



To Our Valued Shareholders,

2020 was an extraordinary year in so many ways. As I write this letter, it is hard to capture all of the hardship and heartache resulting from this pandemic. We have witnessed the devastating impact the global health crisis has had on communities, economies and companies around the world. At PJT, we have maintained an unwavering focus on and commitment to the health and well-being of our people while remaining steadfast in supporting our clients through these trying times.

This focused approach enabled us to have a very successful year and deliver record results. Firm-wide revenues grew 47% to \$1.05 billion, while Adjusted Pretax Income and EPS more than doubled¹. Our Strategic Advisory business grew revenues for the fifth straight year as we continued to realize the benefits of increased market shares. We also benefited from the further integration of PJT Camberview into Strategic Advisory and our firm more broadly. Our Restructuring business enjoyed record results and was exceedingly active as clients turned to us to navigate these challenging market conditions. PJT Park Hill remained a leading advisor in fund placements and fund advisory to clients globally as our ability to bring to market in-demand fund managers has been a competitive advantage in a flight-to-quality environment.

2020 Financial Performance Highlights

 Revenue	 Pretax Income		 Earnings Per Share	
Total Revenues	GAAP	Adjusted¹	GAAP	Adjusted¹
\$1.05 Billion	\$248 Million	\$271 Million	\$4.40	\$4.93
+47% YoY	+202% YoY	+105% YoY	+264% YoY	+105% YoY

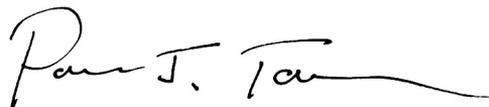
Throughout 2020, in addition to supporting our clients and colleagues, we were resolute in our commitment to our communities. As a firm and as individuals, we supported more than 100 separate organizations that are on the front line of addressing basic human needs arising from the COVID-19 pandemic and supporting initiatives to advance racial justice and social equality. Our employees also made significant contributions of their time to philanthropic and community-based causes. These efforts embody the core values of our firm.

By any absolute or relative measure, our first five years as a public company have been a resounding success. We are building a leading, global advisory-focused firm with a culture centered on excellence and collaboration by attracting and developing many talented individuals from diverse backgrounds and experiences. We continue to draw our various businesses closer together to enhance our platform, better serve clients and deliver superior financial performance. Over these five years, our revenues have grown at a compound annual rate of more than 20% and our Adjusted Pretax Income is now more than six times 2015 levels¹.

The success we have enjoyed to date has strengthened our confidence in our growth prospects for the next five years and beyond. Undoubtedly, we are still in the early days of capitalizing on the myriad of opportunities we see around us. We remain committed to investing in and developing our people and capabilities, broadening our global reach, and expanding our suite of innovative solutions to deliver superior outcomes for our clients. This is an essential element of a best-in-class, sustainable franchise.

In closing, we are more excited today about our future opportunities than we were when we started this journey five years ago and we remain extremely confident in our growth prospects. We continue to be focused on creating long-term value for you, our shareholders, and we very much appreciate your support.

Sincerely,

A handwritten signature in black ink, appearing to read "Paul J. Taubman". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Paul J. Taubman
Chairman and Chief Executive Officer

Appendix A

The following represent key performance measures that management uses in making resource allocation and/or compensation decisions. These measures should not be considered substitutes for, or superior to, financial measures prepared in accordance with GAAP. Management believes the following non-GAAP measures, when presented together with comparable GAAP measures, are useful to investors in understanding the company's operating results: Adjusted Pretax Income; Adjusted Net Income; and Adjusted Net Income, If-Converted, in total and on a per-share basis (referred to as "Adjusted Earnings Per Share"). These non-GAAP measures, presented and discussed herein, remove the significant accounting impact of: (a) transaction-related compensation expense, including expense related to Partnership Units with both time-based vesting and market conditions as well as equity-based and cash awards granted in connection with the spin-off from The Blackstone Group Inc. ("Blackstone") and acquisition of CamberView Partners Holdings, LLC ("CamberView"); (b) intangible asset amortization associated with Blackstone's initial public offering ("IPO"), the acquisition of PJT Capital LP, and the acquisition of CamberView; and (c) the amount the company has agreed to pay Blackstone related to the net realized cash benefit from certain compensation-related tax deductions. Reconciliations of the non-GAAP measures to their most directly comparable GAAP measures and further detail regarding the adjustments are provided below. To help investors understand the effect of the company's ownership structure on its Adjusted Net Income, the company has presented Adjusted Net Income, If-Converted. This measure illustrates the impact of taxes on Adjusted Pretax Income, assuming all Partnership Units (excluding the unvested Partnership Units that have yet to satisfy certain market conditions) were exchanged for shares of the company's Class A common stock, resulting in all of the company's income becoming subject to corporate-level tax, considering both current and deferred income tax effects as well as return to provision adjustments. This tax rate excludes the tax benefits of the adjustments for transaction-related compensation expense, amortization expense, tax benefit recorded pursuant to the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") as well as certain payments to Blackstone resulting from the October 1, 2015 spin-off.

The following table provides a reconciliation of non-GAAP measures to their most directly comparable GAAP measures.

(Dollars in Thousands, Except Share and Per Share Data)

	Year Ended December 31,		
	2020	2019	2015
GAAP Net Income (Loss)	\$212,426	\$63,787	\$(6,175)
Less: GAAP Provision for Taxes	35,535	18,403	239
GAAP Pretax Income (Loss)	247,961	82,190	(5,936)
Adjustments to GAAP Pretax Income (Loss)			
Transaction-Related Compensation Expense ⁽¹⁾	14,662	41,886	36,924
Amortization of Intangible Assets ⁽²⁾	7,776	7,654	10,939
Spin-Off-Related Payable Due to Blackstone ⁽³⁾	550	539	—
Adjusted Pretax Income	270,949	132,269	41,927
Adjusted Taxes ⁽⁴⁾	38,788	22,030	1,719
Adjusted Net Income	232,161	110,239	40,208

	Year Ended December 31,	
	2020	2019
If-Converted Adjustments		
Less: Adjusted Taxes ⁽⁴⁾	(38,788)	(22,030)
Add: If-Converted Taxes ⁽⁵⁾	67,090	33,723
Adjusted Net Income, If-Converted	\$203,859	\$98,546
GAAP Net Income Per Share of Class A Common Stock		
Basic	\$4.80	\$1.23
Diluted	\$4.40	\$1.21
GAAP Weighted-Average Shares of Class A Common Stock Outstanding		
Basic	24,496,285	24,007,138
Diluted	43,127,166	25,014,569
Adjusted Net Income, If-Converted Per Share	\$4.93	\$2.41
Weighted-Average Shares Outstanding, If-Converted	41,365,572	40,967,316

The following table provides a summary of weighted-average shares outstanding for the year ended December 31, 2020 and 2019 for both basic and diluted shares. The table also provides a reconciliation to If-Converted Shares Outstanding assuming that all Partnership Units and unvested PJT Partners Inc. restricted stock units (“RSUs”) were converted to shares of the company’s Class A common stock:

	Year Ended December 31,	
	2020	2019
Weighted-Average Shares Outstanding - GAAP		
Shares of Class A Common Stock Outstanding	23,827,264	23,117,559
Vested, Undelivered RSUs	669,021	889,579
Basic Shares Outstanding, GAAP	24,496,285	24,007,138
Dilutive Impact of Unvested Common RSUs ⁽⁶⁾	1,344,152	1,007,431
Dilutive Impact of Partnership Units ⁽⁷⁾	17,286,729	—
Diluted Shares Outstanding, GAAP	43,127,166	25,014,569
Weighted-Average Shares Outstanding - If-Converted		
Shares of Class A Common Stock Outstanding	23,827,264	23,117,559
Vested, Undelivered RSUs	669,021	889,579
Conversion of Unvested Common RSUs ⁽⁶⁾	1,344,152	1,007,431
Conversion of Participating RSUs	16,483	40,544
Conversion of Partnership Units	15,508,652	15,912,203
If-Converted Shares Outstanding	41,365,572	40,967,316

- (1) This adjustment adds back to GAAP Pretax Income transaction-related compensation expense for Partnership Units with both time-based vesting and market conditions as well as equity-based and cash awards granted in connection with the spin-off from Blackstone and the acquisition of CamberView.
- (2) This adjustment adds back to GAAP Pretax Income amounts for the amortization of intangible assets that are associated with Blackstone's IPO, the acquisition of PJT Capital LP on October 1, 2015 and the acquisition of CamberView on October 1, 2018.
- (3) This adjustment adds back to GAAP Pretax Income the amount the company has agreed to pay Blackstone related to the net realized cash benefit from certain compensation-related tax deductions. Such expense is reflected in Other Expenses in the Condensed Consolidated Statements of Operations.
- (4) Represents taxes on Adjusted Pretax Income, considering both current and deferred income tax effects for the current ownership structure.
- (5) Represents taxes on Adjusted Pretax Income, assuming all Partnership Units (excluding the unvested Partnership Units that have yet to satisfy market conditions) were exchanged for shares of the company's Class A common stock, resulting in all of the company's income becoming subject to corporate-level tax, considering both current and deferred income tax effects as well as return to provision adjustments. This tax rate excludes the tax benefits of the adjustments for transaction-related compensation expense, amortization expense, tax benefit recorded pursuant to the CARES Act as well as certain payments to Blackstone resulting from the October 1, 2015 spin-off.
- (6) Represents the dilutive impact under the treasury method of unvested, non-participating RSUs that have a remaining service requirement.
- (7) Represents the number of shares assuming the conversion of vested Partnership Units, the dilutive impact of unvested Partnership Units with a remaining service requirement, and Partnership Units that achieved certain market conditions.