Exchange Agreement, will not be deemed to be acquiring persons under the stockholder rights agreement by virtue of such holdings (such persons being “exempt persons”). However, if, at any time after the date of the initial filing with the SEC of the Registration Statement on Form 10 of which this information statement forms a part, any exempt person (1) beneficially owns less than 15 percent of our Class A common stock (or would beneficially own less than 15 percent 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) or (2) acquires any additional outstanding shares of our Class A common stock (other than by way of a pro rata stock dividend or a stock split or solely as a result of any unilateral grant of restricted stock or any other security by us or through the exercise of any options, warrants, rights or similar interests (including restricted stock) granted by us to our directors, officers and employees pursuant to any equity incentive or award plan or acquisitions of Class A common stock upon exchange of Partnership Units pursuant to the Exchange Agreement), such person shall no longer be an exempt person under the stockholder rights agreement. A person will not be deemed to be an acquiring person due to (1) the repurchase of our shares that causes a holder to become the beneficial owner of 15 percent or more of our Class A common stock, unless and until such person acquires beneficial ownership of additional shares representing one percent or more of our Class A common stock; (2) acquisitions by way of a pro rata stock dividend or a stock split; (3) acquisitions solely as a result of

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any unilateral grant of restricted stock or any other security by us or our subsidiaries or through the exercise of any options, warrants, rights or similar interests (including restricted stock) granted by us or our subsidiaries to our directors, officers and employees pursuant to any equity incentive or award plan); (4) acquisitions of shares of Class A common stock that would cause such person to be an acquiring person, to the extent such acquisition is determined by our board of directors, in its sole discretion, to be inadvertent, provided, that following such acquisition, the acquirer promptly, but in any case within 10 business days of notice to the acquirer, divests a sufficient number of shares so that such person would no longer otherwise qualify as an acquiring person; or (5) acquisitions of Class A common stock upon exchange of Partnership Units pursuant to the Exchange Agreement.

The rights will expire on the earliest to occur of (1) the third anniversary of the consummation of the spin-off, (2) the time at which the rights are redeemed by us pursuant to the stockholder rights agreement as described below, and (3) the time at which the rights are exchanged pursuant to the stockholder rights agreement as described below.

The exercise price of the rights, the number of shares of Series A junior participating preferred stock issuable, and the number of outstanding rights will be adjusted to prevent dilution that may occur from any stock dividend, a stock split, or a reclassification of the Series A junior participating preferred stock or our Class A common stock.

Our board of directors may redeem the rights, in whole, but not in part, at a price of \$0.001 per right (subject to certain adjustments), or amend the agreement to change the expiration date of the rights at any time prior to the earlier of the date that is 10 business days (unless extended by the board of directors in certain circumstances) following such time as any person acquires 15 percent or more of our Class A common stock and the expiration date of the rights.

At any time after a person acquires 15 percent or more of our outstanding Class A common stock, but prior to such person becoming the beneficial owner of 50 percent or more of our outstanding Class A common stock or there occurs a “flip-over event,” our board of directors may cause us to exchange for all or part of the then-outstanding and exercisable rights shares of our Class A common stock at an exchange ratio of one share of Class A common stock per right, adjusted to reflect any stock split, stock dividend, or similar transaction. We will have the discretion to exchange the rights for Series A junior participating preferred stock (or equivalent preferred stock) at an exchange ratio of one right per one one-thousandth of a share of such preferred stock.

Until a right is exercised, its holder, as such, will have no rights as a stockholder with respect to such rights, including, without limitation, the right to vote or to receive dividends.

The rights will have certain anti-takeover effects. For example, the rights will cause substantial dilution to any person or group who attempts, without approval of our board of directors, to acquire a 15% or greater interest in our Class A common stock. As a result, the overall effect of the rights may be to render it more difficult or to discourage any attempt to acquire us, even if the acquisition would be in the best interests of our stockholders. Because of our board of directors’ ability to redeem the rights, the rights should not interfere with a merger or other business combination approved by our board of directors.

For so long as the rights continue to be associated with our Class A common stock, each new share of our Class A common stock issued will have attached to it a right. Stockholders will not be required to pay any separate consideration for the rights issued with our Class A common stock.

In addition, each Partnership Unit will have attached to it a preferred unit purchase right as further described in “Certain Relationships and Related Party Transactions—PJT Partners Holdings LP Limited Partnership Agreement.”

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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 following the date of the initial filing with the SEC of the Registration Statement on Form 10 of which this information statement forms a part 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 might become an acquiring person simultaneously with the consummation of the spin-off. Even if a person is an exempt person, such person could lose such status as a result of pre-spin-off acquisitions.

Undesignated Preferred Stock

The ability to authorize undesignated preferred stock will make it possible for our board of directors to issue preferred stock with super majority voting, special approval, dividend or other rights or preferences on a discriminatory basis that could impede the success of any attempt to acquire us or otherwise effect a change in control of us. These and other provisions may have the effect of deferring, delaying or discouraging hostile takeovers, or changes in control or management of our company.

Classified Board of Directors

Our Board of Directors will be divided into three classes that will be, as nearly as possible, of equal size. The initial terms of the Class I, Class II and Class III directors will expire at each of the first three annual meetings of our stockholders following the consummation of the spin-off, respectively, and in each case, when any successor has been duly elected and qualified. Upon the expiration of each initial term, directors will subsequently serve three-year terms if renominated and reelected. The proposed Class I directors will include Paul J. Taubman, the proposed Class II directors will include Dennis S. Hersch and Thomas M. Ryan, and the proposed Class III directors will include Kenneth C. Whitney.

Requirements for Advance Notification of Stockholder Meetings, Nominations and Proposals

Our amended and restated bylaws establish advance notice procedures for stockholder proposals and the nomination of candidates for election as directors, other than nominations made by or at the direction of the board of directors or a committee of the board of directors. For any matter to be “properly brought” before a meeting, a stockholder will have to comply with advance notice requirements and provide us with certain information. Our board of directors may increase or decrease the size of the board of directors, and vacancies and newly created directorships may be filled only by a vote of a majority of the directors then in office, even though less than a quorum, and not by the stockholders. Our amended and restated bylaws allow the presiding officer at a meeting of the stockholders to adopt rules and regulations for the conduct of meetings which may have the effect of precluding the conduct of certain business at a meeting if the rules and regulations are not followed. These provisions may also defer, delay or discourage a potential acquirer from conducting a solicitation of proxies to elect the acquirer’s own slate of directors or otherwise attempting to influence or obtain control of our company.

Supermajority Provisions

Our amended and restated certificate of incorporation provides that the 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.

In addition, 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.

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Nomination of CEO as Director; Rights of Chairman of the Board of Director

Our amended and restated certificate of incorporation provides that our chief executive officer at the time of its adoption, to the extent such individual serves as chief executive officer and as a director, will (1) serve as chairman of the board of directors, (2) be assigned to Class I, (3) be nominated as a Class I director at the annual meeting of stockholders at which his initial term expires and (4) serve as the chairman of the nominating and governance committee of the board for so long as such service is permitted under the applicable rules of the New York Stock Exchange and shall select the other members of the nominating and governance committee of the board. At such time as the chief executive officer and chairman of the board is not serving as the chairman of the nominating and governance committee, the chief executive officer and chairman of the board shall select the chairman and other members of the nominating and governance committee of the board, subject to the applicable rules of New York Stock Exchange.

No Cumulative Voting

The DGCL provides that stockholders are not entitled to the right to cumulate votes in the election of directors unless our amended and restated certificate of incorporation provides otherwise. Our amended and restated certificate of incorporation does not provide for cumulative voting.

Stockholder Action by Written Consent

Pursuant to Section 228 of the DGCL, any action required to be taken at any annual or special meeting of the stockholders may be taken without a meeting, without prior notice and without a vote if a consent or consents in writing, setting forth the action so taken, is signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares of our stock entitled to vote thereon were present and voted, unless the company's amended and restated certificate of incorporation provides otherwise. Our amended and restated certificate of incorporation does not permit our Class A common stockholders to act by consent in writing unless such action is recommended by all directors then in office, but does permit our Class B common stockholders to act by consent in writing without requiring any such recommendation by the directors then in office.

Delaware Anti-Takeover Statute

We are subject to Section 203 of the DGCL. Section 203 provides that, subject to certain exceptions specified in the law, a publicly-held Delaware corporation shall not engage in certain "business combinations" with any "interested stockholder" for a three-year period after the date of the transaction in which the person became an interested stockholder. These provisions generally prohibit or delay the accomplishment of mergers, assets or stock sales or other takeover or change-in-control attempts that are not approved by a company's board of directors.

In general, Section 203 prohibits a publicly-held Delaware corporation from engaging, under certain circumstances, in a business combination with an interested stockholder for a period of three years following the date the person became an interested stockholder unless:

- prior to the date of the transaction, the board of directors of the corporation approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder;
- upon completion of the transaction that resulted in the stockholder becoming an interested stockholder, the stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the number of shares outstanding (1) shares owned by persons who are directors and also officers and (2) shares owned by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or

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- on or subsequent to the date of the transaction, the business combination is approved by the board of directors and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66 2/3% of the outstanding voting stock which is not owned by the interested stockholder.

Generally, a business combination includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. An interested stockholder is a person who, together with affiliates and associates, owns or, within three years prior to the determination of interested stockholder status, did own 15% or more of a corporation's outstanding voting stock.

Under certain circumstances, Section 203 makes it more difficult for a person who would be an "interested stockholder" to effect various business combinations with a corporation for a three-year period. Accordingly, Section 203 could have an anti-takeover effect with respect to certain transactions our board of directors does not approve in advance. The provisions of Section 203 may encourage companies interested in acquiring our company to negotiate in advance with our board of directors because the stockholder approval requirement would be avoided if our board of directors approves either the business combination or the transaction that results in the stockholder becoming an interested stockholder. However, Section 203 also could discourage attempts that might result in a premium over the market price for the shares held by stockholders. These provisions also may make it more difficult to accomplish transactions that stockholders may otherwise deem to be in their best interests.

Dissenters' Rights of Appraisal and Payment

Under the DGCL, with certain exceptions, our stockholders will have appraisal rights in connection with a merger or consolidation of our company. Pursuant to the DGCL, stockholders who properly request and perfect appraisal rights in connection with such merger or consolidation will have the right to receive payment of the fair value of their shares as determined by the Delaware Court of Chancery.

Stockholders' Derivative Actions

Under the DGCL, any of our stockholders may bring an action in our name to procure a judgment in our favor, also known as a derivative action, provided that the stockholder bringing the action is a holder of our shares at the time of the transaction to which the action relates or such stockholder's stock thereafter devolved by operation of law.

Exclusive Forum

Our amended and restated certificate of incorporation provides that unless we consent to the selection of an alternative forum, the Delaware Court of Chancery shall be the sole and exclusive forum for any (1) derivative action or proceeding brought on behalf, to the fullest extent permitted by law, of our company, (2) action asserting a claim of breach of a fiduciary duty owed by any director or officer or stockholder of our company to our company or our company's stockholders, creditors or other constituents, (3) action asserting a claim against our company or any director or officer of our company arising pursuant to any provision of the DGCL, or (4) action asserting a claim against our company or any director or officer of our company governed by the internal affairs doctrine. Any person or entity purchasing or otherwise acquiring or holding any interest in shares of capital stock of our company shall be deemed to have notice of and consented to the forum provisions in our amended and restated certificate of incorporation. However, it is possible that a court could find our forum selection provision to be inapplicable or unenforceable.

Limitations on Liability and Indemnification of Officers and Directors

The DGCL authorizes corporations to limit or eliminate the personal liability of directors to corporations and their stockholders for monetary damages for breaches of directors' fiduciary duties, subject to certain

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exceptions. Our amended and restated certificate of incorporation includes a provision that eliminates the personal liability of directors for monetary damages for any breach of fiduciary duty as a director, except to the extent such exemption from liability or limitation thereof is not permitted under the DGCL. The effect of these provisions is to eliminate the rights of us and our stockholders, through stockholders' derivative suits on our behalf, to recover monetary damages from a director for breach of fiduciary duty as a director, including breaches resulting from grossly negligent behavior. However, exculpation does not apply to any director if the director has acted in bad faith, knowingly or intentionally violated the law, authorized illegal dividends or redemptions or derived an improper benefit from his or her actions as a director.

Our amended and restated bylaws provide that we must generally indemnify and advance expenses to our directors and officers to the fullest extent authorized by the DGCL. We also are expressly authorized to carry directors' and officers' liability insurance providing indemnification for our directors, officers and certain employees for some liabilities. We believe that these indemnification and advancement provisions and insurance are useful to attract and retain qualified directors and executive officers.

The limitation of liability, indemnification and advancement provisions in our amended and restated certificate of incorporation and amended and restated bylaws may discourage stockholders from bringing a lawsuit against directors for breach of their fiduciary duty. These provisions also may have the effect of reducing the likelihood of derivative litigation against directors and officers, even though such an action, if successful, might otherwise benefit us and our stockholders. In addition, your investment may be adversely affected to the extent we pay the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions.

There is currently no pending material litigation or proceeding involving any of our directors, officers or employees for which indemnification is sought.

Transfer Agent and Registrar

The transfer agent and registrar for shares of our Class A common stock will be American Stock Transfer & Trust Company, LLC.

Listing

Following the spin-off, we expect to have our Class A common stock listed on the NYSE under the ticker symbol "PJT".

WHERE YOU CAN FIND MORE INFORMATION

We have filed a Registration Statement on Form 10 with the SEC with respect to the shares of Class A common stock that Blackstone common unitholders will receive in the distribution. This information statement does not contain all of the information contained in the Registration Statement on Form 10 and the exhibits and schedules to the Registration Statement on Form 10, portions of which have been omitted as permitted by the rules and regulations of the SEC. For further information about us and the spin-off, we refer you to the registration statement and to its exhibits and schedules. Statements contained in this information statement as to the contents of any contract or other document referred to are not necessarily complete and in each instance, if the contract or document is filed as an exhibit, reference is made to the copy of the contract or other documents filed as an exhibit to the Registration Statement on Form 10. Anyone may inspect the registration statement and its exhibits and schedules without charge at the public reference facilities the SEC maintains at 100 F Street, N.E., Washington, D.C. 20549. You may obtain copies of all or any part of these materials from the SEC upon the payment of certain fees prescribed by the SEC. You may obtain further information about the operation of the SEC's Public Reference Room by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains an Internet site at www.sec.gov, from which you can electronically access the Registration Statement on Form 10, including the exhibits and schedules to the Registration Statement on Form 10.

As a result of the distribution, we will become subject to the informational requirements of the Exchange Act and will be required to file reports and other information with the SEC. You will be able to inspect and copy these reports and other information at the public reference facilities maintained by the SEC at the address noted above. You also will be able to obtain copies of this material from the Public Reference Room of the SEC as described above, or inspect them without charge at the SEC's website. We intend to make available to our Class A common stockholders annual reports containing consolidated financial statements audited by an independent registered public accounting firm.

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* The combined financial statements reflect the historical results of operations and financial position of PJT Partners, which collectively represents the financial and strategic advisory services, restructuring and reorganization advisory services and Park Hill Group businesses of The Blackstone Group L.P., for all periods presented. Accordingly, the historical combined financial statements do not reflect what the results of operations and financial position of PJT Partners would have been had PJT Partners been a stand-alone, public company for the periods presented.

PJT Partners' business is presently conducted through a number of businesses for which there is no single holding entity, but which is under the common ownership of the existing owners. There is currently no separate capital structure for the combined business. Accordingly, the Company has not presented historical earnings per share of the combined businesses. See the Unaudited Pro Forma Combined Financial Statements included elsewhere in this information statement for a presentation of unaudited pro forma earnings per share, giving effect to the spin-off and the adjustments described in the notes thereto.

Report of Independent Registered Public Accounting Firm

To the Stockholder of PJT Partners Inc.:

We have audited the accompanying statement of financial condition of PJT Partners Inc. (the “Company”) as of December 31, 2014. This financial statement is the responsibility of the Company’s management. Our responsibility is to express an opinion on this financial statement 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 the statement of financial condition is free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial condition, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, such statement of financial condition presents fairly, in all material respects, the financial position of PJT Partners Inc. as of December 31, 2014, in conformity with accounting principles generally accepted in the United States of America.

/s/ DELOITTE & TOUCHE LLP

New York, New York
March 4, 2015

PJT Partners Inc.
Statement of Financial Condition
As of December 31, 2014

Assets	
Cash	<u>\$ 1</u>
Stockholder's Equity	
Stockholder's Equity	<u>\$ 1</u>

Notes to Statement of Financial Condition

1. ORGANIZATION

PJT Partners Inc. (the "Company", 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. The Company's fiscal year end is December 31. Pursuant to a reorganization into a holding corporation structure, the Company will become a holding corporation and its only material asset is expected to be a controlling equity interest in PJT Partners Holdings LP (formerly known as New Advisory L.P.), which at that time will be consolidated by the Company. The Company will be the general partner of PJT Partners Holdings LP and will operate and control all of the businesses and affairs of PJT Partners Holdings LP and, through PJT Partners Holdings LP and its subsidiaries, continue to conduct the business now conducted by these subsidiaries.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Statement of Financial Condition has been prepared in accordance with accounting principles generally accepted in the United States of America. Separate Statements of Operations, Comprehensive Income, Stockholder's Equity and of Cash Flows have not been presented in the financial statement because there have been no activities of this entity.

3. STOCKHOLDER'S EQUITY

The Company is authorized to issue 1,000 shares of Class A common stock, par value \$0.01 per share ("Class A Common Stock"), and 1,000 shares of Class B common stock, par value \$0.01 per share ("Class B Common Stock"). Under the Company's certificate of incorporation in effect as of November 5, 2014, holders of shares of the Company's Class A common stock are (i) 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; (ii) entitled to receive dividends when and if declared by the Company's board of directors out of funds legally available therefor; and (iii) entitled to receive pro rata the Company's remaining assets available for distribution upon any liquidation, dissolution or winding up of the Company. Under the Company's certificate of incorporation in effect as of November 5, 2014, holders of shares of Class B Common Stock are (i) not entitled to vote in respect of such shares on any matter submitted to stockholders of the Company, except as required by law; (ii) not entitled to participate in respect of such shares in any dividend or distribution paid on the stock of the Company; and (iii) not entitled to participate in respect of such shares in any distribution of assets of the Company upon the liquidation, dissolution, or winding up of the Company, except to the extent of the par value of such shares of Class B Common Stock. In exchange for \$1.00, the Company has issued 100 shares of Class A Common Stock, all of which were held by Blackstone Holdings I/II GP Inc., as of March 4, 2015. As of March 4, 2015, the Company has not issued any shares of Class B Common Stock.

4. SUBSEQUENT EVENTS

As of March 4, 2015, the date on which this financial statement was available to be issued, there have been no subsequent events since December 31, 2014 that require recognition or disclosure in the financial statement.

**PJT Partners Inc.
Statements of Financial Condition (Unaudited)**

	June 30,	December 31,
	2015	2014
Assets		
Cash	<u>\$ 1</u>	<u>\$ 1</u>
Stockholder's Equity		
Stockholder's Equity	<u>\$ 1</u>	<u>\$ 1</u>

Notes to Statement of Financial Condition

1. ORGANIZATION

PJT Partners Inc. (the "Company", 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. The Company's fiscal year end is December 31. Pursuant to a reorganization into a holding corporation structure, the Company will become a holding corporation and its only material asset is expected to be a controlling equity interest in PJT Partners Holdings LP (formerly known as New Advisory L.P.), which at that time will be consolidated by the Company. The Company will be the general partner of PJT Partners Holdings LP and will operate and control all of the businesses and affairs of PJT Partners Holdings LP and, through PJT Partners Holdings LP and its subsidiaries, continue to conduct the business now conducted by these subsidiaries.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Statements of Financial Condition have been prepared in accordance with accounting principles generally accepted in the United States of America. Separate Statements of Operations, Comprehensive Income, Stockholder's Equity and of Cash Flows have not been presented in the financial statement because there have been no activities of this entity.

3. STOCKHOLDER'S EQUITY

The Company is authorized to issue 1,000 shares of Class A common stock, par value \$0.01 per share ("Class A Common Stock"), and 1,000 shares of Class B common stock, par value \$0.01 per share ("Class B Common Stock"). Under the Company's certificate of incorporation in effect as of November 5, 2014, holders of shares of the Company's Class A common stock are (i) 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; (ii) entitled to receive dividends when and if declared by the Company's board of directors out of funds legally available therefor; and (iii) entitled to receive pro rata the Company's remaining assets available for distribution upon any liquidation, dissolution or winding up of the Company. Under the Company's certificate of incorporation in effect as of November 5, 2014, holders of shares of Class B Common Stock are (i) not entitled to vote in respect of such shares on any matter submitted to stockholders of the Company, except as required by law; (ii) not entitled to participate in respect of such shares in any dividend or distribution paid on the stock of the Company; and (iii) not entitled to participate in respect of such shares in any distribution of assets of the Company upon the liquidation, dissolution, or winding up of the Company, except to the extent of the par value of such shares of Class B Common Stock. In exchange for \$1.00, the Company has issued 100 shares of Class A Common Stock, all of which were held by Blackstone Holdings I/II GP Inc., as of August 11, 2015. As of August 11, 2015, the Company has not issued any shares of Class B Common Stock.

4. SUBSEQUENT EVENTS

As of August 11, 2015, the date on which this financial statement was available to be issued, there have been no subsequent events since June 30, 2015 that require recognition or disclosure in the financial statement.

Report of Independent Registered Public Accounting Firm

To the General Partner and Unitholders of The Blackstone Group L.P.:

We have audited the accompanying combined statements of financial condition of PJT Partners (“PJT Partners”, or the “Company”) which collectively represents the financial and strategic advisory services, restructuring and reorganization advisory services and Park Hill Group businesses of The Blackstone Group L.P. (“Blackstone”) as of December 31, 2014 and 2013, and the related combined statements of operations, comprehensive income, changes in parent company equity, and cash flows for each of the three years in the period ended December 31, 2014. Our audits also included the financial statement schedule listed in the Index to Financial Statements. These combined financial statements and financial statement schedule are the responsibility of the Company’s management. Our responsibility is to express an opinion on the combined financial statements and financial statement schedule 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. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion. 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 our audits provide a reasonable basis for our opinion.

In our opinion, such combined financial statements present fairly, in all material respects, the financial position of PJT Partners as of December 31, 2014 and 2013, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2014, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic combined financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

As described in Note 2, the accompanying combined financial statements have been derived from the consolidated financial statements and accounting records of Blackstone. The accompanying combined financial statements include expense allocations for certain corporate functions and for shared services provided by Blackstone. The allocations may not reflect the expense the Company would have incurred as an independent, publicly traded company for the periods presented.

/s/ DELOITTE & TOUCHE LLP

New York, New York

March 4, 2015

(June 23, 2015 for the change in presentation of revenues as described in Note 2.)

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PJT Partners Combined Statements of Financial Condition (Dollars in Thousands)

	December 31, <u>2014</u>	December 31, <u>2013</u>
Assets		
Cash and Cash Equivalents	\$ 38,533	\$ 29,664
Accounts Receivable (net of allowance for doubtful accounts of \$3,758 and \$2,876 at December 31, 2014 and 2013, respectively)	162,924	162,540
Receivable from Affiliates	12,162	17,456
Due from Blackstone	36,517	9,805
Intangible Assets, Net	19,797	22,450
Goodwill	68,873	68,873
Other Assets	6,441	6,940
Deferred Tax Assets	2,704	1,934
Total Assets	<u>\$ 347,951</u>	<u>\$ 319,662</u>
Liabilities and Parent Company Equity		
Accrued Compensation and Benefits	\$ 9,178	\$ 12,711
Accounts Payable, Accrued Expenses and Other Liabilities	4,817	4,518
Taxes Payable	62	295
Deferred Revenue	1,574	810
Total Liabilities	<u>15,631</u>	<u>18,334</u>
Commitments and Contingencies		
Parent Company Equity		
Parent Company Investment	331,310	301,561
Accumulated Other Comprehensive Income (Loss)	1,010	(233)
Total Parent Company Equity	<u>332,320</u>	<u>301,328</u>
Total Liabilities and Parent Company Equity	<u>\$ 347,951</u>	<u>\$ 319,662</u>

See notes to combined financial statements.

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

	<u>Year Ended December 31,</u>		
	<u>2014</u>	<u>2013</u>	<u>2012</u>
Revenues			
Advisory Fees	\$271,278	\$256,433	\$244,439
Placement Fees	127,664	136,726	106,764
Interest Income	3,046	2,955	3,809
Other	(919)	840	(395)
Total Revenues	<u>401,069</u>	<u>396,954</u>	<u>354,617</u>
Expenses			
Compensation and Benefits	317,478	339,778	318,255
Occupancy and Related	25,601	21,715	22,332
Travel and Related	13,382	13,678	13,606
Professional Fees	10,837	12,344	13,713
Communications and Information Services	7,048	6,772	7,855
Other Expenses	19,185	16,467	18,047
Total Expenses	<u>393,531</u>	<u>410,754</u>	<u>393,808</u>
Income (Loss) Before Provision for Taxes	7,538	(13,800)	(39,191)
Provision for Taxes	<u>3,046</u>	<u>3,373</u>	<u>3,357</u>
Net Income (Loss) Attributable to PJT Partners	<u>\$ 4,492</u>	<u>\$ (17,173)</u>	<u>\$ (42,548)</u>
Revenues Earned from Affiliates			
Advisory Fees	<u>\$ 31,948</u>	<u>\$ 15,131</u>	<u>\$ 26,744</u>
Placement Fees	<u>\$ 14,911</u>	<u>\$ 12,786</u>	<u>\$ 12,771</u>
Pro Forma Combined Statement of Operations Information (Unaudited)			
Income Before Provision for Taxes	\$ 7,538		
Pro Forma Provision for Taxes	<u>17,261</u>		
Pro Forma Net Loss	(9,723)		
Pro Forma Net Income (Loss) Attributable to Redeemable Non-Controlling Interests	<u>_____</u>		
Pro Forma Net Income (Loss) Attributable to PJT Partners	<u>\$ _____</u>		
Income per Share of Class A Common Stock			
Basic	<u>\$ _____</u>		
Diluted	<u>\$ _____</u>		
Weighted-Average Shares of Class A Common Stock Outstanding			
Basic	<u>_____</u>		
Diluted	<u>_____</u>		

See notes to combined financial statements.

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PJT Partners
Combined Statements of Comprehensive Income
(Dollars in Thousands)

	<u>Year Ended December 31,</u>		
	<u>2014</u>	<u>2013</u>	<u>2012</u>
Net Income (Loss) Attributable to PJT Partners	\$4,492	\$(17,173)	\$(42,548)
Other Comprehensive Income (Loss), Net of Tax - Currency Translation Adjustment	1,243	(108)	(141)
Comprehensive Income (Loss) Attributable to PJT Partners	<u>\$5,735</u>	<u>\$(17,281)</u>	<u>\$(42,689)</u>

See notes to combined financial statements.

PJT Partners
Combined Statements of Changes in Parent Company Equity
(Dollars in Thousands)

	Parent Company Investment	Accumulated Other Comprehensive Income (Loss)	Total Parent Company Equity
Balance at January 1, 2012	\$303,301	\$ 16	\$303,317
Net Loss Attributable to PJT Partners	(42,548)	—	(42,548)
Currency Translation Adjustment	—	(141)	(141)
Net Increase in Parent Company Investment	<u>24,960</u>	<u>—</u>	<u>24,960</u>
Balance at December 31, 2012	285,713	(125)	285,588
Net Loss Attributable to PJT Partners	(17,173)	—	(17,173)
Currency Translation Adjustment	—	(108)	(108)
Net Increase in Parent Company Investment	<u>33,021</u>	<u>—</u>	<u>33,021</u>
Balance at December 31, 2013	301,561	(233)	301,328
Net Income Attributable to PJT Partners	4,492	—	4,492
Currency Translation Adjustment	—	1,243	1,243
Net Increase in Parent Company Investment	<u>25,257</u>	<u>—</u>	<u>25,257</u>
Balance at December 31, 2014	<u>\$331,310</u>	<u>\$ 1,010</u>	<u>\$332,320</u>

See notes to combined financial statements.

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PJT Partners
Combined Statements of Cash Flows
(Dollars in Thousands)

	Year Ended December 31,		
	2014	2013	2012
Operating Activities			
Net Income (Loss)	\$ 4,492	\$(17,173)	\$(42,548)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by Operating Activities			
Equity-Based Compensation Expense	66,464	79,260	86,555
Excess Tax Benefits Related to Equity-Based Compensation	(60)	(45)	—
Depreciation Expense	5,120	6,122	7,959
Amortization Expense	2,653	2,653	2,653
Bad Debt Recovery	882	(1,245)	(2,424)
Other Non-Cash Amounts Included in Net Income (Loss)	(87)	(1,088)	(1,823)
Cash Flows Due to Changes in Operating Assets and Liabilities			
Accounts Receivable	(1,265)	(11,558)	(4,456)
Receivable from Affiliates	5,294	(3,204)	13,217
Due from Blackstone	(26,712)	12,717	(30,220)
Other Assets	(4,149)	(6,315)	(7,013)
Accrued Compensation and Benefits	(3,533)	(826)	(1,337)
Accounts Payable, Accrued Expenses and Other Liabilities	299	575	(876)
Taxes Payable	(233)	(543)	(1,133)
Deferred Revenue	764	(9,157)	9,073
Net Cash Provided by Operating Activities	<u>49,929</u>	<u>50,173</u>	<u>27,627</u>
Financing Activities			
Excess Tax Benefits Related to Equity-Based Compensation	60	45	—
Net Decrease from Parent Company Investment	(41,120)	(45,150)	(59,774)
Net Cash Used in Financing Activities	<u>(41,060)</u>	<u>(45,105)</u>	<u>(59,774)</u>
Effect of Exchange Rate Changes on Cash and Cash Equivalents	—	—	(290)
Net Increase (Decrease) in Cash and Cash Equivalents	8,869	5,068	(32,437)
Cash and Cash Equivalents, Beginning of Year	29,664	24,596	57,033
Cash and Cash Equivalents, End of Year	<u>\$ 38,533</u>	<u>\$ 29,664</u>	<u>\$ 24,596</u>
Supplemental Disclosure of Cash Flows Information			
Payments for Income Taxes, including those to Blackstone	<u>\$ 3,668</u>	<u>\$ 3,136</u>	<u>\$ 3,477</u>

See notes to combined financial statements.

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

1. ORGANIZATION

On October 7, 2014, the board of directors of the general partner of The Blackstone Group L.P. (“Blackstone” or the “Parent”) approved a plan to separate Blackstone’s financial and strategic advisory services, restructuring and reorganization advisory services and Park Hill Group businesses from Blackstone to form PJT Partners (“PJT Partners” or the “Company”).

Blackstone will distribute 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 will precede the Distribution and the acquisition by PJT Partners of PJT Capital LP (together with its general partner and their respective subsidiaries, “PJT Capital”) that will occur 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 subject to the satisfaction or waiver of certain conditions, as described in Note 3. “Reorganization and Spin-Off”.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These combined financial statements have been prepared on a stand-alone basis and are derived from the consolidated financial statements and accounting records of Blackstone. The combined financial statements reflect the financial position, results of operations and cash flows of PJT Partners as they were historically managed, in conformity with accounting principles generally accepted in the United States of America (“GAAP”). The combined financial statements include certain assets that have historically been held at the Blackstone corporate level but are specifically identifiable or otherwise attributable to these combined financial statements, primarily goodwill and intangible assets.

These financial statements are presented as if such businesses had been combined for all periods presented. All intercompany transactions have been eliminated.

The Combined Statements of Operations reflect intercompany expense allocations made to PJT Partners by Blackstone for certain corporate functions and for shared services provided by Blackstone. 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 9. “Related Party Transactions” for further information on expenses allocated by Blackstone.

Both PJT Partners and Blackstone consider the basis on which the expenses have been allocated to be a reasonable reflection of the utilization of services provided to or the benefit received by PJT Partners during the periods presented. The allocations may not, however, reflect the expense PJT Partners 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, PJT Partners will perform these functions using its own resources or purchased services. For an interim period, however, some of these functions will continue to be provided by Blackstone, pursuant to a transition services agreement for a

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

period of 24 months with the option for Blackstone or PJT Partners to terminate any given service with 60 days' notice. In addition to the transition services agreement, effective upon the spin-off, PJT Partners intends for certain related party arrangements to be converted into third party contracts.

The Company revised its accounting practice for the presentation of Advisory Fees and Placement Fees and has retrospectively revised its Combined Statements of Operations as a result of this change. Advisory Fees and Placement Fees were previously presented as a single financial statement line item and are now presented separately within the Combined Statements of Operations.

Use of Estimates

The preparation of the combined financial statements in accordance 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 combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and such differences could be material. Estimates and the assumptions underlying these estimates are reviewed periodically, and the effects of revisions are reflected in the period in which they are determined to be necessary. In preparing the 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 combined financial statements.

Revenue Recognition

Revenues primarily consist of Advisory and Placement Fees, Interest Income and Other. Transaction-based 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 consist of retainer and transaction-based fee arrangements related to strategic advisory services, restructuring and reorganization services and secondary advisory services within 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 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. Private 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 investment funds are typically recognized as earned upon acceptance by a fund of capital or capital commitments, in accordance with terms set forth in individual agreements. For commitment based fees, revenue is recognized as commitments are accepted (referred to as a “closing”). 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 hedge fund structures, placement fees are earned based on net asset value (“NAV”) and calculated as a percentage of a placed investor’s month end NAV. Typically, fees for such hedge fund structures are earned over a 48 month period. For these arrangements, revenue is recognized monthly as the amounts become fixed and determinable.

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

The Company may receive non-refundable up-front fees upon execution of agreements with funds to provide capital fundraising services, which are recorded as revenues in the period over which services are provided. However, more recent placement fee arrangements have increasingly eliminated upfront fees and such fees comprised less than one percent of Placement Fees in each of years ended December 31, 2014 and 2013, respectively, and approximately one percent of Placement Fees in the year ended December 31, 2012.

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

Interest Income – The Company typically earns interest on Cash and Cash Equivalents and on outstanding placement fees receivable. 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 and Receivable from Affiliates in the 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.

Other Revenue – Other Revenue consists of miscellaneous income and foreign exchange gains and losses arising on transactions denominated in currencies other than U.S. dollars.

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.

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

Cash and Cash Equivalents

The Company considers all liquid investments with original maturities of three months or less from the date of purchase to be cash equivalents. Cash and Cash Equivalents consist of cash which is primarily held at one major U.S. financial institution.

Accounts Receivable

Accounts Receivable includes placement fees, interest and advisory fee receivables. Accounts receivable are assessed periodically for collectability 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 four years. Additional disclosures regarding Accounts Receivable are discussed in Note 4. “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 Accounts Receivable and Receivable from Affiliates in the 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 no longer 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”). 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 segment 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 PJT Partners’ 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.

PJT Partners’ intangible assets are derived from customer relationships. Identifiable finite-lived intangible assets are amortized on a straight-line basis over their estimated useful lives of fifteen years, reflecting the average time over which such relationships are expected to contribute to cash flows. Amortization expense is

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

included within Other Expenses in the 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 consist primarily of leasehold improvements, furniture, fixtures and equipment, computer hardware and software 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 three 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. Furniture, Equipment and Leasehold Improvements are included in Other Assets on the Combined Statements of Financial Condition and Depreciation and Amortization are included in Other Expenses on the Combined Statements of Operations.

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 as Other Revenue in the Combined Statements of Operations. In addition, the Company combines 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

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

Compensation and Benefits

Certain employees of PJT Partners participate in Parent's equity-based compensation plans. Equity-based compensation expense related to these plans is based upon specific identification of cost related to PJT Partners' employees. PJT Partners also receives allocated equity-based compensation expense associated with Parent employees of central support functions. 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.

In certain instances, PJT Partners 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

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

requisite service period is completed, irrespective of whether the market condition is satisfied. If a recipient terminates employment before completion of the derived 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 prior to termination, the remaining unrecognized compensation cost is accelerated.

Income Taxes

The Company's operations have historically been included in Parent's income tax returns, except for certain entities that are classified as partnerships for U.S. tax purposes. For purposes of the combined financial statements, PJT Partners income tax expense and deferred tax balances have been presented on a separate company basis as if the Company filed income tax returns on a stand-alone basis separate from Parent. As a stand-alone entity, PJT Partners' deferred taxes and effective tax rate may differ from those in the historical periods.

The effects of tax adjustments and settlements from taxing authorities are presented in PJT Partners' combined financial statements in the period to which they relate as if the Company were a separate tax filer. The Company recognizes the current and deferred tax consequences of all transactions that have been recognized in the combined financial statements using the provisions of enacted tax laws.

PJT Partners and certain of their subsidiaries operate in the U.S. as partnerships for U.S. Federal income tax purposes and generally as corporate entities in non-U.S. jurisdictions. Accordingly, these entities in some cases are subject to New York City unincorporated business taxes or non-U.S. income taxes. Certain entities that are classified as partnerships for U.S. tax purposes filed income tax returns on a separate company basis.

Income taxes are accounted for using the asset and liability method of accounting. 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 basis, using tax rates in effect for the year in which the differences are expected to reverse. The effect on deferred 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 it is more likely than not that some portion or all of the deferred tax assets will not be realized. Current tax liabilities are recorded within Taxes Payable in the Combined Statements of Financial Condition.

PJT Partners analyzes its tax filing positions in all of the U.S. Federal, state, local and foreign tax jurisdictions where it is required to file income tax returns, as well as for all open tax years in these jurisdictions. PJT Partners 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 more-likely-than-not threshold are recognized as the largest amount of tax benefit that is greater than 50 percent likely to be realized upon ultimate settlement with the related tax authority. PJT Partners recognizes accrued interest and penalties related to uncertain tax positions in Other Expenses within the Combined Statements of Operations.

Affiliates

PJT Partners considers its partners, employees, Parent, Parent funds and the portfolio companies of the Parent funds to be affiliates.

Recent Accounting Developments

In February 2013, the FASB issued guidance on the reporting of amounts reclassified out of accumulated other comprehensive income. The guidance did not change the requirement for reporting net income or other

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

comprehensive income in financial statements. However, the amendments required an entity to provide information about the amounts reclassified out of accumulated other comprehensive income by component. In addition, an entity is required to present, either on the face of the statement where net income is presented or in the notes to the financial statements, significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income but only if the amount reclassified is required under GAAP to be reclassified to net income in its entirety in the same reporting period. For other amounts that are not required under GAAP to be reclassified in their entirety to net income, an entity is required to cross-reference to other disclosures required under GAAP that provide additional detail about those amounts.

The guidance was effective prospectively for periods beginning after December 15, 2012. Adoption had no impact on the Company's combined financial statements.

In September 2011, the FASB issued enhanced guidance on testing goodwill for impairment. The amended guidance provides an entity with the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If, after assessing the totality of events or circumstances, an entity determines it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then performing the two-step impairment test is unnecessary. However, if an entity concludes otherwise, then it is required to perform the first step of the two-step impairment test by calculating the fair value of the reporting unit and comparing the fair value with the carrying amount of the reporting unit. If the carrying amount of a reporting unit exceeds its fair value, then the entity is required to perform the second step of the goodwill impairment test to measure the amount of the impairment loss, if any. Under the amended guidance, an entity has the option to bypass the qualitative assessment for any reporting unit in any period and proceed directly to performing the first step of the two-step goodwill impairment test. An entity may resume performing the qualitative assessment in any subsequent period. The amended guidance includes examples of events or circumstances that an entity must consider in evaluating whether it is more likely than not that the fair value of reporting units is less than its carrying amount. The amended guidance no longer permits the carry forward of detailed calculations of a reporting unit's fair value from a prior year. The guidance is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. The Company adopted the guidance on October 1, 2012, the date of annual impairment testing. The amended guidance did not have a material impact on the Company's combined financial statements.

In March 2013, the FASB issued guidance on a parent entity's accounting for cumulative translation adjustment upon derecognition of certain subsidiaries or groups of assets within a foreign entity or of an investment in a foreign entity. When a parent entity ceases to have a controlling financial interest in a subsidiary or a group of assets that is a business within a foreign entity, any related portion of the total cumulative translation adjustment should be released into net income if the sale or transfer results in the complete or substantially complete liquidation of the foreign entity in which the subsidiary or group of assets had resided. For an equity method investment that is a foreign entity, partial sale guidance applies. As such, a pro rata portion of the cumulative translation adjustment should be released into net income upon a partial sale of such an equity method investment. For an equity method investment that is not a foreign entity, the cumulative translation adjustment is released into net income only if the partial sale represents a complete or substantially complete liquidation of the foreign entity that contains the equity method investment. Additionally, the guidance clarifies that the sale of an investment in a foreign entity includes both (a) events that result in the loss of a controlling financial interest in a foreign entity (that is, irrespective of any retained investment) and (b) events that result in an acquirer obtaining control of an acquiree in which it held an equity interest immediately before the acquisition date (sometimes also referred to as a step acquisition). Accordingly, the cumulative translation adjustment should be released into net income upon the occurrence of those events. The guidance shall be applied on a prospective basis for fiscal years, and interim periods within those years,

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beginning after December 15, 2013. The guidance should be applied to derecognition events occurring after the effective date. Prior periods should not be adjusted. Early adoption is permitted. Adoption did not have a material impact on the Company's combined financial statements.

In June 2014, the 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.

The amended guidance is effective for annual periods beginning after December 15, 2016 including interim periods within that reporting period. The Company is currently evaluating the impact of the new guidance and the method of adoption in the combined financial results.

In November 2014, the FASB issued amended guidance on pushdown accounting. The amended guidance provides an acquired entity with an option to apply pushdown accounting in its separate financial statements upon occurrence of an event in which an acquirer obtains control of the acquired entity. Pushdown accounting is defined by the guidance as the use of the acquirer's basis in the preparation of the acquiree's separate financial statements. The amended guidance provides an acquired entity the option to determine whether to elect to apply pushdown accounting for each individual change-in-control event in which an acquirer obtains control of the acquired entity. If pushdown accounting is not applied in the reporting period in which the change-in-control event occurs, an acquired entity has the option to elect to apply pushdown accounting in a subsequent reporting period to the acquired entity's most recent change-in-control event. If pushdown accounting is applied to an individual change-in-control event, that election is irrevocable. The amendments in this updated guidance are effective on November 18, 2014. Adoption of the amended guidance did not have a material impact on PJT Partners' combined financial statements.

3. REORGANIZATION AND SPIN-OFF

In connection with the spin-off, Blackstone will undergo an internal reorganization, pursuant to which the operations that have historically constituted Blackstone's Financial Advisory reporting segment, other than Blackstone's capital markets services business, will be contributed to PJT Partners Holdings LP (formerly known as New Advisory L.P.), a newly-formed holding partnership that will be controlled by PJT Partners Inc., as general partner. Blackstone's capital markets services business, which has historically derived a majority of its revenue from transactions involving portfolio companies or investment funds of Blackstone, will not be contributed to PJT Partners Holdings LP and Blackstone will retain this business following completion of the spin-off. In the internal reorganization, the limited partners of the holding partnerships that own Blackstone's

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operating subsidiaries and certain individuals engaged in the Company’s business will receive 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 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.

Prior to the distribution, PJT Partners Holdings LP will acquire 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 will receive unvested Partnership Units in PJT Partners Holdings LP.

Following the internal reorganization and the acquisition, The Blackstone Group L.P. will distribute 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. will be a holding company and its sole asset will be its controlling equity interest in PJT Partners Holdings LP. As the sole general partner of PJT Partners Holdings LP, PJT Partners Inc. will operate and control all of the business and affairs and consolidate the financial results of PJT Partners Holdings LP and its subsidiaries. The ownership interest of the limited partners of PJT Partners Holdings LP will be reflected as a redeemable non-controlling interest in PJT Partners Inc.’s consolidated financial statements.

The limited partners of PJT Partners Holdings LP will also hold all issued and outstanding shares of the Class B common stock of PJT Partners Inc. The shares of Class B common stock will have no economic rights but will 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 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. 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. In certain circumstances provided in PJT Partners Inc.’s certificate of incorporation, however, all or a portion of the voting power of any share of Class B common stock may become entitled to vote on all matters on which stockholders are entitled to vote generally, including the election and removal of directors of PJT Partners Inc. 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 PJT Partners Inc.’s Class B common stock will vote together with holders of PJT Partners Inc.’s 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.

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Pro Forma Combined Statement of Operations Information (Unaudited)

The following unaudited pro forma financial information presented on the Combined Statements of Operations for the year ended December 31, 2014 is based on PJT Partners' historical financial statements as adjusted to reflect the internal reorganization described above.

Income Before Provision for Taxes	\$ 7,538
Pro Forma Provision for Taxes (a)	<u>17,261</u>
Pro Forma Net Loss	(9,723)
Pro Forma Net Income (Loss) Attributable to Redeemable Non-Controlling Interests (b)	<u> </u>
Pro Forma Net Income (Loss) Attributable to PJT Partners	<u>\$ </u>
Loss per Share of Class A Common Stock	
Basic	<u>\$ </u>
Diluted	<u>\$ </u>
Weighted-Average Shares of Class A Common Stock Outstanding	
Basic	<u> </u>
Diluted	<u> </u>

(a) The provision for income taxes reflected in the historical financial combined statements was calculated on a separate tax return basis, although PJT Partners' operations have historically been included in Blackstone's U.S. Federal, state and foreign tax returns.

Following the spin-off, PJT Partners Inc. will be subject to U.S. Federal income taxes, in addition to state and local taxes with respect to the allocable share of any net taxable income of PJT Partners Holdings LP, which will result in higher income taxes. As a result, the pro forma combined statement of operations reflects an adjustment to the provision for income taxes to reflect effective rates below. These effective rates have been determined as if PJT Partners filed separate, stand-alone income tax returns after giving effect to the reorganization described elsewhere in this filing and calculate PJT Partners' Provision for Taxes. The following tables reconcile PJT Partners' pro forma effective tax rate to the U.S. Federal statutory rate and calculate PJT Partners' Provision for Taxes:

	Year Ended December 31,
	2014
Statutory U.S. Federal Income Tax Rate	35.0%
Income Passed Through to Redeemable Non-Controlling Interest Holders	-13.0%
Foreign Income Taxes	4.2%
State and Local Income Taxes	62.2%
Compensation	138.0%
Other	<u>2.6%</u>
Effective Income Tax Rate	<u>229.0%</u>

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Thus, PJT Partners' provision for taxes is as follows:

	Year Ended December 31,
	2014
Income Before Provision for Taxes	\$ 7,538
Effective Income Tax Rate	229.0%
Provision for Taxes	\$ 17,261

- (b) Following the spin-off, PJT Partners Inc. will become the sole general partner of PJT Partners Holdings LP. PJT Partners Inc. will initially own less than 100% of the economic interest in PJT Partners Holdings LP, but will have 100% of the voting power and control the management of PJT Partners Holdings LP. Immediately following the spin-off, the non-controlling interest will be ____%. The percentage of the Net Income Attributable to the Redeemable Non-Controlling Interests will vary from this percentage due to the differing level of income taxes applicable to the controlling interest.

Partnership Units in PJT Partners Holdings LP are exchangeable at the option of the holder for cash, or, at PJT Partners' 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 PJT Partners 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 PJT Partners' control is considered a redeemable non-controlling interest and is presented separately from Equity in Unaudited Pro Forma Combined Statement of Financial Condition.

The corporate tax provision attributable to PJT Partners Inc. is allocated solely to PJT Partners Inc. The pro forma Net Income is split as follows:

	Year Ended December 31,
	2014
Income Before Provision for Taxes	\$ 7,538
Tax Provision Attributable to all Shareholders	3,282
Net Income Attributable to all Shareholders	4,256
Redeemable Non-Controlling Interests Percentage	_____
Net Income Attributable to Redeemable Non-Controlling Interests	\$ _____
Net Income Attributable to all Shareholders	\$ 4,256
Controlling Interests Percentage	_____
Tax Provision (Benefit) Attributable Solely to PJT Partners Inc.	_____
Net Income Attributable to PJT Partners Inc.	\$ _____

4. ACCOUNTS RECEIVABLE AND ALLOWANCE FOR DOUBTFUL ACCOUNTS

Included in Accounts Receivable and Receivable from Affiliates are long term receivables of \$66.0 million and \$65.2 million as of December 31, 2014 and December 31, 2013, respectively, related to placement fees that are generally paid in installments over a period of four years. Of these amounts, \$5.1 million and \$8.4 million relate to long term receivables with affiliates as of December 31, 2014 and 2013, respectively. The carrying value

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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 which were more than 90 days past due as of December 31, 2014 and December 31, 2013 were \$1.1 million and \$9.2 million, respectively. Long term receivables from affiliates which were more than 90 days past due as of December 31, 2014 were \$0.2 million. As of December 31, 2013, there were no long term receivables from affiliates which were more than 90 days past due.

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

	Year Ended December 31,		
	2014	2013	2012
Balance, Beginning of Year	\$ 1,621	\$ 2,849	\$ 5,040
Allowance Recovery	(1,229)	(1,228)	(2,191)
Balance, End of Year	<u>\$ 392</u>	<u>\$ 1,621</u>	<u>\$ 2,849</u>

5. GOODWILL AND INTANGIBLE ASSETS

The carrying value of goodwill was \$68.9 million as of December 31, 2014 and December 31, 2013. As of December 31, 2014 and 2013, the Company concluded there was no evidence of goodwill impairment.

Intangible Assets, Net consists of the following:

	December 31,	
	2014	2013
Finite-Lived Intangible Assets/Customer Relationships	\$ 39,791	\$ 39,791
Accumulated Amortization	(19,994)	(17,341)
Intangible Assets, Net	<u>\$ 19,797</u>	<u>\$ 22,450</u>

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

	Year Ended December 31,		
	2014	2013	2012
Balance, Beginning of Year	\$22,450	\$25,103	\$27,756
Amortization Expense	(2,653)	(2,653)	(2,653)
Balance, End of Year	<u>\$19,797</u>	<u>\$22,450</u>	<u>\$25,103</u>

Amortization expense was \$2.7 million for each of the years ended December 31, 2014, 2013 and 2012, respectively. Amortization of Intangible Assets held at December 31, 2014 is expected to be \$2.7 million for each of the years ending December 31, 2015, 2016, 2017, 2018 and 2019. The intangible assets as of December 31, 2014 are expected to amortize over a weighted-average period of 7.5 years.

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6. OTHER ASSETS

Other Assets consists of the following:

	December 31,	
	2014	2013
Furniture, Equipment and Leasehold Improvements	\$ 17,404	\$ 17,400
Less: Accumulated Depreciation	(12,293)	(12,874)
Furniture, Equipment and Leasehold Improvements, Net	5,111	4,526
Prepaid Expenses	1,120	1,737
Other Assets	210	677
	\$ 6,441	\$ 6,940

Depreciation expense, including Parent allocations, was \$5.1 million, \$6.1 million and \$8.0 million related to Furniture, Equipment and Leasehold Improvements for the years ended December 31, 2014, 2013 and 2012, respectively, and was included in Other Expenses in the Combined Statements of Operations.

7. INCOME TAXES

PJT Partners income taxes were calculated on a separate tax return basis, although PJT Partners' operations have historically been included in Parent's U.S. Federal, state and foreign tax returns. As a stand-alone entity, PJT Partners' deferred taxes and effective tax rate may differ from those in the historical periods.

	Year Ended December 31,		
	2014	2013	2012
Income (Loss) Before Provision for Taxes			
United States	\$ 8,952	\$ (6,413)	\$(19,203)
International	(1,414)	(7,387)	(19,988)
Total	\$ 7,538	\$(13,800)	\$(39,191)

The Provision for Income Taxes consists of the following:

	Year Ended December 31,		
	2014	2013	2012
Current			
Foreign Income Tax	\$ 319	\$ 230	\$ 571
State and Local Income Tax	3,495	3,354	2,727
	3,814	3,584	3,298
Deferred			
State and Local Income Tax	(768)	(211)	59
Provision for Taxes	\$3,046	\$3,373	\$3,357

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The following table summarizes the Company's tax position:

	Year Ended December 31,		
	2014	2013	2012
Income (Loss) Before Provision for Taxes	\$7,538	\$(13,800)	\$(39,191)
Total Provision for Taxes	\$3,046	\$ 3,373	\$ 3,357
Effective Income Tax Rate	40.4%	-24.4%	-8.6%

The following table reconciles the Provision for Taxes to the U.S. Federal statutory tax rate:

	Year Ended December 31,		
	2014	2013	2012
Statutory U.S. Federal Income Tax Rate	35.0%	35.0%	35.0%
Income Passed Through to Common Unitholders and Non-Controlling Interest Holders(a)	-	-	-
Foreign Income Taxes	41.6%	16.3%	18.2%
State and Local Income Taxes	10.8%	20.4%	18.3%
Change in Tax Rate	39.8%	21.9%	-6.4%
Effective Income Tax Rate (b)	-3.6%	-0.8%	-0.7%
	<u>40.4%</u>	<u>24.4%</u>	<u>-8.6%</u>

- (a) Includes income that is not taxable to PJT Partners and its subsidiaries. Such income is directly taxable to the Company's unitholders and non-controlling interest holders.
- (b) The Effective Income Tax Rate is calculated on Income (Loss) Before Provision for Taxes.

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,	
	2014	2013
Deferred Tax Assets		
Equity-Based Compensation	\$2,659	\$2,247
Depreciation and Amortization	(408)	(399)
Other	453	86
Total Deferred Tax Assets	<u>\$2,704</u>	<u>\$1,934</u>

Future realization of tax benefits depends on the expectation of taxable income within a period of time that the tax benefits will reverse. The Company also considers projections of taxable income in evaluating its ability to utilize deferred tax assets. In projecting its taxable income, the Company begins with historic results and incorporates assumptions of the amount of future pretax operating income. The assumptions about future taxable income require significant judgment and are consistent with the plans and estimates that the Company uses to manage its business. At this time, the Company's projections of future taxable income that include the effects of originating and reversing temporary differences, including those for the tax basis intangibles, indicate that it is more likely than not that the benefits from the deferred tax asset will be realized. Therefore, the Company has determined that a valuation allowance is not needed at December 31, 2014 and December 31, 2013.

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Currently, the Company does not believe it meets the indefinite reversal criteria that would cause the Company to not recognize a deferred tax liability with respect to its foreign subsidiaries. Where applicable, the Company will record a deferred tax liability for any outside basis difference of an investment in a foreign subsidiary.

The Company’s Parent or its subsidiary files tax returns as prescribed by the tax laws of the jurisdictions in which it operates. In the normal course of business, the Company is subject to examination by federal and certain state, local and foreign tax regulators. As of December 31, 2014, the Company’s U.S. Federal income tax returns for the years 2011 through 2013 are open under the normal three-year statute of limitations and therefore subject to examination. State and local tax returns are generally subject to audit from 2010 through 2013.

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

	December 31,	
	2014	2013
Unrecognized Tax Benefits - January 1	\$ 5	\$—
Additions for Tax Positions of Prior Years	56	5
Settlements	(61)	—
Unrecognized Tax Benefits - December 31	\$—	\$ 5

If the above tax benefits were recognized, \$4.7 for the year ended December 31, 2013 would reduce the annual effective rate. The Company does not believe that it will have a material increase or decrease in its unrecognized tax benefits during the coming year.

The unrecognized tax benefits are recorded in Accounts Payable, Accrued Expenses and Other Liabilities in the Combined Statements of Financial Condition.

The Company recognizes interest and penalties accrued related to unrecognized tax positions in Other Expenses. During the years ended December 31, 2014 and December, 31, 2013, \$42.3 and \$2.9, respectively, of interest expense and no penalties were accrued. During 2014, the Company paid \$45.2 of interest that was accrued in the settlement of an audit of a subsidiary tax return for the year 2007.

On September 13, 2013, the U.S. Treasury Department and the IRS issued final regulations that address costs incurred in acquiring, producing or improving tangible property (“the tangible property regulations”). The tangible property regulations are generally effective for tax years beginning on or after January 1, 2014, and may be adopted in earlier years. Management does not anticipate the impact of these changes to be material to the Company’s combined financial condition or results of operations.

8. EQUITY-BASED COMPENSATION

Until the consummation of the spin-off, existing PJT Partners employees will continue to participate in Parent’s equity compensation plans. The equity-based compensation expense recorded by PJT Partners, for the periods presented, includes the expense associated with the employees historically attributable to PJT Partners’ operations. As the equity-based compensation plans are Parent’s plans, the amounts have been recognized within Parent Company Investment and Due from Blackstone on the Combined Statements of Financial Condition.

Parent has granted equity-based compensation awards to the Company’s partners, non-partner professionals, non-professionals and selected external advisers under the Partnership’s 2007 Equity Incentive Plan (the “Equity

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Plan”), the majority of which to date were granted in connection with Parent’s IPO. The Equity Plan allows 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 the Parent common units or Parent Holdings Partnership Units) which may contain certain service or performance requirements. As of January 1, 2014, the Parent had the ability to grant 164,224,426 units under the Equity Plan.

For the years ended December 31, 2014, 2013 and 2012 the Company recorded compensation expense of \$90.4 million, \$126.5 million, and \$121.7 million, respectively, in relation to its equity-based awards with corresponding tax benefits of \$0.3 million, \$0.3 million and \$0.3 million, respectively.

As of December 31, 2014, there was \$67.0 million of estimated unrecognized compensation expense related to unvested awards. This cost is expected to be recognized over a weighted-average period of 2.0 years.

Total vested and unvested outstanding units, including Parent common units, Parent Holdings Partnership Units and deferred restricted common units, were 21,524,864 as of December 31, 2014. Total outstanding unvested phantom units were 513 as of December 31, 2014.

A summary of the status of the Company’s unvested equity-based awards as of December 31, 2014 and of changes during the period January 1, 2014 through December 31, 2014 is presented below:

	Blackstone Holdings		The Blackstone Group L.P.			
	Blackstone Units	Weighted- Average Grant Date Fair Value	Equity Settled Awards		Cash Settled Awards	
			Deferred Restricted Common Units	Weighted- Average Grant Date Fair Value	Phantom Units	Weighted- Average Grant Date Fair Value
Unvested Units						
Balance, December 31, 2013	6,072,041	\$ 21.40	3,302,136	\$ 12.60	2,020	\$ 28.97
Granted	459,436	32.47	414,621	29.10	233	28.05
Vested	(2,915,145)	27.33	(1,110,136)	15.10	(661)	33.77
Forfeited	(259,132)	18.61	(307,775)	13.46	(1,079)	31.39
Transferred Out (a)	—	—	(922)	12.14	—	—
Balance, December 31, 2014	3,357,200	\$ 23.05	2,297,924	\$ 16.40	513	\$ 32.62

(a) Represents the transfer of units related to employee transfers from PJT Partners to another Blackstone business.

Units Expected to Vest

The following unvested units, after expected forfeitures, as of December 31, 2014, are expected to vest:

	Units	Weighted-Average Service Period in Years
Blackstone Holdings Partnership Units	2,991,660	1.6
Deferred Restricted Blackstone Common Units	2,058,544	1.3
Total Equity-Based Awards	5,050,204	1.5
Phantom Units	513	0.0

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Deferred Restricted Common Units and Phantom Units

Blackstone has granted deferred restricted common units to certain partner and non-partner professionals, analysts and senior finance and administrative personnel and selected external advisers and phantom units (cash settled equity-based awards) to other partner and non-partner employees. Holders of deferred restricted common units and phantom units are not entitled to any voting rights. Only phantom units are to be settled in cash.

The fair values of deferred restricted common units have been derived based on the closing price of Blackstone's common units on the date of the grant, multiplied by the number of unvested awards and expensed over the assumed service period, which ranges from 1 to 8 years. Additionally, the calculation of the compensation expense assumes forfeiture rates based upon historical turnover rates, ranging from 1.0% to 13.9% annually by employee class, and a per unit discount, ranging from \$0.01 to \$7.17 as a majority of these unvested awards do not contain distribution participation rights. In most cases, Blackstone will not make any distributions with respect to unvested deferred restricted common units. However, there are certain grantees who receive distributions on both vested and unvested deferred restricted common units.

The phantom units vest over the assumed service period, which ranges from 2 to 4 years. On each such vesting date, Blackstone delivered or will deliver cash to the holder in an amount equal to the number of phantom units held multiplied by the then fair market value of the Blackstone common units on such date. Additionally, the calculation of the compensation expense assumes forfeiture rates based upon historical turnover rates, ranging from 1.0% to 13.9% annually by employee class. Blackstone is accounting for these cash settled awards as a liability.

Blackstone paid \$0.1 million, \$0.1 million and \$0.1 million to non-partner employees in settlement of phantom units for the years ended December 31, 2014, 2013 and 2012, respectively.

Parent Holdings Partnership Units

At the time of Parent's reorganization in 2007, Parent's predecessor owners and selected advisers received 827,516,625 Partner Holdings Partnership Units, of which 387,805,088 were vested and 439,711,537 were to vest over a period of up to 8 years from the IPO date. Subsequent to this reorganization, Parent has granted Parent Holdings Partnership Units to newly hired partners. Parent has accounted for the unvested Parent Holdings Partnership Units as compensation expense over the vesting period. The fair values have been derived based on the closing price of Parent's common units on the date of the grant, or \$31 (based on the IPO price per Parent common unit) for those units issued at the time of the reorganization, multiplied by the number of unvested awards and expensed over the assumed service period which ranges from 1 to 8 years. Additionally, the calculation of the compensation expense assumes a forfeiture rate of up to 13.9%, based on historical experience.

9. RELATED PARTY TRANSACTIONS

Receivable from Affiliates

Receivable from Affiliates includes placement and advisory fee receivables from affiliates. Placement fee receivables from affiliates totaled \$11.9 million and \$16.1 million as of December 31, 2014 and 2013, respectively. Advisory fee receivables from affiliates totaled \$0.3 million and \$1.3 million as of December 31, 2014 and 2013, respectively.

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

Due from Blackstone

Due from Blackstone represents the net amount of non-placement and advisory fee related receivables and payables transacted with affiliates in the ordinary course of business. Due from Blackstone includes PJT Partners' relationship with Blackstone's treasury and central bill paying entity offset by expenses incurred by Blackstone on PJT Partners' behalf including but not limited to accounting, payroll, human resources, legal, compliance, financial administration and information technology.

Revenues Earned from Affiliates

Advisory Fees earned from affiliates totaled \$31.9 million, \$15.1 million and \$26.8 million for the years ended December 31, 2014, 2013 and 2012, respectively. Placement Fees earned from affiliates totaled \$14.9 million, \$12.8 million and \$12.8 million for the years ended December 31, 2014, 2013 and 2012, respectively, representing 11.7%, 9.4% and 12.0% of total placement fees for such periods, respectively. These fees were earned in the ordinary course of business.

Interest Income earned from affiliates totaled \$0.3 million, \$0.5 million and \$1.1 million for the years ended December 31, 2014, 2013 and 2012, respectively.

Corporate Allocations

Blackstone has historically provided PJT Partners with various office facilities, administrative and operational support services at cost. Such expenses have historically been allocated to PJT Partners based upon an established methodology appropriate to the expense. Under this methodology, expenses incurred by support service groups are allocated based agreed upon expense drivers. Example allocation methodologies include time and labor studies and proportional usage, headcount or square footage measures. Additionally, Blackstone incurs expenses on behalf of PJT Partners that can be specifically attributed to PJT Partners. Such expenses are comprised principally of compensation and benefits, occupancy and office services, communications and information services, research and professional fees. PJT Partners reimburses Blackstone for its share of all such expenses paid on its behalf.

Additionally, Blackstone provides bill paying, payroll, cash management and foreign currency risk services on behalf of PJT Partners. These arrangements generate amounts due to or due from Blackstone which are reflected in Due from Blackstone.

Management believes the assumptions underlying the combined financial statements are reasonable. Nevertheless, the combined financial statements may not include all of the actual expenses that would have been incurred and may not reflect PJT Partners' 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 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.

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

In connection with the spin-off, the Company incurred severance costs of \$19.8 million for the year ended December 31, 2014, which was recorded as Compensation and Benefits in the 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 Parent Company Investment in the Combined Statements of Financial Condition. The following table summarizes the net accrued balance and utilization by caption as recorded in the Combined Statements of Financial Condition:

	<u>Due to Blackstone</u>	<u>Accrued Compensation and Benefits</u>	<u>Total</u>
Balance, December 31, 2013	\$ —	\$ —	\$ —
Severance Incurred	10,742	3,859	14,601
Payments	(370)	(838)	(1,208)
Balance, December 31, 2014	<u>\$ 10,372</u>	<u>\$ 3,021</u>	<u>\$13,393</u>

As noted above, Blackstone provides payroll services on behalf of the Company. The severance liability is thus recorded based on whether Blackstone or the Company will pay the liability. At December 31, 2014, the Company had a net receivable from Blackstone, and thus the Due to Blackstone is a component of the net Due from Blackstone in the Combined Statements of Financial Condition.

10. COMMITMENTS AND CONTINGENCIES

Commitments

Operating Leases

The Company leases office space in various cities throughout the United States under non-cancelable leases expiring at various dates through 2020.

As of December 31, 2014, the aggregate minimum future payments required on the operating leases are as follows:

2015	\$ 554
2016	571
2017	587
2018	605
2019	622
Thereafter	72
Total	<u>\$ 3,011</u>

Total rent expense, including Parent allocations, of \$23.3 million, \$18.9 million and \$19.5 million is included in Occupancy and Related charges in the Combined Statements of Operations for the years ended December 31, 2014, 2013 and 2012, respectively. These amounts include variable operating escalation payments, which are paid when invoiced.

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

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 combined financial statements of the Company.

Indemnification

The Company enters into contracts that 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.

Concentrations

The Company is not subject to any material concentrations with respect to its revenues for the years ended December 31, 2014, 2013 and 2012, and credit risk with respect to its accounts receivable as of December 31, 2014 and 2013.

11. EMPLOYEE BENEFIT PLANS

Parent provides a 401(k) plan (the "Plan") for eligible employees in the United States. For certain administrative employees who are eligible for participation in the Plan, Parent makes a non-elective contribution of 2% of such employee's annual compensation up to a maximum of one thousand six hundred dollars regardless of whether the employee makes any elective contributions to the Plan. In addition, Parent will also contribute 50% of certain eligible employee's contribution to the Plan with a maximum matching contribution of one thousand six hundred dollars. For each of the years ended December 31, 2014, 2013 and 2012, the Company incurred expenses of \$0.3 million in connection with such Plan.

Parent provides a defined contribution plan for eligible employees in the United Kingdom ("U.K. Plan"). All United Kingdom employees are eligible to contribute to the U.K. Plan after three months of qualifying service. Parent contributes a percentage of an employee's annual salary, subject to United Kingdom statutory restrictions, on a monthly basis for administrative employees of the Company based upon the age of the employee. For the years ended December 31, 2014, 2013 and 2012, the Company incurred expenses of \$0.2 million, \$0.1 million and \$0.1 million, respectively, in connection with the U.K. Plan.

12. REGULATED ENTITIES

Park Hill Group LLC, which is an entity within Park Hill Group funds advisory services business, is a registered broker-dealer and is subject to the net capital requirements of Rule 15c3-1 under the Securities Exchange Act of 1934 as amended (the "Exchange Act"). Park Hill Group LLC elected to adopt the alternative standard, which defines minimum net capital as the greater of \$250 or 2% of aggregate debit items computed in accordance with the reserve requirement. Park Hill Group LLC had net capital as of December 31, 2014 and December 31, 2013 of \$34.6 million and \$17.8 million, respectively, which exceeded the minimum net capital requirement by \$34.3 million and \$17.6 million, respectively.

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

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

13. BUSINESS INFORMATION

PJT Partners’ activities providing strategic advisory, restructuring and reorganization and funds advisory 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. PJT Partners has a single operating segment and therefore a single reportable segment.

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 table sets 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.

	As of and for the Year Ended December 31,		
	2014	2013	2012
Revenues			
United States	\$352,391	\$352,244	\$303,081
Rest of World	48,678	44,710	51,536
Total	<u>\$401,069</u>	<u>\$396,954</u>	<u>\$354,617</u>
Assets			
United States	\$329,475	\$297,649	
Rest of World	18,476	22,013	
Total	<u>\$347,951</u>	<u>\$319,662</u>	

14. SUBSEQUENT EVENTS

The Company evaluated subsequent events through March 4, 2015, the date on which the combined financial statements were originally issued, and through June 23, 2015, the date on which these retrospectively revised (for the change in presentation of revenues described in Note 2) combined financial statements were available to be issued. There have been no subsequent events since December 31, 2014 that require recognition or disclosure in the retrospectively revised combined financial statements.

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PJT Partners
Condensed Combined Statements of Financial Condition (Unaudited)
(Dollars in Thousands)

	June 30, 2015	December 31, 2014
Assets		
Cash and Cash Equivalents	\$ 70,781	\$ 38,533
Accounts Receivable (net of allowance for doubtful accounts of \$3,018 and \$3,758 at June 30, 2015 and December 31, 2014, respectively)	133,753	162,924
Receivable from Affiliates	20,435	12,162
Due from Blackstone	33,767	36,517
Intangible Assets, Net	18,471	19,797
Goodwill	68,873	68,873
Other Assets	9,619	6,441
Deferred Tax Assets	2,092	2,704
Total Assets	<u>\$357,791</u>	<u>\$ 347,951</u>
Liabilities and Parent Company Equity		
Accrued Compensation and Benefits	\$ 55,305	\$ 9,178
Accounts Payable, Accrued Expenses and Other Liabilities	17,052	4,817
Taxes Payable	64	62
Deferred Revenue	1,517	1,574
Total Liabilities	<u>73,938</u>	<u>15,631</u>
Commitments and Contingencies		
Parent Company Equity		
Parent Company Investment	282,015	331,310
Accumulated Other Comprehensive Income	1,838	1,010
Total Parent Company Equity	<u>283,853</u>	<u>332,320</u>
Total Liabilities and Parent Company Equity	<u>\$357,791</u>	<u>\$ 347,951</u>

See notes to condensed combined financial statements.

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PJT Partners
Condensed Combined Statements of Operations (Unaudited)
(Dollars in Thousands, Except Share and Per Share Data)

	Six Months Ended June 30,	
	2015	2014
Revenues		
Advisory Fees	\$105,266	\$129,503
Placement Fees	48,323	42,188
Interest Income	1,530	1,555
Other	(325)	(300)
Total Revenues	<u>154,794</u>	<u>172,946</u>
Expenses		
Compensation and Benefits	139,760	168,978
Occupancy and Related	14,044	12,361
Travel and Related	6,306	5,862
Professional Fees	5,966	5,011
Communications and Information Services	2,791	3,375
Other Expenses	7,055	11,005
Total Expenses	<u>175,922</u>	<u>206,592</u>
Loss Before Provision for Taxes	(21,128)	(33,646)
Provision for Taxes	2,002	974
Net Loss Attributable to PJT Partners	<u>\$ (23,130)</u>	<u>\$ (34,620)</u>
Revenues Earned from Affiliates		
Advisory Fees	<u>\$ 3,410</u>	<u>\$ 21,217</u>
Placement Fees	<u>\$ 11,368</u>	<u>\$ 6,134</u>
Pro Forma Combined Statement of Operations (Unaudited)		
Loss Before Provision for Taxes	\$ (21,128)	
Pro Forma Benefit for Taxes	<u>(4,916)</u>	
Pro Forma Net Loss	(16,212)	
Pro Forma Net Income (Loss) Attributable to Redeemable Non-Controlling Interests	<u> </u>	
Pro Forma Net Income (Loss) Attributable to PJT Partners	<u>\$</u>	
Net Income per Share of Class A Common Stock		
Basic	<u>\$</u>	
Diluted	<u>\$</u>	
Weighted-Average Shares of Class A Common Stock Outstanding		
Basic	<u> </u>	
Diluted	<u> </u>	

See notes to condensed combined financial statements.

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PJT Partners
Condensed Combined Statements of Comprehensive Income (Unaudited)
(Dollars in Thousands)

	Six Months Ended June 30,	
	2015	2014
Net Loss Attributable to PJT Partners	\$(23,130)	\$(34,620)
Other Comprehensive Income, Net of Tax - Currency Translation Adjustment	<u>828</u>	<u>84</u>
Comprehensive Loss Attributable to PJT Partners	<u>\$(22,302)</u>	<u>\$(34,536)</u>

See notes to condensed combined financial statements.

PJT Partners
Condensed Combined Statements of Changes in Parent Company Equity (Unaudited)
(Dollars in Thousands)

	Parent Company Investment	Accumulated Other Comprehensive Income (Loss)	Total Parent Company Equity
Balance at December 31, 2013	\$301,561	\$ (233)	\$301,328
Net Loss Attributable to PJT Partners	(34,620)	—	(34,620)
Currency Translation Adjustment	—	84	84
Net Increase in Parent Company Investment	<u>25,098</u>	<u>—</u>	<u>25,098</u>
Balance at June 30, 2014	<u>\$292,039</u>	<u>\$ (149)</u>	<u>\$291,890</u>
Balance at December 31, 2014	\$331,310	\$ 1,010	\$332,320
Net Loss Attributable to PJT Partners	(23,130)	—	(23,130)
Currency Translation Adjustment	—	828	828
Net Decrease in Parent Company Investment	<u>(26,165)</u>	<u>—</u>	<u>(26,165)</u>
Balance at June 30, 2015	<u>\$282,015</u>	<u>\$ 1,838</u>	<u>\$283,853</u>

See notes to condensed combined financial statements.

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PJT Partners
Condensed Combined Statements of Cash Flows (Unaudited)
(Dollars in Thousands)

	For the Six Months Ended June 30,	
	2015	2014
Operating Activities		
Net Loss	\$ (23,130)	\$ (34,620)
Adjustments to Reconcile Net Loss to Net Cash Provided by Operating Activities		
Equity-Based Compensation Expense	19,345	36,664
Excess Tax Benefits Related to Equity-Based Compensation	(76)	(60)
Depreciation Expense	1,709	2,982
Amortization Expense	1,326	1,326
Bad Debt Recovery	(740)	1,252
Other Non-Cash Amounts Included in Net Loss	(365)	(45)
Cash Flows Due to Changes in Operating Assets and Liabilities		
Accounts Receivable	29,912	34,205
Receivable from Affiliates	(8,273)	1,076
Due from Blackstone	2,750	(29,258)
Other Assets	(3,447)	(3,227)
Accrued Compensation and Benefits	46,127	4,782
Accounts Payable, Accrued Expenses and Other Liabilities	12,235	1,096
Taxes Payable	2	(226)
Deferred Revenue	(57)	1,826
Net Cash Provided by Operating Activities	<u>77,318</u>	<u>17,773</u>
Financing Activities		
Excess Tax Benefits Related to Equity-Based Compensation	76	60
Net Decrease from Parent Company Investment	(45,146)	(11,521)
Net Cash Used in Financing Activities	<u>(45,070)</u>	<u>(11,461)</u>
Effect of Exchange Rate Changes on Cash and Cash Equivalents	—	(53)
Net Increase in Cash and Cash Equivalents	32,248	6,259
Cash and Cash Equivalents, Beginning of Period	<u>38,533</u>	<u>29,664</u>
Cash and Cash Equivalents, End of Period	<u>\$ 70,781</u>	<u>\$ 35,923</u>
Supplemental Disclosure of Cash Flows Information		
Payments for Income Taxes, including those to Blackstone	<u>\$ 1,148</u>	<u>\$ 2,214</u>

See notes to condensed combined financial statements.

PJT Partners
Notes to Condensed Combined Financial Statements (Unaudited)
(All Dollars Are in Thousands, Except Share and Per Share Data, Except Where Noted)

1. ORGANIZATION

On October 7, 2014, the board of directors of the general partner of The Blackstone Group L.P. (“Blackstone” or the “Parent”) approved a plan to separate Blackstone’s financial and strategic advisory services, restructuring and reorganization advisory services and Park Hill Group businesses from Blackstone to form PJT Partners (“PJT Partners” or the “Company”).

Blackstone will distribute 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 will precede the Distribution and the acquisition by PJT Partners of PJT Capital LP (together with its general partner and their respective subsidiaries, “PJT Capital”) that will occur 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 subject to the satisfaction or waiver of certain conditions, as described in Note 3. “Reorganization and Spin-Off”.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These condensed combined financial statements have been prepared on a stand-alone basis and are derived from the consolidated financial statements and accounting records of Blackstone. The condensed combined financial statements reflect the financial position, results of operations and cash flows of PJT Partners as they were historically managed, in conformity with accounting principles generally accepted in the United States of America (“GAAP”). The condensed combined financial statements include certain assets that have historically been held at the Blackstone corporate level but are specifically identifiable or otherwise attributable to these condensed combined financial statements, primarily goodwill and intangible assets.

These financial statements are presented as if such businesses had been combined for all periods presented. All intercompany transactions have been eliminated.

The Condensed Combined Statements of Operations reflect intercompany expense allocations made to PJT Partners by Blackstone for certain corporate functions and for shared services provided by Blackstone. 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 9. “Related Party Transactions” for further information on expenses allocated by Blackstone.

Both PJT Partners and Blackstone consider the basis on which the expenses have been allocated to be a reasonable reflection of the utilization of services provided to or the benefit received by PJT Partners during the periods presented. The allocations may not, however, reflect the expense PJT Partners 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, PJT Partners will perform these functions using its own resources or purchased services. For an interim period, however, some of these functions will continue to be provided by Blackstone, pursuant to a transition services agreement for a

PJT Partners
Notes to Condensed Combined Financial Statements (Unaudited) – Continued
(All Dollars Are in Thousands, Except Share and Per Share Data, Except Where Noted)

period of 24 months with the option for Blackstone or PJT Partners to terminate any given service with 60 days' notice. In addition to the transition services agreement, effective upon the spin-off, PJT Partners intends for certain related party arrangements to be converted into third party contracts.

Management believes it has made all necessary adjustments (consisting of only normal recurring items) so that the condensed combined financial statements are presented fairly and that estimates made in preparing its condensed combined financial statements are reasonable and prudent. These condensed combined financial statements should be read in conjunction with the Company's audited combined financial statements.

Use of Estimates

The preparation of the condensed combined financial statements in accordance 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 condensed combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and such differences could be material. Estimates and the assumptions underlying these estimates are reviewed periodically, and the effects of revisions are reflected in the period in which they are determined to be necessary. In preparing the condensed 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 condensed combined financial statements.

Revenue Recognition

Revenues primarily consist of Advisory and Placement Fees, Interest Income and Other. Transaction-based 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 consist of retainer and transaction-based fee arrangements related to strategic advisory services, restructuring and reorganization services and secondary advisory services within 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 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. Private 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 investment funds are typically recognized as earned upon acceptance by a fund of capital or capital commitments, in accordance with terms set forth in individual agreements. For commitment based fees, revenue is recognized as commitments are accepted (referred to as a “closing”). 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 hedge fund structures, placement fees are earned based on net asset value (“NAV”) and calculated as a percentage of a placed investor's month end NAV. Typically, fees for such hedge fund structures are earned over a 48 month period. For these arrangements, revenue is recognized monthly as the amounts become fixed and determinable.

PJT Partners
Notes to Condensed Combined Financial Statements (Unaudited) – Continued
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The Company may receive non-refundable up-front fees upon execution of agreements with funds to provide capital fundraising services, which are recorded as revenues in the period over which services are provided. However, more recent placement fee arrangements have increasingly eliminated upfront fees. No such fees were incurred for the six months ended June 30, 2015 or 2014.

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

Interest Income – The Company typically earns interest on Cash and Cash Equivalents and on outstanding placement fees receivable. 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 and Receivable from Affiliates in the Condensed 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.

Other Revenue – Other Revenue consists of miscellaneous income and foreign exchange gains and losses arising on transactions denominated in currencies other than U.S. dollars.

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.

PJT Partners
Notes to Condensed Combined Financial Statements (Unaudited) – Continued
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Cash and Cash Equivalents

The Company considers all liquid investments with original maturities of three months or less from the date of purchase to be cash equivalents. Cash and Cash Equivalents consist of cash which is primarily held at one major U.S. financial institution.

Accounts Receivable

Accounts Receivable includes placement fees, interest and advisory fee receivables. Accounts receivable are assessed periodically for collectability 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 four years. Additional disclosures regarding Accounts Receivable are discussed in Note 4. “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 Accounts Receivable and Receivable from Affiliates in the Condensed 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 no longer 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”). 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 segment 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 PJT Partners’ 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.

PJT Partners’ intangible assets are derived from customer relationships. Identifiable finite-lived intangible assets are amortized on a straight-line basis over their estimated useful lives of fifteen years, reflecting the

PJT Partners
Notes to Condensed Combined Financial Statements (Unaudited) – Continued
(All Dollars Are in Thousands, Except Share and Per Share Data, Except Where Noted)

average time over which such relationships are expected to contribute to cash flows. Amortization expense is included within Other Expenses in the Condensed 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 consist primarily of leasehold improvements, furniture, fixtures and equipment, computer hardware and software 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 three 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. Furniture, Equipment and Leasehold Improvements are included in Other Assets on the Condensed Combined Statements of Financial Condition and Depreciation and Amortization are included in Other Expenses on the Condensed Combined Statements of Operations.

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 as Other Revenue in the Condensed Combined Statements of Operations. In addition, the Company combines 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

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

Compensation and Benefits

Certain employees of PJT Partners participate in Parent's equity-based compensation plans. Equity-based compensation expense related to these plans is based upon specific identification of cost related to PJT Partners' employees. PJT Partners also receives allocated equity-based compensation expense associated with Parent employees of central support functions. 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.

In certain instances, PJT Partners 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

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requisite service period is completed, irrespective of whether the market condition is satisfied. If a recipient terminates employment before completion of the derived 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 prior to termination, the remaining unrecognized compensation cost is accelerated.

Income Taxes

The Company's operations have historically been included in Parent's income tax returns, except for certain entities that are classified as partnerships for U.S. tax purposes. For purposes of the condensed combined financial statements, PJT Partners income tax expense and deferred tax balances have been presented on a separate company basis as if the Company filed income tax returns on a stand-alone basis separate from Parent. As a stand-alone entity, PJT Partners' deferred taxes and effective tax rate may differ from those in the historical periods.

The effects of tax adjustments and settlements from taxing authorities are presented in PJT Partners' condensed combined financial statements in the period to which they relate as if the Company were a separate tax filer. The Company recognizes the current and deferred tax consequences of all transactions that have been recognized in the condensed combined financial statements using the provisions of enacted tax laws.

PJT Partners and certain of their subsidiaries operate in the U.S. as partnerships for U.S. Federal income tax purposes and generally as corporate entities in non-U.S. jurisdictions. Accordingly, these entities in some cases are subject to New York City unincorporated business taxes or non-U.S. income taxes. Certain entities that are classified as partnerships for U.S. tax purposes filed income tax returns on a separate company basis.

Income taxes are accounted for using the asset and liability method of accounting. 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 basis, using tax rates in effect for the year in which the differences are expected to reverse. The effect on deferred 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 it is more likely than not that some portion or all of the deferred tax assets will not be realized. Current tax liabilities are recorded within Taxes Payable in the Condensed Combined Statements of Financial Condition.

PJT Partners analyzes its tax filing positions in all of the U.S. Federal, state, local and foreign tax jurisdictions where it is required to file income tax returns, as well as for all open tax years in these jurisdictions. PJT Partners 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 more-likely-than-not threshold are recognized as the largest amount of tax benefit that is greater than 50 percent likely to be realized upon ultimate settlement with the related tax authority. PJT Partners recognizes accrued interest and penalties related to uncertain tax positions in Other Expenses within the Condensed Combined Statements of Operations.

Affiliates

PJT Partners considers its partners, employees, Parent, Parent funds and the portfolio companies of the Parent funds to be affiliates.

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Recent Accounting Developments

In February 2013, the FASB issued guidance on the reporting of amounts reclassified out of accumulated other comprehensive income. The guidance did not change the requirement for reporting net income or other comprehensive income in financial statements. However, the amendments required an entity to provide information about the amounts reclassified out of accumulated other comprehensive income by component. In addition, an entity is required to present, either on the face of the statement where net income is presented or in the notes to the financial statements, significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income but only if the amount reclassified is required under GAAP to be reclassified to net income in its entirety in the same reporting period. For other amounts that are not required under GAAP to be reclassified in their entirety to net income, an entity is required to cross-reference to other disclosures required under GAAP that provide additional detail about those amounts.

The guidance was effective prospectively for periods beginning after December 15, 2012. Adoption had no impact on the Company's condensed combined financial statements.

In September 2011, the FASB issued enhanced guidance on testing goodwill for impairment. The amended guidance provides an entity with the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If, after assessing the totality of events or circumstances, an entity determines it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then performing the two-step impairment test is unnecessary. However, if an entity concludes otherwise, then it is required to perform the first step of the two-step impairment test by calculating the fair value of the reporting unit and comparing the fair value with the carrying amount of the reporting unit. If the carrying amount of a reporting unit exceeds its fair value, then the entity is required to perform the second step of the goodwill impairment test to measure the amount of the impairment loss, if any. Under the amended guidance, an entity has the option to bypass the qualitative assessment for any reporting unit in any period and proceed directly to performing the first step of the two-step goodwill impairment test. An entity may resume performing the qualitative assessment in any subsequent period. The amended guidance includes examples of events or circumstances that an entity must consider in evaluating whether it is more likely than not that the fair value of reporting units is less than its carrying amount. The amended guidance no longer permits the carry forward of detailed calculations of a reporting unit's fair value from a prior year. The guidance is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. The Company adopted the guidance on October 1, 2012, the date of annual impairment testing. The amended guidance did not have a material impact on the Company's condensed combined financial statements.

In March 2013, the FASB issued guidance on a parent entity's accounting for cumulative translation adjustment upon derecognition of certain subsidiaries or groups of assets within a foreign entity or of an investment in a foreign entity. When a parent entity ceases to have a controlling financial interest in a subsidiary or a group of assets that is a business within a foreign entity, any related portion of the total cumulative translation adjustment should be released into net income if the sale or transfer results in the complete or substantially complete liquidation of the foreign entity in which the subsidiary or group of assets had resided. For an equity method investment that is a foreign entity, partial sale guidance applies. As such, a pro rata portion of the cumulative translation adjustment should be released into net income upon a partial sale of such an equity method investment. For an equity method investment that is not a foreign entity, the cumulative translation adjustment is released into net income only if the partial sale represents a complete or substantially complete liquidation of the foreign entity that contains the equity method investment. Additionally, the guidance clarifies that the sale of an investment in a foreign entity includes both (a) events that result in the loss of a controlling

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financial interest in a foreign entity (that is, irrespective of any retained investment) and (b) events that result in an acquirer obtaining control of an acquiree in which it held an equity interest immediately before the acquisition date (sometimes also referred to as a step acquisition). Accordingly, the cumulative translation adjustment should be released into net income upon the occurrence of those events. The guidance shall be applied on a prospective basis for fiscal years, and interim periods within those years, beginning after December 15, 2013. The guidance should be applied to derecognition events occurring after the effective date. Prior periods should not be adjusted. Early adoption is permitted. Adoption did not have a material impact on the Company's condensed combined financial statements.

In June 2014, the 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.

The amended guidance is effective for annual periods beginning after December 15, 2016 including interim periods within that reporting period. The Company is currently evaluating the impact of the new guidance and the method of adoption in the combined financial results.

In November 2014, the FASB issued amended guidance on pushdown accounting. The amended guidance provides an acquired entity with an option to apply pushdown accounting in its separate financial statements upon occurrence of an event in which an acquirer obtains control of the acquired entity. Pushdown accounting is defined by the guidance as the use of the acquirer's basis in the preparation of the acquiree's separate financial statements. The amended guidance provides an acquired entity the option to determine whether to elect to apply pushdown accounting for each individual change-in-control event in which an acquirer obtains control of the acquired entity. If pushdown accounting is not applied in the reporting period in which the change-in-control event occurs, an acquired entity has the option to elect to apply pushdown accounting in a subsequent reporting period to the acquired entity's most recent change-in-control event. If pushdown accounting is applied to an individual change-in-control event, that election is irrevocable. The amendments in this updated guidance are effective on November 18, 2014. Adoption of the amended guidance did not have a material impact on PJT Partners' condensed combined financial statements.

3. REORGANIZATION AND SPIN-OFF

In connection with the spin-off, Blackstone will undergo an internal reorganization, pursuant to which the operations that have historically constituted Blackstone's Financial Advisory reporting segment, other than Blackstone's capital markets services business, will be contributed to PJT Partners Holdings LP (formerly known

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as New Advisory L.P.), a newly-formed holding partnership that will be controlled by PJT Partners Inc., as general partner. Blackstone's capital markets services business, which has historically derived a majority of its revenue from transactions involving portfolio companies or investment funds of Blackstone, will not be contributed to PJT Partners Holdings LP and Blackstone will retain this business following completion of the spin-off. In the internal reorganization, the limited partners of the holding partnerships that own Blackstone's operating subsidiaries and certain individuals engaged in the Company's business will receive 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 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.

Prior to the distribution, PJT Partners Holdings LP will acquire 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 will receive unvested Partnership Units in PJT Partners Holdings LP.

Following the internal reorganization and the acquisition, The Blackstone Group L.P. will distribute 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. will be a holding company and its sole asset will be its controlling equity interest in PJT Partners Holdings LP. As the sole general partner of PJT Partners Holdings LP, PJT Partners Inc. will operate and control all of the business and affairs and consolidate the financial results of PJT Partners Holdings LP and its subsidiaries. The ownership interest of the limited partners of PJT Partners Holdings LP will be reflected as a redeemable non-controlling interest in PJT Partners Inc.'s consolidated financial statements.

The limited partners of PJT Partners Holdings LP will also hold all issued and outstanding shares of the Class B common stock of PJT Partners Inc. The shares of Class B common stock will have no economic rights but will 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 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. 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. In certain circumstances provided in PJT Partners Inc.'s certificate of incorporation, however, all or a portion of the voting power of any share of Class B common stock may become entitled to vote on all matters on which stockholders are entitled to vote generally, including the election and removal of directors of PJT Partners Inc. 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 PJT Partners Inc.'s Class B common stock will vote together with holders of PJT Partners Inc.'s 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.

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Pro Forma Combined Statement of Operations Information (Unaudited)

The following unaudited pro forma financial information presented on the Combined Statement of Operations for the six months ended June 30, 2015 is based on PJT Partners’ historical financial statements as adjusted to reflect the internal reorganization described above.

Loss Before Provision for Taxes	\$(21,128)
Pro Forma Benefit for Taxes (a)	<u>(4,916)</u>
Pro Forma Net Loss	(16,212)
Pro Forma Net Income (Loss) Attributable to Redeemable Non-Controlling Interests (b)	<u> </u>
Pro Forma Net Income (Loss) Attributable to PJT Partners	<u>\$ </u>
Net Loss per Share of Class A Common Stock	
Basic	<u>\$ </u>
Diluted	<u>\$ </u>
Weighted-Average Shares of Class A Common Stock Outstanding	
Basic	<u> </u>
Diluted	<u> </u>

(a) The benefit for income taxes reflected in the historical combined financial statements was calculated on a separate tax return basis, although PJT Partners’ operations have historically been included in Blackstone’s U.S. Federal, state and foreign tax returns.

Following the spin-off, PJT Partners Inc. will be subject to U.S. Federal income taxes, in addition to state and local taxes with respect to the allocable share of any net taxable income of PJT Partners Holdings LP, which will result in higher income taxes. As a result, the Unaudited Pro Forma Combined Statement of Operations reflects an adjustment to the benefit for income taxes to reflect effective rates below. These effective rates have been determined as if PJT Partners filed separate, stand-alone income tax returns after giving effect to the reorganization described elsewhere in this filing and calculate PJT Partners’ Benefit for Taxes. The following tables reconcile PJT Partners’ pro forma effective tax rate to the U.S. Federal statutory rate and calculate PJT Partners’ Benefit for Taxes:

	Six Months
	Ended
	June 30,
	2015
Statutory U.S. Federal Income Tax Rate	35.0%
Income Passed Through to Redeemable Non-Controlling Interest Holders	-13.2%
Foreign Income Taxes	-0.9%
State and Local Income Taxes	-1.7%
Compensation	4.4%
Other	<u>-0.3%</u>
Effective Income Tax Rate	<u>23.3%</u>

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Thus, PJT Partners' benefit for taxes is as follows:

	Six Months
	Ended June 30, 2015
Loss Before Provision for Taxes	\$ (21,128)
Effective Income Tax Rate	<u>23.3%</u>
Benefit for Taxes	<u>\$ (4,916)</u>

- (b) Following the spin-off, PJT Partners Inc. will become the sole general partner of PJT Partners Holdings LP. PJT Partners Inc. will initially own less than 100% of the economic interest in PJT Partners Holdings LP, but will have 100% of the voting power and control the management of PJT Partners Holdings LP. Immediately following the spin-off, the non-controlling interest will be %. The percentage of the Net Income Attributable to the Redeemable Non-Controlling Interests will vary from this percentage due to the differing level of income taxes applicable to the controlling interest.

Partnership Units in PJT Partners Holdings LP are exchangeable at the option of the holder for cash, or, at PJT Partners' 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 PJT Partners 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 PJT Partners' control is considered a redeemable non-controlling interest and is presented separately from Equity in Unaudited Pro Forma Combined Statement of Financial Condition.

The corporate tax provision attributable to PJT Partners Inc. is allocated solely to PJT Partners Inc. The pro forma Net Loss is split as follows:

	Six Months
	Ended June 30, 2015
Loss Before Provision for Taxes	\$ (21,128)
Tax Provision Attributable to all Shareholders	<u>1,688</u>
Net Loss Attributable to all Shareholders	(22,816)
Redeemable Non-Controlling Interests Percentage	<u> </u>
Net Loss Attributable to Redeemable Non-Controlling Interests	<u>\$ </u>
Net Loss Attributable to all Shareholders	\$ (22,816)
Controlling Interests Percentage	<u> </u>
Tax Provision (Benefit) Attributable Solely to PJT Partners Inc.	<u> </u>
Net Loss Attributable to PJT Partners Inc.	<u>\$ </u>

4. ACCOUNTS RECEIVABLE AND ALLOWANCE FOR DOUBTFUL ACCOUNTS

Included in Accounts Receivable and Receivable from Affiliates are long term receivables of \$55.6 million and \$66.0 million as of June 30, 2015 and December 31, 2014, respectively, related to placement fees that are generally paid in installments over a period of four years. Of these amounts, \$7.5 million and \$5.1 million relate

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to long term receivables with affiliates as of June 30, 2015 and December 31, 2014, respectively. 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 which were more than 90 days past due as of June 30, 2015 and December 31, 2014 were \$1.4 million and \$1.1 million, respectively. Long term receivables from affiliates which were more than 90 days past due as of June 30, 2015 and December 31, 2014 were \$0.1 million and \$0.2 million, respectively.

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

	Six Months Ended June 30, 2015	Year Ended December 31, 2014
Balance, Beginning of Period	\$ 392	\$ 1,621
Allowance Recovery	—	(1,229)
Balance, End of Period	<u>\$ 392</u>	<u>\$ 392</u>

5. GOODWILL AND INTANGIBLE ASSETS

The carrying value of goodwill was \$68.9 million as of June 30, 2015 and December 31, 2014. As of June 30, 2015 and December 31, 2014, the Company concluded there was no evidence of goodwill impairment.

Intangible Assets, Net consists of the following:

	June 30, 2015	December 31, 2014
Finite-Lived Intangible Assets/Customer Relationships	\$ 39,791	\$ 39,791
Accumulated Amortization	(21,320)	(19,994)
Intangible Assets, Net	<u>\$ 18,471</u>	<u>\$ 19,797</u>

Amortization expense was \$1.3 million for the six months ended June 30, 2015 and 2014, respectively. Amortization of Intangible Assets held at June 30, 2015 is expected to be \$2.7 million for each of the years ending December 31, 2015, 2016, 2017, 2018 and 2019. The intangible assets as of June 30, 2015 are expected to amortize over a weighted-average period of 7.0 years.

6. OTHER ASSETS

Other Assets consists of the following:

	June 30, 2015	December 31, 2014
Furniture, Equipment and Leasehold Improvements	\$ 19,647	\$ 17,404
Less: Accumulated Depreciation	(12,855)	(12,293)
Furniture, Equipment and Leasehold Improvements, Net	6,792	5,111
Prepaid Expenses	1,513	1,120
Other Assets	1,314	210
	<u>\$ 9,619</u>	<u>\$ 6,441</u>

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Depreciation expense, including Parent allocations, was \$1.7 million and \$3.0 million related to Furniture, Equipment and Leasehold Improvements for the six months ended June 30, 2015 and 2014, respectively, and was included in Other Expenses in the Condensed Combined Statements of Operations.

7. INCOME TAXES

PJT Partners income taxes were calculated on a separate tax return basis, although PJT Partners' operations have historically been included in Parent's U.S. Federal, state and foreign tax returns. As a stand-alone entity, PJT Partners' deferred taxes and effective tax rate may differ from those in the historical periods.

	<u>Six Months Ended June 30,</u>	
	<u>2015</u>	<u>2014</u>
Loss Before Provision for Taxes		
United States	\$ (9,913)	\$ (33,295)
International	(11,215)	(351)
Total	<u>\$ (21,128)</u>	<u>\$ (33,646)</u>

The Provision for Income Taxes consists of the following:

	<u>Six Months Ended June 30,</u>	
	<u>2015</u>	<u>2014</u>
Current		
Foreign Income Tax	\$ 198	\$ 150
State and Local Income Tax	1,192	1,223
	<u>1,390</u>	<u>1,373</u>
Deferred		
State and Local Income Tax	612	(399)
Provision for Taxes	<u>\$ 2,002</u>	<u>\$ 974</u>

The following table summarizes the Company's tax position:

	<u>Six Months Ended June 30,</u>	
	<u>2015</u>	<u>2014</u>
Loss Before Provision for Taxes	\$ (21,128)	\$ (33,646)
Total Provision for Taxes	\$ 2,002	\$ 974
Effective Income Tax Rate	-9.5%	-2.9%

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The following table reconciles the Provision for Taxes to the U.S. Federal statutory tax rate:

	<u>Six Months Ended June 30,</u>	
	<u>2015</u>	<u>2014</u>
Statutory U.S. Federal Income Tax Rate	35.0%	35.0%
Income Passed Through to Common Unitholders and Non-Controlling Interest Holders (a)		
Interest Holders (a)	-16.5%	-34.6%
Foreign Income Taxes	-19.5%	-0.8%
State and Local Income Taxes	-5.5%	-3.3%
Change in Tax Rate	<u>-3.0%</u>	<u>0.8%</u>
Effective Income Tax Rate (b)	<u>-9.5%</u>	<u>-2.9%</u>

- (a) Includes income that is not taxable to PJT Partners and its subsidiaries. Such income is directly taxable to the Company's unitholders and non-controlling interest holders.
- (b) The Effective Income Tax Rate is calculated on Loss Before Provision for Taxes.

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:

	<u>June 30,</u>	<u>December 31,</u>
	<u>2015</u>	<u>2014</u>
Deferred Tax Assets		
Equity-Based Compensation	\$2,149	\$ 2,659
Depreciation and Amortization	(306)	(408)
Other	<u>249</u>	<u>453</u>
Total Deferred Tax Assets	<u>\$2,092</u>	<u>\$ 2,704</u>

Future realization of tax benefits depends on the expectation of taxable income within a period of time that the tax benefits will reverse. The Company also considers projections of taxable income in evaluating its ability to utilize deferred tax assets. In projecting its taxable income, the Company begins with historic results and incorporates assumptions of the amount of future pretax operating income. The assumptions about future taxable income require significant judgment and are consistent with the plans and estimates that the Company uses to manage its business. At this time, the Company's projections of future taxable income that include the effects of originating and reversing temporary differences, including those for the tax basis intangibles, indicate that it is more likely than not that the benefits from the deferred tax asset will be realized. Therefore, the Company has determined that a valuation allowance is not needed at June 30, 2015 and December 31, 2014.

Currently, the Company does not believe it meets the indefinite reversal criteria that would cause the Company to not recognize a deferred tax liability with respect to its foreign subsidiaries. Where applicable, the Company will record a deferred tax liability for any outside basis difference of an investment in a foreign subsidiary.

The Company's Parent or its subsidiary files tax returns as prescribed by the tax laws of the jurisdictions in which it operates. In the normal course of business, the Company is subject to examination by federal and certain state, local and foreign tax regulators. As of June 30, 2015, the Company's U.S. Federal income tax returns for

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the years 2011 through 2013 are open under the normal three-year statute of limitations and therefore subject to examination. State and local tax returns are generally subject to audit from 2010 through 2013.

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

	June 30,	December 31,
	<u>2015</u>	<u>2014</u>
Unrecognized Tax Benefits - January 1	\$ —	\$ 5
Additions for Tax Positions of Prior Years	—	56
Settlements	—	(61)
Unrecognized Tax Benefits - End of Period	<u>\$ —</u>	<u>\$ —</u>

The Company does not believe that it will have a material increase or decrease in its unrecognized tax benefits during the coming year.

The unrecognized tax benefits are recorded in Accounts Payable, Accrued Expenses and Other Liabilities in the Condensed Combined Statements of Financial Condition.

The Company recognizes interest and penalties accrued related to unrecognized tax positions in Other Expenses. During the six months ended June 30, 2015, no interest expense or penalties were accrued. During the six months ended June 30, 2014, \$3.4 of interest expense and no penalties were accrued.

On September 13, 2013, the U.S. Treasury Department and the IRS issued final regulations that address costs incurred in acquiring, producing or improving tangible property (“the tangible property regulations”). The tangible property regulations are generally effective for tax years beginning on or after January 1, 2014, and may be adopted in earlier years. Management does not anticipate the impact of these changes to be material to the Company’s combined financial condition or results of operations.

8. EQUITY-BASED COMPENSATION

Until the consummation of the spin-off, existing PJT Partners employees will continue to participate in Parent’s equity compensation plans. The equity-based compensation expense recorded by PJT Partners, for the periods presented, includes the expense associated with the employees historically attributable to PJT Partners’ operations. As the equity-based compensation plans are Parent’s plans, the amounts have been recognized within Parent Company Investment and Due from Blackstone on the Condensed Combined Statements of Financial Condition.

Parent has granted equity-based compensation awards to the Company’s partners, non-partner professionals, non-professionals and selected external advisers under the Partnership’s 2007 Equity Incentive Plan (the “Equity Plan”), the majority of which to date were granted in connection with Parent’s IPO. The Equity Plan allows 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 the Parent common units or Parent Holdings Partnership Units) which may contain certain service or performance requirements. As of January 1, 2015, the Parent had the ability to grant 165,943,809 units under the Equity Plan.

For the six months ended June 30, 2015 and 2014, the Company recorded compensation expense of \$40.5 million and \$50.2 million, respectively, in relation to its equity-based awards with corresponding tax benefits of \$0.1 million and \$0.2 million, respectively.

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As of June 30, 2015, there was \$52.7 million of estimated unrecognized compensation expense related to unvested awards. This cost is expected to be recognized over a weighted-average period of 2.6 years.

Total vested and unvested outstanding units, including Parent common units, Parent Holdings Partnership Units and deferred restricted common units, were 17,887,482 as of June 30, 2015. There were no outstanding unvested phantom units as of June 30, 2015.

A summary of the status of the Company's unvested equity-based awards as of June 30, 2015 and of changes during the period January 1, 2015 through June 30, 2015 is presented below:

Unvested Units	Blackstone Holdings		The Blackstone Group L.P.			
	Blackstone Units	Weighted- Average Grant Date Fair Value	Equity Settled Awards		Cash Settled Awards	
			Deferred Restricted Common Units	Weighted- Average Grant Date Fair Value	Phantom Units	Weighted- Average Grant Date Fair Value
Balance, December 31, 2014	3,357,200	\$ 23.05	2,297,924	\$ 16.40	513	\$ 32.62
Granted	—	—	1,100,139	33.81	—	—
Vested	(1,228,532)	28.67	(1,241,791)	19.65	(513)	32.62
Forfeited	—	—	(56,987)	19.47	—	—
Transferred Out (a)	(449,002)	20.74	(116,285)	15.11	—	—
Balance, June 30, 2015	<u>1,679,666</u>	\$ 19.56	<u>1,983,000</u>	\$ 23.94	<u>—</u>	\$ —

(a) Represents the transfer of units related to employee transfers from PJT Partners to another Blackstone business.

Units Expected to Vest

The following unvested units, after expected forfeitures, as of June 30, 2015, are expected to vest:

	Units	Weighted-Average Service Period in Years
Blackstone Holdings Partnership Units	1,537,736	2.1
Deferred Restricted Blackstone Common Units	1,728,809	2.0
Total Equity-Based Awards	<u>3,266,545</u>	<u>2.1</u>

Deferred Restricted Common Units and Phantom Units

Blackstone has granted deferred restricted common units to certain partner and non-partner professionals, analysts and senior finance and administrative personnel and selected external advisers and phantom units (cash settled equity-based awards) to other partner and non-partner employees. Holders of deferred restricted common units and phantom units are not entitled to any voting rights. Only phantom units are to be settled in cash.

The fair values of deferred restricted common units have been derived based on the closing price of Blackstone's common units on the date of the grant, multiplied by the number of unvested awards and expensed over the assumed service period, which ranges from 1 to 5 years. Additionally, the calculation of the compensation expense assumes forfeiture rates based upon historical turnover rates, ranging from 5.5% to 16.7%

PJT Partners
Notes to Condensed Combined Financial Statements (Unaudited) – Continued
(All Dollars Are in Thousands, Except Share and Per Share Data, Except Where Noted)

annually by employee class, and a per unit discount, ranging from \$0.01 to \$5.55 as a majority of these unvested awards do not contain distribution participation rights. In most cases, Blackstone will not make any distributions with respect to unvested deferred restricted common units. However, there are certain grantees who receive distributions on both vested and unvested deferred restricted common units.

The phantom units have vested over the assumed three-year service period. On each such vesting date, Blackstone delivered cash to the holder in an amount equal to the number of phantom units held multiplied by the then fair market value of the Blackstone common units on such date. Additionally, the calculation of the compensation expense assumes a forfeiture rate based upon a historical turnover rate of 16.7% annually for this employee class. Blackstone is accounting for these cash settled awards as a liability. Blackstone paid \$0.00 to non-partner employees in settlement of phantom units for the six months ended June 30, 2015 and 2014.

Parent Holdings Partnership Units

At the time of Parent's reorganization in 2007, Parent's predecessor owners and selected advisers received 827,516,625 Partner Holdings Partnership Units, of which 387,805,088 were vested and 439,711,537 were to vest over a period of up to 8 years from the IPO date. Subsequent to this reorganization, Parent has granted Parent Holdings Partnership Units to newly hired partners. Parent has accounted for the unvested Parent Holdings Partnership Units as compensation expense over the vesting period. The fair values have been derived based on the closing price of Parent's common units on the date of the grant, or \$31 (based on the IPO price per Parent common unit) for those units issued at the time of the reorganization, multiplied by the number of unvested awards and expensed over the assumed service period which ranges from 1 to 5 years. Additionally, the calculation of the compensation expense assumes a forfeiture rate of up to 16.7%, based on historical experience.

9. RELATED PARTY TRANSACTIONS

Receivable from Affiliates

Receivable from Affiliates includes placement and advisory fee receivables from affiliates. Placement fee receivables from affiliates totaled \$19.8 million and \$11.9 million as of June 30, 2015 and December 31, 2014, respectively. Advisory fee receivables from affiliates totaled \$0.6 million and \$0.3 million as of June 30, 2015 and December 31, 2014, respectively.

Due from Blackstone

Due from Blackstone represents the net amount of non-placement and advisory fee related receivables and payables transacted with affiliates in the ordinary course of business. Due from Blackstone includes PJT Partners' relationship with Blackstone's treasury and central bill paying entity offset by expenses incurred by Blackstone on PJT Partners' behalf including but not limited to accounting, payroll, human resources, legal, compliance, financial administration and information technology.

Revenues Earned from Affiliates

Advisory Fees earned from affiliates totaled \$3.4 million and \$21.2 million for the six months ended June 30, 2015 and 2014, respectively. Placement Fees earned from affiliates totaled \$11.4 million and \$6.1 million for the six months ended June 30, 2015 and 2014, respectively, representing 23.5% and 14.5% of total Placement Fees for such periods, respectively. These fees were earned in the ordinary course of business.

Interest Income earned from affiliates totaled \$0.1 million and \$0.2 million for the six months ended June 30, 2015 and 2014, respectively.

PJT Partners
Notes to Condensed Combined Financial Statements (Unaudited) – Continued
(All Dollars Are in Thousands, Except Share and Per Share Data, Except Where Noted)

Corporate Allocations

Blackstone has historically provided PJT Partners with various office facilities, administrative and operational support services at cost. Such expenses have historically been allocated to PJT Partners based upon an established methodology appropriate to the expense. Under this methodology, expenses incurred by support service groups are allocated based agreed upon expense drivers. Example allocation methodologies include time and labor studies and proportional usage, headcount or square footage measures. Additionally, Blackstone incurs expenses on behalf of PJT Partners that can be specifically attributed to PJT Partners. Such expenses are comprised principally of compensation and benefits, occupancy and office services, communications and information services, research and professional fees. PJT Partners reimburses Blackstone for its share of all such expenses paid on its behalf.

Additionally, Blackstone provides bill paying, payroll, cash management and foreign currency risk services on behalf of PJT Partners. These arrangements generate amounts due to or due from Blackstone which are reflected in Due from Blackstone.

Management believes the assumptions underlying the condensed combined financial statements are reasonable. Nevertheless, the condensed combined financial statements may not include all of the actual expenses that would have been incurred and may not reflect PJT Partners' 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 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 for the year ended December 31, 2014, which was recorded as Compensation and Benefits in the Combined Statements of Operations. The severance costs were primarily associated with the termination of employees and related benefits. Severance costs of \$277 were incurred for the six months ended June 30, 2015. The following table summarizes the net accrued balance and utilization by caption as recorded in the Combined Statements of Financial Condition:

	<u>Due To Blackstone</u>	<u>Accrued Compensation and Benefits</u>	<u>Total</u>
Severance, December 31, 2014	\$ 10,372	\$ 3,021	\$13,393
Severance Incurred	44	233	277
Payments	<u>(6,284)</u>	<u>(2,927)</u>	<u>(9,211)</u>
Severance, June 30, 2015	<u>\$ 4,132</u>	<u>\$ 327</u>	<u>\$ 4,459</u>

As noted above, Blackstone provides payroll services on behalf of the Company. The severance liability is thus recorded based on whether Blackstone or the Company will pay the liability. At June 30, 2015, the Company has a net receivable from Blackstone, and thus the Due to Blackstone is a component of the net Due from Blackstone in the Condensed Combined Statements of Financial Condition.

PJT Partners
Notes to Condensed Combined Financial Statements (Unaudited) – Continued
(All Dollars Are in Thousands, Except Share and Per Share Data, Except Where Noted)

10. COMMITMENTS AND CONTINGENCIES

Commitments

Operating Leases

The Company leases office space in various cities throughout the United States under non-cancelable leases expiring at various dates through 2030.

As of June 30, 2015, the aggregate minimum future payments required on the operating leases are as follows:

2015	\$ 2,854
2016	16,375
2017	19,851
2018	18,976
2019	18,551
Thereafter	<u>147,868</u>
Total	<u>\$224,475</u>

Total rent expense, including Parent allocations of rent expense, of \$13.2 million and \$11.0 million is included in Occupancy and Related charges in the Condensed Combined Statements of Operations for the six months ended June 30, 2015 and 2014, respectively. These amounts include variable operating escalation payments, which are paid when invoiced.

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 condensed combined financial statements of the Company.

Indemnification

The Company enters into contracts that 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.

Concentrations

The Company is not subject to any material concentrations with respect to its revenues for the six months ended June 30, 2015 and 2014, or credit risk with respect to its accounts receivable as of June 30, 2015 and December 31, 2014.

11. EMPLOYEE BENEFIT PLANS

Parent provides a 401(k) plan (the "Plan") for eligible employees in the United States. For certain administrative employees who are eligible for participation in the Plan, Parent makes a non-elective contribution

PJT Partners
Notes to Condensed Combined Financial Statements (Unaudited) – Continued
(All Dollars Are in Thousands, Except Share and Per Share Data, Except Where Noted)

of 2% of such employee's annual compensation up to a maximum of one thousand six hundred dollars regardless of whether the employee makes any elective contributions to the Plan. In addition, Parent will also contribute 50% of certain eligible employee's contribution to the Plan with a maximum matching contribution of one thousand six hundred dollars. For each of the six months ended June 30, 2015 and 2014, the Company incurred expenses of \$0.2 million in connection with such Plan.

Parent provides a defined contribution plan for eligible employees in the United Kingdom ("U.K. Plan"). All United Kingdom employees are eligible to contribute to the U.K. Plan after three months of qualifying service. Parent contributes a percentage of an employee's annual salary, subject to United Kingdom statutory restrictions, on a monthly basis for administrative employees of the Company based upon the age of the employee. For the six months ended June 30, 2015 and 2014, the Company incurred expenses of \$88.8 and \$66.8, respectively, in connection with the U.K. Plan.

12. REGULATED ENTITIES

Park Hill Group LLC, which is an entity within Park Hill Group funds advisory services business, is a registered broker-dealer and is subject to the net capital requirements of Rule 15c3-1 under the Securities Exchange Act of 1934 as amended (the "Exchange Act"). Park Hill Group LLC elected to adopt the alternative standard, which defines minimum net capital as the greater of \$250 or 2% of aggregate debit items computed in accordance with the reserve requirement. Park Hill Group LLC had net capital as of June 30, 2015 and December 31, 2014 of \$42.3 million and \$34.6 million, respectively, which exceeded the minimum net capital requirement by \$42.0 million and \$34.3 million, respectively.

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

13. BUSINESS INFORMATION

PJT Partners' activities providing strategic advisory, restructuring and reorganization and funds advisory 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. PJT Partners has a single operating segment and therefore a single reportable segment.

PJT Partners
Notes to Condensed Combined Financial Statements (Unaudited) – Continued
(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 table sets 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.

	Six Months Ended	
	June 30,	
	2015	2014
Revenues		
United States	\$143,412	\$ 146,489
Rest of World	11,382	26,457
Total	\$154,794	\$ 172,946
	June 30,	December 31,
	2015	2014
Assets		
United States	\$333,665	\$ 329,475
Rest of World	24,126	18,476
Total	\$357,791	\$ 347,951

14. SUBSEQUENT EVENTS

As of August 11, 2015, the date on which these condensed combined financial statements were available to be issued, there have been no subsequent events since June 30, 2015 that require recognition or disclosure in the condensed combined financial statements.

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

	<u>Allowance for Doubtful Accounts</u>		
	<u>Year Ended December 31,</u>		
	<u>2014</u>	<u>2013</u>	<u>2012</u>
Balance, Beginning of Period	\$ 2,876	\$ 4,121	\$ 6,545
Additions:			
Bad Debt Expense	2,138	677	1,558
Deductions:			
Charge-offs of Uncollectible Balances	(1,256)	(1,922)	(3,982)
Balance, End of Period	<u>\$ 3,758</u>	<u>\$ 2,876</u>	<u>\$ 4,121</u>

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THE BLACKSTONE GROUP L.P.
345 PARK AVENUE
NEW YORK, NY 10154

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To effect the separation, Blackstone will distribute 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. Immediately following the distribution, which will be effective as of the date and time referenced in the Information Statement that PJT Partners Inc. has prepared in connection with the separation, PJT Partners Inc. will be an independent, publicly traded company. Blackstone is not soliciting proxy or consent authority from unitholders in connection with the separation.

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