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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark
One)

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

For the fiscal year ended December 31, 2015

Or

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

For the transition period from _____ to _____

Commission File Number: 001-36418

MOELIS & COMPANY

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

46-4500216
(I.R.S. Employer
Identification No.)

399 Park Avenue, 5th Floor, New York NY
(Address of principal executive offices)

10022
(Zip Code)

(212) 883-3800
(Registrant's telephone number, including area code)

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

<u>Title of each class</u>	<u>Name of each exchange on which registered</u>
Class A common stock, par value \$0.01	New York Stock Exchange

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

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

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will

not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a
smaller reporting company)

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

The aggregate market value of the voting and nonvoting common equity held by non-affiliates of the Registrant as of June 30, 2015 was \$522 million.

As of March 1, 2016, there were 20,347,196 shares of Class A common stock, par value \$0.01 per share, and 31,227,596 shares of Class B common stock, par value \$0.01 per share, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's definitive proxy statement for its 2016 annual meeting of stockholders are incorporated by reference in Part III of this Form 10-K.

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PART I

When we use the terms "Company," "we," "our," or "us," we mean Moelis & Company, a Delaware corporation (incorporated in January 2014), and its consolidated subsidiaries. "Old Holdings" refers solely to Moelis Asset Management LP (formerly Moelis & Company Holdings LP). References to the "IPO" refer to our initial public offering in April 2014 where Old Holdings reorganized its business in connection with the offering of 7,475,000 shares of Moelis & Company Class A common stock. Following the reorganization, the advisory business is now held under Moelis & Company Group LP ("Group LP"), a Delaware limited partnership, and Group LP is controlled by Moelis & Company.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Form 10-K contains forward-looking statements, which reflect our current views with respect to, among other things, our operations and financial performance. You can identify these forward-looking statements by the use of words such as "may," "might," "will," "should," "expect," "plan," "anticipate," "believe," "estimate," "intend," "predict," "potential" or "continue," the negative of these terms and other comparable terminology. These forward-looking statements, which are subject to risks, uncertainties, and assumptions about us, may include projections of our future financial performance, based on our growth strategies and anticipated trends in our business. These statements are only predictions based on our current expectations and projections about future events. There are important factors that could cause our actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied by the forward-looking statements. In particular, you should consider the numerous risks outlined in Item 1A.

Although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, level of activity, performance or achievements. Moreover, neither we nor any other person assumes responsibility for the accuracy or completeness of any of these forward-looking statements. You should not rely upon forward-looking statements as a prediction of future events. We are under no duty to and we do not undertake any obligation to update or review any of these forward-looking statements after the date of this filing to conform our prior statements to actual results or revised expectations whether as a result of new information, future developments or otherwise.

Item 1. Business

Overview

Moelis & Company is a leading global independent investment bank that provides innovative strategic and financial advice to a diverse client base, including corporations, governments and financial sponsors. We assist our clients in achieving their strategic goals by offering comprehensive, globally integrated financial advisory services across all major industry sectors. Our team of experienced professionals advises clients on their most critical decisions, including mergers and acquisitions ("M&A"), recapitalizations and restructurings and other corporate finance matters.

Moelis & Company was founded in 2007 by veteran investment bankers to create a global independent investment bank that offers multi-disciplinary solutions and exceptional transaction execution combined with the highest standard of confidentiality and discretion. We create lasting client relationships by providing focused innovative advice through a highly collaborative and global approach not limited to specific products or access to particular regions. Our compensation model fosters our holistic approach to clients by emphasizing quality of advice and is not a commission-based structure where employees are compensated on a defined percentage of the revenues they generate. We believe our discretionary approach to compensation leads to exceptional advice, strong client impact and enhanced internal collaboration.

Since our inception, we have achieved rapid growth by hiring high-caliber professionals, expanding the scope and geographic reach of our advisory services, developing new client relationships and cultivating our professionals through training and mentoring. Today we serve our clients with over 450 advisory professionals, including 107 Managing Directors, based in 17 offices around the world. We have demonstrated strong financial performance, achieving revenues of \$552 million in 2015, our eighth full year of operations, and have advised on almost \$2 trillion of transactions since inception.

Our Advisory Offering

We offer holistic advisory solutions to clients by integrating our bankers' deep industry knowledge and broad corporate finance experience with our global capabilities. With 17 offices located in North and South America, Europe, the Middle East, Asia and Australia, we combine local and regional expertise with international market knowledge to provide highly integrated information flow and strong cross-border capabilities. Since our founding, we have rapidly scaled our global platform, as we believe clients value our ability to be relevant in their local market as well as to provide valuable global insights.

We combine our global capabilities with expertise in all major industries including Consumer, Retail & Restaurants; Energy, Power & Infrastructure; Financial Institutions; Financial Sponsors; General Industrials; Healthcare; Real Estate, Gaming, Lodging & Leisure and Technology, Media & Telecommunications. We collaborate globally to bring our deep industry knowledge to the local markets where our clients operate.

We focus on a wide range of clients from large public multinational corporations to middle market private companies to individual entrepreneurs, and we deliver the full resources of our firm and the highest level of senior attention to every client, regardless of size or situation.

We advise our clients through all phases of the business cycle using our strong capabilities in M&A, recapitalization and restructuring and other advisory services.

We have established a premier M&A franchise advising clients on mergers, acquisitions, sales and divestitures. We counsel our clients through all stages of the process as we evaluate strategic alternatives, assess potential acquirers and targets, provide valuation analyses and advise on transaction terms including valuation, structuring, timing and potential financing. Additionally, we have an exclusive sales franchise with a strong track record in achieving maximum value for clients in their sale processes.

Moelis & Company has substantial expertise in guiding special committees of boards of directors to evaluate strategies and negotiate proposals by leveraging decades of transaction experience. We execute a rigorous process to help special committees synthesize alternatives and develop an appropriate course of action. In addition, we bring a strong understanding of key deal points and the interplay between deal terms, value and the various stakeholders involved.

For our clients in financial distress, we partner senior recapitalization and restructuring professionals with our industry, M&A and capital markets experts to provide holistic advice. We advise both companies and creditors, utilizing our strong relationship network to access capital, identify potential partners and drive support for our transactions. Since our inception, approximately 60% of our recapitalization and restructuring engagements have been on the company or debtor side of a transaction. We understand that during times of financial distress, having a true partner as an advisor is of critical importance, and our partnership and collaboration with our clients during these times has helped us develop long-lasting company relationships. In addition, our deep relationships throughout the creditor and recapitalization and restructuring communities provide multiple creditor side origination opportunities and allow us to develop a comprehensive perspective from all constituents. We understand that in distressed situations, many creditors become temporary equityholders of businesses, and we help these clients realize value which leads to further M&A activity for us.

As part of our holistic approach to client service, we have substantial experience in advising clients on complex risk exposures. Our team consists of experts in structured products, securitization, derivatives and risk management who are highly qualified to value complex assets and advise on repositioning and divesting underperforming portfolios. These capabilities have been particularly relevant to our financial institutions clients since the global financial crisis.

We also advise clients on capital markets matters, providing comprehensive capital structure advice and developing financing solutions tailored to the specific needs of issuers. Our independence and objectivity, coupled with our direct and long-standing institutional buy-side relationships, inform our market views and enhance the likelihood of a successful transaction. We advise clients on all aspects of public and private debt and equity transactions.

We provide capital raising, secondary transaction and other advisory services to private fund sponsors and limited partners. Our team's extensive experience raising capital for a wide variety of fund sponsors located in North America, Europe, Asia and the emerging markets is fully integrated with our global platform, ensuring the broadest possible marketing efforts for our clients. We specialize in private equity fund structures across a wide range of strategies, including buyout, growth capital, distressed, special situations, venture and sector-specific strategies.

In addition, we provide a broad range of other financial advisory services tailored to the specific circumstances and needs of our clients. For example, we act as defense advisor to boards of directors responding to unsolicited proposals, we act as expert witness for clients in major litigation and we assist private clients and governments in negotiations of significant commercial matters.

We seek to generate repeat business from our clients by becoming long-term partners with them as opposed to being solely transaction focused. We are also committed to developing new client relationships, and we maintain an active dialogue with a large number of potential clients, as well as with their financial and legal advisors, on an ongoing basis. We continue to penetrate new relationships through our business development initiatives, growing our senior team with professionals who bring additional client relationships and through introductions from our strong network of relationships with senior executives, board members, attorneys and other third parties.

Our Key Competitive Strengths

With 17 offices located around the world, capabilities in all major industries and deep advisory expertise, we believe we are well positioned to take advantage of the strong market opportunity for independent investment banks. Furthermore, we believe our business is differentiated from that of our competitors in the following respects:

Globally Integrated Firm with Innovative Advisory Solutions: We provide the high-touch and conflict free benefits of an independent investment bank with the global reach, sector depth and product expertise more commonly found at larger financial institutions. With 17 offices located in North and South America, Europe, the Middle East, Asia and Australia, we combine local and regional expertise with international market knowledge to provide our clients with highly integrated information flow and strong cross-border capabilities. We harness the deep industry expertise and broad corporate finance experience of our 107 global Managing Directors, which include 67 former sector and product heads from major investment banks. We reinforce our model with a discretionary compensation structure that encourages a high degree of collaboration and our "One Firm" mentality.

Advisory Focus with Strong Intellectual Capital: We primarily focus on advising clients, unlike most of our major competitors who derive a large percentage of their revenues from lending, trading and underwriting securities. We believe this independence allows us to offer advice free from the actual or perceived conflicts associated with lending to clients or trading in their securities. In

addition, our focus on advisory services frees us from the pressure of cross-selling products, which we believe can distract from the dialogue with clients around their long-term strategy, compromising the advice. We provide intellectual capital based on our judgment, expertise and relationships combined with intense senior level attention to all transactions. The business of delivering intellectual capital allows us to operate a low risk and capital light model with attractive profit margins. We are not exposed to the financial risk and regulatory requirements that arise from, or the capital investments required in, balance sheet lending and trading activities.

Fast Growing Global Independent Investment Bank: Since our inception in 2007, we have achieved rapid growth, earning revenues of \$552 million in 2015. During this time however, the global financial crisis contributed to a 24% decrease in the number of global completed M&A transactions from the peak levels of 2007. We took advantage of the dislocation in the financial services industry following the global financial crisis and capitalized on the unique opportunity to hire Managing Directors who have on average 20 years of investment banking experience. We believe the quality and scale of our global franchise and the speed at which it has been achieved would be a challenge to replicate today.

Strong Financial Discipline: We have remained financially disciplined with an intense focus on managing growth in a profitable manner. We hired aggressively during the global financial crisis to take advantage of the dislocation among our competitors and recently have taken a more measured approach to hiring as the markets and compensation levels have stabilized. We incentivize our bankers as owners by awarding equity compensation in order to align the interests of our employees and equity holders, and our employees currently own a majority of our Company. Additionally, we have focused on entering new regions and sectors through creative and cost efficient strategies. We intend to maintain our financial discipline as we continue to grow our revenues, expand into new markets and increase our areas of expertise.

Significant Organic Growth Opportunities: We have made significant investments in our intellectual capital with the hiring of 71 Managing Directors since 2010. In addition, we have invested time and resources in our recruiting and training and development programs. We established a meaningful presence at the top undergraduate programs in our first year of operations, which has resulted in the hiring of over 300 analysts from campus since our inception. We are poised to continue realizing meaningful organic growth from these investments. We have achieved critical size in key industry sectors and regions around the globe, as well as recognition for advising on innovative transactions, which have enhanced our brand globally. We are positioned to continue to grow revenues as a result of increased individual productivity as our investments in people mature and as we continue to leverage our global platform through enhanced connectivity and idea generation and expanded brand recognition.

High Standard of Confidentiality and Discretion: Due to the highly sensitive nature of M&A discussions where confidentiality is of paramount importance to clients, the M&A business is most effectively operated on a "need to know" basis. We believe that large financial conglomerates with multiple divisions, "Chinese Walls" and layers of management have a significantly greater number of employees who have access to sensitive client information, which can increase the risk of confidential information leaking. Such leaks can materially impair the viability of transactions and other strategic decisions. We have established a high standard of confidentiality and discretion, as well as instituted procedures designed to protect our clients and minimize the risk of sensitive information leaking to the market.

Diversified Advisory Platform: Our business is highly diversified across sectors, types of advisory services and clients. Our broad corporate finance expertise positions us to advise clients through any phase of their life cycle and in any economic environment. We focus on a wide range of clients from large public multinational corporations to middle market private companies to individual

entrepreneurs, and we deliver the full resources of our firm and the highest level of senior attention to every client, regardless of size or situation. In addition, we have no meaningful client concentration, with our top 10 transactions representing approximately 25% of our revenues in 2015. Our holistic "One Firm" approach also reduces dependence on any one product or banker and allows us to leverage our intellectual capital across the firm as necessary to offer multiple solutions to our clients, increase our client penetration and adapt to changing circumstances.

Partnership Culture: We believe that our momentum and commitment to excellence have created an environment that attracts and retains high quality talent. Our people are our most valuable asset and our goal is to attract, retain and develop the best and brightest talent in our industry across all levels. We strive to foster a collaborative environment, and we seek individuals who are passionate about our business and are a fit with our culture. We have established a compensation philosophy that reinforces our long-term vision and values by rewarding collaboration, client impact and lasting relationships and encourages employees to put the interests of our clients and our Company first. Above all, our core values nurture a culture of partnership, passion, optimism and hard work, inspiring the highest level of quality and integrity in every interaction with our clients and each other.

Our Growth Strategy

Our growth strategy is to continue to take advantage of what we believe are attractive market opportunities to enhance our leadership position as a global independent investment bank, advising our clients on important mergers and acquisitions, recapitalization and restructuring transactions and other strategic matters. We seek to achieve these objectives through the following two primary strategies:

Deepen and Expand our Client Relationships: We seek to continue to deepen and expand our client relationships, which are the foundation of our business. We are tireless in our pursuit of offering the highest quality integrated advice and most innovative solutions that lead to the long-term success of our clients. We believe this approach has enhanced our reputation as a trusted advisor to our clients, and we intend to leverage this approach further as we increase our touch points with our clients and develop new client relationships.

Broaden our Areas of Expertise Based on Client Needs: We intend to pursue further industry and geographic expansion and introduce new product expertise based on client needs. In addition to hiring high quality professionals who will expand our market share, we will seek to grow through increasing the tenure of our Managing Directors, investing in and training our next generation of Managing Directors and continuing to hire analysts and associates from leading undergraduate and graduate programs. We believe that developing talent internally creates a more sustainable franchise and reinforces the culture of our firm.

Our People

We believe that our people are our most valuable asset. Our goal is to attract, retain and develop the best and brightest talent in our industry across all levels. We strive to foster a collaborative environment, and we seek individuals who are passionate about our business and fit our culture. Our Managing Directors are compensated based on the quality of advice and execution provided to a client, which is predicated on delivering our full suite of advisory services through a high degree of collaboration across different industries, products and regions. This collaborative approach is demonstrated by the fact that on almost all of our transactions, at least two Managing Directors support the client. We reinforce our long-term vision and values by rewarding for client impact and lasting relationships. Our year-end evaluation process measures both performance and alignment with our core value system, ensuring that we continue to integrate our expertise to meaningfully enhance the quality of our advice and strengthen our client relationships. We do not compensate on a

commission-based pay model and do not manage our business based on industry, product or regional silos. Our compensation structure for junior bankers is based on a system of meritocracy whereby bankers are rewarded for top performance.

We recruit our junior bankers from the world's leading undergraduate and graduate programs. Since our inception we have had a dedicated campus recruiting effort through which we have hired over 300 analysts from these undergraduate programs. We devote significant time and resources to training and mentoring our employees and have implemented a generalist program in which our junior professionals receive significant transaction experience across a wide range of products and industries. We believe this exposure enhances the investment banking experience and allows our junior professionals to develop and refine their proficiency in a broad variety of corporate finance matters at an early stage in their career. We are committed to talent retention and our goal is to develop our brightest and most ambitious junior professionals into successful Managing Directors. As of December 31, 2015, we had 660 employees globally, including 462 advisory professionals and 105 Managing Directors.

Our Australian Joint Venture

In 2009, we opened our sixth global office in Sydney to provide investment banking services in Australia and expand our coverage of the Asia-Pacific region. Following the establishment of this office and the hiring of what we believe is a strong executive team, we entered into a joint venture with this team (the "Australian JV"). Our Australian JV has been responsible for providing our investment banking services in this region since April 1, 2010. Our Australian JV's primary business is offering advisory services. In addition, it has an equity capital markets and research, sales and trading business covering Australian public equity securities and also engages in certain asset management activities. We and the Australian executives each own a 50% economic interest in the Australian JV. The Australian JV expanded into Melbourne in 2014. As of December 31, 2015, the Australian JV had 67 employees, including 34 advisory bankers.

Our Strategic Alliance with Sumitomo Mitsui Banking Corporation and its Subsidiary, SMBC Nikko Securities Inc.

Effective January 1, 2012, we entered into a strategic alliance with Sumitomo Mitsui Banking Corporation ("SMBC") and its subsidiary, SMBC Nikko Securities Inc. ("Nikko") to provide advisory services, including advising on mergers, acquisitions, divestitures, restructurings and other corporate finance matters, to Japanese companies in regions where our firms conduct business. The alliance has provided us and our clients with access to the Japanese market as well as provided us with opportunities to advise Japanese clients on the full suite of our advisory services, with a particular focus on cross-border M&A. Established in 1876 as Mitsui Bank, SMBC is the third largest bank in Japan based on market capitalization. Nikko is one of the five major securities companies in Japan.

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 firms as well as independent investment banking firms such as Evercore Partners Inc.,

Greenhill & Co., Inc., Houlihan Lokey, Inc., Lazard Ltd, NM Rothschild & Sons Limited, PJT Partners, Inc., and many closely held boutique firms.

We 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 relative 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. Moelis & Company LLC, our wholly-owned subsidiary through which we conduct our financial advisory business in the U.S., is registered as a broker-dealer with the SEC. Moelis & Company LLC is subject to regulation and oversight by the SEC. In addition, the Financial Industry Regulatory Authority, Inc. ("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, including Moelis & Company LLC. State securities regulators also have regulatory or oversight authority over Moelis & Company LLC.

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

In addition to the regulation we are subject to in the United States, we are also subject to regulation internationally 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.

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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 United States, 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.

Federal anti-money-laundering laws make it a criminal offense to own or operate a money transmitting business without the appropriate state licenses, which we maintain, and registration with the U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN). In addition, the USA PATRIOT Act of 2001 and the Treasury Department's implementing federal regulations require us, as a "financial institution," to establish and maintain an anti-money-laundering program.

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.

Executive Officers and Directors

Board of Directors

Kenneth Moelis,
Chairman and Chief Executive Officer of the Company

Eric Cantor,
Managing Director and Vice Chairman of the Company

J. Richard Leaman III,
Managing Director and Vice Chairman of the Company

Navid Mahmoodzadegan,
Co-President and Managing Director of the Company

Jeffrey Raich,
Co-President and Managing Director of the Company

John A. Allison,
Chairman of the Executive Advisory Council of the Cato Institute's Center for Monetary and Financial Alternatives, member of the Cato Institute's Board of Directors and Former Co-Chairman and CEO of BB&T Corp.

Yvonne Greenstreet,
Former Senior Vice President and Head of Medicines Development, Pfizer Inc.

Kenneth L. Shropshire
David W. Hauck Professor, Wharton School, University of Pennsylvania and Faculty Director of Wharton Sports Business Initiative

Other Executive Officers

Elizabeth Crain
Chief Operating Officer

Joseph Simon
Chief Financial Officer

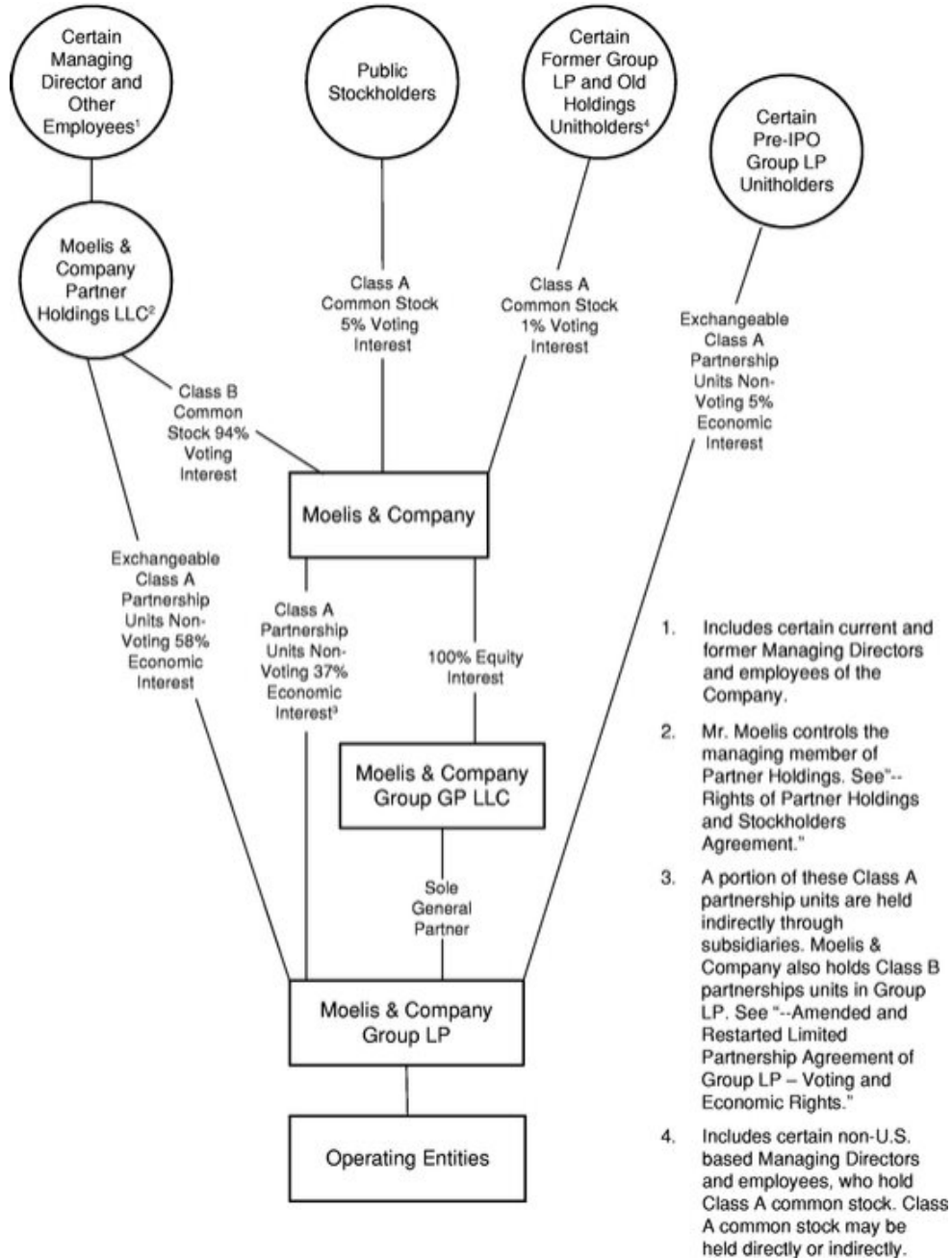
Osamu R. Watanabe
General Counsel and Secretary

Organizational Structure

Overview

Moelis & Company is a holding company and its only assets are its partnership interests in Group LP, its equity interest in the sole general partner of Group LP, Moelis & Company Group GP LLC, and its interests in its subsidiaries. Moelis & Company operates and controls all of the business and affairs of Group LP and its operating entity subsidiaries indirectly through its equity interest in Moelis & Company Group GP LLC.

The simplified diagram below depicts our organizational structure (percentages are as of December 31, 2015).



Note: All entities on the chart above are incorporated or formed in Delaware.

The Reorganization

Prior to our initial public offering, our business was owned by Old Holdings. In connection with the consummation of our initial public offering, a reorganization of the existing businesses of Old Holdings was effected pursuant to which the advisory business was transferred to Group LP. Old Holdings retained its asset management business, which includes managers of direct lending funds, hedge funds, private equity funds, collateralized loan obligation funds and certain other asset management businesses. Moelis & Company generally does not engage in these activities.

Amended and Restated Limited Partnership Agreement of Group LP

We operate our business through Group LP and its subsidiaries. The provisions governing the operations of Group LP and the rights and obligations of its partners are set forth in the amended and restated limited partnership agreement of Group LP, the material terms of which are described below. The amended and restated limited partnership agreement of Group LP is filed as an exhibit to this Form 10-K.

Through our control of the general partner of Group LP, we have unilateral control (subject to the consent of Partner Holdings on various matters) over the affairs and decisions of Group LP. As such, we, through our officers and directors, are responsible for all operational and administrative decisions of Group LP and the day-to-day management of Group LP's business.

Voting and Economic Rights

Group LP issued Class A partnership units to Moelis & Company and to the holders of Old Holdings units at the time of the reorganization. In addition, Group LP issued Class B partnership units to Moelis & Company. The Group LP Class B partnership units correspond with the economic rights of shares of Moelis & Company's Class B common stock. Group LP Class A unitholders have no voting rights by virtue of their ownership of Group LP partnership units, except for the right to approve certain amendments to the amended and restated limited partnership agreement of Group LP, certain changes to the capital accounts of the limited partners of Group LP and any conversion of Group LP to a corporation other than for purposes of a sale transaction. Partner Holdings holds all shares of Moelis & Company Class B common stock, enabling it to exercise majority voting control over Moelis & Company and, indirectly, over Group LP.

Pursuant to the Group LP amended and restated limited partnership agreement, we have the right to determine when distributions will be made to the partners of Group LP and the amount of any such distributions. If we authorize a distribution, such distribution will be made, except as required under applicable tax law, to the partners of Group LP (i) in the case of a tax distribution, generally to the holders of partnership units in proportion to the amount of taxable income of Group LP allocated to such holder and (ii) in the case of other distributions, pro rata in accordance with the percentages of their respective partnership units.

Coordination of Moelis & Company and Group LP

At any time we issue a share of Class A common stock for cash, unless we use the proceeds for certain specified permitted purposes (including the acquisition of Group LP Class A partnership units or other property), the proceeds received by us will be promptly transferred to Group LP, and Group LP will issue to us one of its Group LP Class A partnership units. At any time we issue a share of Class A common stock pursuant to our equity incentive plan we will contribute to Group LP all of the proceeds that we receive (if any), and Group LP will issue to us one of its Group LP Class A partnership units, having the same restrictions, if any, attached to the shares of Class A common stock issued under the equity incentive plan. Conversely, if we redeem or repurchase any of our shares of Class A common stock, Group LP will, immediately prior to our redemption or repurchase, redeem or repurchase an

equal number of Group LP Class A partnership units held by us, upon the same terms and for the same price, as the shares of Class A common stock are redeemed or repurchased. We can only redeem or repurchase shares of Class A common stock if Group LP first redeems or repurchases an equivalent amount of Group LP Class A partnership units that we hold.

Exchange Rights

Subject to the terms and conditions of the Group LP amended and restated limited partnership agreement and the lock-up restrictions described below, each Group LP Class A unitholder (except for Moelis & Company) has the right to exchange Group LP Class A partnership units, either for shares of our Class A common stock on a one-for-one basis, or cash (based on the market price of the shares of Class A common stock), at Group LP's option. If Group LP chooses to exchange such units for our Class A common stock, Moelis & Company will deliver an equivalent number of shares of Class A common stock to Group LP for further delivery to the exchanging holder and receive a corresponding number of newly issued Group LP Class A partnership units. The exchanging holder's surrendered Group LP Class A partnership units will be cancelled by Group LP. As Group LP Class A unitholders exchange their Group LP Class A partnership units, Moelis & Company's percentage of economic ownership of Group LP will be correspondingly increased. Following each such exchange, Partner Holdings will be required to surrender to Moelis & Company a corresponding number of shares of Class B common stock, and each such share will be converted into approximately 0.00055 shares of Class A common stock, which will be delivered to Partner Holdings. Group LP will also convert an equivalent number of Class B partnership units held by Moelis & Company into Class A partnership units based on the same conversion rate.

Group LP Class A partnership units and Moelis & Company Class A common stock held by our Managing Directors (including through Partner Holdings) are subject to lock-up agreements for four years from the date of our initial public offering. After this period, Group LP Class A partnership units held by a Managing Director will become exchangeable into Class A common stock or cash as described above and Moelis & Company Class A common stock held by a Managing Director will become transferable, in each case in three equal installments on each of the fourth, fifth and sixth anniversary of our initial public offering. If a Managing Director terminates his or her employment with the Company prior to the end of the lock-up period, the Company will be entitled to extend the lock-up period until up to the tenth anniversary of our initial public offering. We may waive the transfer and exchange restrictions set forth in the Group LP amended and restated limited partnership agreement, including in connection with an offering of shares of our Class A common stock by our Managing Directors. In addition, these restrictions cease to apply upon the death or termination of employment by us due to disability of the applicable Managing Director with respect to such Managing Director's Group LP Class A partnership units.

Restrictive Covenants of our Managing Directors

Prior to the expiration of the Managing Director lock-up, our Managing Directors are generally subject to forfeiting their interests in vested Group LP partnership units and Moelis & Company Class A common stock they held as of the initial public offering if they terminate their employment without good reason and compete with the Company within 12 months thereafter, except for a certain limited number of designated units and stock which were awarded to replace equity of a former employer forfeited upon joining. Our Managing Directors have agreed not to solicit our employees during the term of their employment and for 12 months thereafter.

Registration Rights

Moelis & Company has granted certain registration rights in the amended and restated limited partnership agreement of Group LP, the stockholders agreement with Partners Holdings and the strategic alliance agreement with SMBC, each filed as exhibits to this Form 10-K.

Rights of Partner Holdings and Stockholders Agreement

Moelis & Company is party to a stockholders agreement with Partner Holdings pursuant to which, for so long as the Class B Condition (as defined in our amended and restated certificate of incorporation) is satisfied, Partner Holdings has approval rights over significant corporate actions by Moelis & Company. Our board of directors will nominate individuals designated by Partner Holdings equal to a majority of the board of directors, for so long as the Class B Condition is satisfied.

After the Class B Condition ceases to be satisfied, for so long as the Secondary Class B Condition (as defined in the stockholders agreement with Partners Holdings) is satisfied, Partner Holdings will have certain approval rights (including, among others, over the appointment or termination of the Chief Executive Officer) and our board of directors will nominate individuals designated by Partner Holdings equal to one quarter of the board of directors.

MARKET AND INDUSTRY DATA

The industry, market and competitive position data referenced throughout this Form 10-K are based on research, industry and general publications, including surveys and studies conducted by third parties. Industry publications, surveys and studies generally state that they have been obtained from sources believed to be reliable. We have not independently verified such third party information. While we are not aware of any misstatements regarding any industry, market or similar data presented herein, such data involve uncertainties and are subject to change based on various factors, including those discussed under the headings "Special Note Regarding Forward-Looking Statements" and "Risk Factors" in this Form 10-K. The M&A market data for announced and completed transactions in 2015 and 2014 referenced throughout this Form 10-K was obtained from Thomson Financial as of January 8, 2016 and January 5, 2015, respectively.

In this Form 10-K, we use the term "independent investment banks" or "independent advisors" to refer to investment banks primarily focused on advisory services and that conduct limited or no commercial banking or sales and trading activities. We use the term "global independent investment banks" to refer to independent investment banks with global coverage capabilities across all major industries and regions. We consider the global independent investment banks to be our publicly traded peers, Evercore Partners Inc., Greenhill & Co., Inc., Houlihan Lokey, Inc., Lazard Ltd, PJT Partners, Inc., and us.

OTHER INFORMATION

Our website address is www.moelis.com. We make available free of charge on the Investor Relations section of our website (<http://investors.moelis.com>) this Annual Report on Form 10-K ("Form 10-K"), Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and all amendments to those reports as soon as reasonably practicable after such material is electronically filed or furnished with the Securities and Exchange Commission (the "SEC") pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934; as amended (the "Exchange Act"). We also make available through our website other reports filed with or furnished to the SEC under the Exchange Act, including our Proxy Statements and reports filed by officers and directors under Section 16(a) of that Act, as well as our Code of Business Conduct and Ethics. From time to time we may use our website as a channel of distribution of material company information. Financial and other material information regarding the Company is routinely posted on and accessible at <http://investors.moelis.com>. In addition, you may

automatically receive email alerts and other information about us by enrolling your email by visiting the "Contact Us" section at <http://investors.moelis.com>. We do not intend for information contained in our website to be part of this Form 10-K. The inclusion of our website in this Form 10-K does not include or incorporate by reference the information on our website into this Form 10-K.

Any materials we file with the SEC may be inspected without charge at the public reference facilities maintained by the SEC at 100 F. Street, N.E., Washington, D.C. 20549, and copies of all or any part of this Form 10-K may be obtained from the SEC upon payment of the prescribed fee. Information on the operation of the public reference facilities may be obtained by calling the SEC at 1-800-SEC-0330. The SEC maintains a website that contains reports, proxy and information statements, and other information regarding registrants that file electronically with the SEC. The address of the site is <http://www.sec.gov>.

Item 1A. Risk Factors

Risks Related 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.

We have experienced rapid growth over the past several years, which may be difficult to sustain at the same rate. 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 expanding internationally and would involve hiring new Managing Directors 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 financial services firm, we are materially affected by conditions in the global financial markets and economic conditions throughout the world. For example, 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 recapitalization and restructuring transactions may decrease, thereby reducing the demand for our recapitalization and restructuring 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.

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.

Our revenue in any given period is dependent on the number of fee-paying clients in such period. We had 139 clients and 130 clients paying fees equal to or greater than \$1 million in 2015 and 2014, 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.

Our ability to retain our Managing Directors and our other professionals, including our executive officers, is critical to the success of our business.

Our future success depends to a substantial degree on our ability to retain qualified professionals within our organization, including our Managing Directors. However, we may not be successful in our efforts to retain the required personnel as the market for qualified investment bankers is extremely competitive. Our investment bankers possess substantial experience and expertise and have strong relationships with our advisory clients. As a result, the loss of these professionals could jeopardize our relationships with clients and result in the loss of client engagements. For example, if any of our Managing Directors or other senior professionals, including our executive officers, or groups of professionals, were to join or form a competing firm, some of our current clients could choose to use the services of that competitor rather than our services. There is no guarantee that our compensation and non-competition arrangements with our Managing Directors provide sufficient incentives or protections to prevent our Managing Directors from resigning to join our competitors. 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 Managing Directors or groups of professionals could have a material adverse effect on our business and our profitability.

We depend on the efforts and reputations of Mr. Moelis 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. The loss of the services of any of them, in particular Mr. Moelis, could have a material adverse effect on our business, including our ability to attract clients.

Substantially all of our revenue is derived from advisory fees. As a result, 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 derive substantially all of our revenue from 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 most 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 we lack other, more stable, sources of revenue, which could moderate some of the volatility in our advisory revenue, we may

experience greater variations in our revenue and profits than other larger, more diversified competitors in the financial services industry. Fluctuations in our quarterly financial results could, in turn, lead to large adverse movements in the price of our Class A common stock or increased volatility in our stock price generally.

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

In addition, 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.

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 case of joint ventures, such as our 50% investment in our Australian JV, we are subject to additional risks and uncertainties relating to governance and controls, in that we may be dependent upon, and subject to, liability, losses or reputational damage relating to personnel, controls and systems that are not fully under our control. In addition, disagreements between us and our joint venture partners may negatively impact our business. Although our Australian JV must abide by certain market risk limits approved by us with respect to its trading activities, there is a risk that such limits will be insufficient to protect us against significant losses. In addition, investments made by our Australian JV could be unprofitable.

With respect to our Australian JV, in the event of the departure of the key senior Australian executive, unless we agree to the remaining Australian executives' proposal for revised Australian JV terms, a call/put option arrangement is triggered. Under this arrangement, we have a right to acquire the Australian executives' interests in the Australian JV and, depending on the terms of the departure, the key senior Australian executive has the right to require us to purchase his interests, in each case for the fair market value (calculated assuming the goodwill associated with the Moelis & Company brand belongs to us and not the Australian JV).

In the event we make further 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.

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

We provide various financial recapitalization and restructuring 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 recapitalization and restructuring advisory services entails the risk that the transaction will be unsuccessful or take considerable time and can be subject to a bankruptcy court's authority to disallow or discount our fees in certain circumstances. If the number of debt defaults, bankruptcies or other factors affecting demand for our recapitalization and restructuring advisory services declines, our recapitalization and restructuring business would be adversely affected.

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 do 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 relationships and ability to attract future clients. In addition, our financial professionals and other employees are responsible for following proper measures to maintain the confidentiality of information we hold. If an employee's failure to do so results in the improper release of confidential information, we could be subject to reputational harm and legal liability, which could impair our ability to attract and retain clients and in turn materially adversely affect our business. 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.

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 the ability to offer clients a wider range of products and services than those we can offer, which could cause us to fail to win advisory mandates and subject us to pricing pressures that could materially adversely affect our revenue and profitability.

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 intense competition over obtaining advisory mandates in recent years, and we may experience further 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, unlike us, have the ability to offer a wider range of products, from loans, deposit taking and insurance to brokerage and trading, which may enhance their competitive position. They also regularly support investment banking, including financial advisory services, with commercial lending and other financial services and products in an effort to gain market share, which puts us at a competitive disadvantage and could result in pricing pressures or loss of opportunities, which could materially adversely affect our revenue and profitability. 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.

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

Our role as advisor to our clients on important transactions involves complex analysis and the exercise of professional judgment, including rendering "fairness opinions" in connection with mergers and other transactions. Our activities may subject us to the risk of significant legal liabilities to our clients and affected third parties, including shareholders of our clients who could bring securities class actions against us. In recent years, the volume of claims and amount of damages claimed in litigation and regulatory proceedings against financial services companies have been increasing, including claims for aiding and abetting client misconduct. Moreover, judicial scrutiny and criticism of investment banker performance and activities has increased, creating risk that our services in a litigated transaction could be criticized by the court. 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 or significant criticism by a court of our performance or activities could

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

Prior to our initial public offering in April 2014, our management had not previously managed a public company.

Prior to our initial public offering in April 2014, our management team had operated our business as a privately-owned company. The individuals who constitute our management had not previously managed a publicly traded company.

Compliance with public company requirements has placed significant additional demands on our management and has required us to enhance our investor relations, legal, technology, financial reporting and corporate communications functions. These additional efforts may strain our resources and divert management's attention from other business concerns, which could adversely affect our business and profitability.

In addition, the reorganization that took place in connection with the consummation of our initial public offering involved separating our advisory business from the asset management business of Old Holdings. These two businesses had historically utilized common management and operational structures, including facilities and technology platforms as well as legal, compliance, marketing and other support personnel and senior management oversight. The process of separating these businesses, and of operating our advisory business on a stand-alone basis, may result in increased costs and inefficiencies and other impediments to the regular operations of our business, the occurrence of any of which could adversely affect our business and profitability.

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 Securities and Exchange Commission ("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 M&A activity and changes in applicable regulations could restrict the activities of our clients and their need for the types of advisory services that we provide to them.

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.

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

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

Our clients typically provide us with sensitive and confidential information. We are dependent on information technology networks and systems to securely process, transmit and store such information and to communicate among our locations around the world and with our clients, alliance partners and vendors. We may be subject to attempted security breaches and cyber-attacks and 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. 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. In addition, our financial professionals and other employees are responsible for following proper measures to maintain the confidentiality of information we hold. If an employee's failure to do so results in the improper release of confidential information, we could be subject to reputational harm and legal liability, which could impair our ability to attract and retain clients and in turn materially adversely affect our business.

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.

Negative publicity regarding our business and our people could adversely impact our reputation and our business.

We depend to a large extent on our reputation for integrity and high-caliber professional services to attract and retain clients. We may experience negative publicity from time to time relating to our

business and our people, regardless of whether the allegations are valid. Such negative publicity may adversely affect our business in a number of ways, including whether potential clients choose to engage us and our ability to attract and retain talent.

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 2015, we earned approximately 20% of our revenues from our international operations. We intend to grow our non-U.S. business, and this growth is important to our overall success. In addition, many of our larger clients are non-U.S. entities seeking to enter into transactions involving U.S. businesses. Our international operations carry special financial and business risks, which could include the following:

- greater difficulties in managing and staffing foreign operations;
- language and cultural differences;
- fluctuations in foreign currency exchange rates that could adversely affect our results;
- unexpected changes in trading policies, regulatory requirements, tariffs and other barriers;
- longer transaction cycles;
- higher operating costs;
- adverse consequences or restrictions on the repatriation of earnings;
- potentially adverse tax consequences, such as trapped foreign losses;
- less stable political and economic environments; and
- civil disturbances or other catastrophic events that reduce business activity.

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

Our growth strategy may involve opening or acquiring new offices and expanding internationally and would involve hiring new Managing Directors and other senior professionals for these offices, which would require substantial investment by us and could materially and adversely affect our operating results.

Our ability to grow our advisory business organically depends in part on our ability to open or acquire new offices, expand internationally and hire new Managing Directors and other senior professionals for these offices. We may not be successful in any efforts to open new offices, expand internationally or hire new Managing Directors and other senior professionals for these offices. The costs of opening a new office, expanding internationally and hiring the necessary personnel to staff the office are substantial. If we are not successful in these efforts, we may not be able to recover our investments or our substantial cost outlays, and new international operations may not achieve profitability.

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 advisory transactions. However, we may grow our business by entering into new lines of business. To the extent we enter into new lines of business, we will face numerous risks and uncertainties, including risks associated with actual or perceived conflicts of interest because we would no longer be limited to the advisory business, the possibility that we have insufficient expertise to engage in such activities profitably or without incurring inappropriate amounts of risk, the required investment of capital and other resources and the loss of clients due to the perception that we are no longer focusing on our core business.

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

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

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

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 Related to Our Organizational Structure

Moelis & Company's only assets are its partnership interests in Group LP, its equity interest in the sole general partner of Group LP, Moelis & Company Group GP LLC, and its interests in its subsidiaries, and Moelis & Company is accordingly dependent upon distributions from Group LP to pay dividends, taxes and other expenses.

Moelis & Company is a holding company, and its only assets are its partnership interests in Group LP, its equity interest in the sole general partner of Group LP, Moelis & Company Group GP LLC, and its interests in its subsidiaries. Moelis & Company has no independent means of generating revenue. Moelis & Company intends to cause Group LP to make distributions to its

partners in an amount sufficient to cover all applicable taxes payable, other expenses and dividends, if any, declared by us.

Group 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 Group LP (with certain exceptions) exceed the fair value of its assets. Furthermore, certain subsidiaries of Group LP may be subject to similar legal limitations on their ability to make distributions to Group LP. Moreover, our regulated subsidiaries may be subject to regulatory capital requirements that limit the distributions that may be made by those subsidiaries.

Deterioration in the financial condition, earnings or cash flow of Group LP and its subsidiaries for any reason could limit or impair their ability to pay such distributions. Additionally, to the extent that Moelis & Company requires funds and Group LP is restricted from making such distributions under applicable law or regulation or under the terms of financing arrangements, or is otherwise unable to provide such funds, our liquidity and financial condition could be materially adversely affected.

We will be required to pay our Managing Directors for certain tax benefits we may claim as a result of the tax basis step-up we receive in connection with this offering and related transactions. In certain circumstances, payments under the tax receivable agreement may be accelerated and/or significantly exceed the actual tax benefits we realize.

Group LP Class A partnership units may be exchanged for shares of Class A common stock. On the date of our initial public offering in April 2014, we were treated for U.S. federal income tax purposes as having directly purchased Class A partnership units in Group LP from the then existing unitholders which resulted in an increase in the tax basis of the assets of Group LP that otherwise would not have been available. The exchange and purchases of Class A partnership units in Group LP in connection with the initial public offering and the secondary offering in November 2014, as well as future exchanges, may also result in increases in the tax basis of the assets of Group LP that otherwise would not have been available. Such increases in tax basis are likely to increase (for tax purposes) depreciation and amortization deductions and therefore reduce the amount of income tax we would otherwise be required to pay in the future. These increases in tax basis may also decrease gain (or increase loss) on future dispositions of certain capital assets to the extent the increased tax basis is allocated to those capital assets. The Internal Revenue Service (the "IRS") may challenge all or part of these tax basis increases, and a court could sustain such a challenge.

We have entered into a tax receivable agreement with our Managing Directors that provides for the payment by us to our Managing Directors of 85% of the amount of cash savings, if any, in U.S. federal, state and local income tax or franchise tax that we actually realize as a result of (a) the increases in tax basis attributable to our Managing Directors and (b) tax benefits related to imputed interest deemed to be paid by us as a result of this tax receivable agreement. 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 increases in the tax basis of the tangible and intangible assets of Group LP attributable to our interests in Group LP, during the expected term of the tax receivable agreement, the payments that we may make to our Managing Directors could be substantial.

Although we are not aware of any issue that would cause the IRS to challenge a tax basis increase, our Managing Directors generally will not reimburse us for any payments that may previously have been made under the tax receivable agreement. As a result, in certain circumstances we could make payments to the Managing Directors under the tax receivable agreement in excess of our cash tax savings. Our 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, as discussed above, including the timing and amount of our future income.

In addition, the tax receivable agreement provides that, upon a merger, asset sale or other form of business combination or certain other changes of control or if, at any time, we elect an early termination of the tax receivable agreement, our (or our successor's) obligations with respect to exchanged or acquired Class A partnership units (whether exchanged or acquired before or after such change of control or early termination) would be based on certain assumptions, including that we 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, and, in the case of certain early termination elections, that any Class A partnership units that have not been exchanged will be deemed exchanged for the market value of the Class A common stock at the time of termination. Consequently, it is possible, in these circumstances also, that the actual cash tax savings realized by us may be significantly less than the corresponding tax receivable agreement payments.

If Moelis & Company were deemed an "investment company" under the Investment Company Act of 1940 as a result of its ownership of Group LP, applicable restrictions could make it impractical for us to continue our business as contemplated and could materially and adversely affect our operating results.

If Moelis & Company were to cease participation in the management of Group LP, its interests in Group LP could be deemed an "investment security" for purposes of the Investment Company Act of 1940 (the "1940 Act"). Generally, a person is deemed to be an "investment company" if it owns investment securities having a value exceeding 40% of the value of its total assets (exclusive of U.S. government securities and cash items), absent an applicable exemption. Moelis & Company has no assets other than its partnership interests in Group LP and its equity interest in the sole general partner of Group LP, Moelis & Company Group GP LLC and its interests in its subsidiaries. A determination that this interest in Group LP was an investment security could result in Moelis & Company being an investment company under the 1940 Act and becoming subject to the registration and other requirements of the 1940 Act. We intend to conduct our operations so that we will not be deemed an investment company. However, if we were to be deemed an investment company, restrictions imposed by the 1940 Act, including limitations on our capital structure and our ability to transact with affiliates, could make it impractical for us to continue our business as contemplated and have a material adverse effect on our business and operating results and the price of our Class A common stock.

We and Old Holdings have entered into various arrangements, including a master separation agreement, which contains cross-indemnification obligations of us and Old Holdings.

The master separation agreement that we entered into with Old Holdings provides, among other things, that Old Holdings generally will indemnify us for losses that we incur arising out of, or relating to, the businesses conducted by Old Holdings and losses that we incur arising out of, or relating to, Old Holdings' breach of the master separation agreement. In addition, we generally will indemnify Old Holdings for losses that Old Holdings incurs arising out of, or relating to, our business and losses Old Holdings' incurs arising out of, or relating to, our breach of the master separation agreement. We may not be able to recover any or all of the amount of indemnified losses from Old Holdings should it be financially unable to perform under its indemnification obligations. In addition, we may be required to make substantial payments under our indemnity obligations to Old Holdings, which could materially adversely affect our results of operations.

The use of the "Moelis" brand name by Old Holdings and its subsidiaries may expose us to reputational harm that could adversely affect our business should they take actions that damage the brand name.

Old Holdings operates as a separate legal entity, and we have licensed to Old Holdings and its subsidiaries the use of the "Moelis" brand name for certain purposes, including in connection with asset management activities. As Old Holdings and its subsidiaries historically have and will continue to use the "Moelis" brand name, and because we no longer control these entities, there is a risk of reputational harm to us if Old Holdings and its subsidiaries, among other things, have engaged, or in the future were to engage in poor business practices, or were to experience adverse results or otherwise damage the reputational value of the "Moelis" brand name. These risks could adversely affect our revenue and our business prospects.

Risks Related to Our Class A Common Stock

Control by Mr. Moelis of the voting power in Moelis & Company may give rise to actual or perceived conflicts of interests.

Moelis & Company is controlled by Mr. Moelis, through his control of Moelis & Company Partner Holdings LP ("Partner Holdings"). Mr. Moelis' interests may differ from those of other stockholders. As of December 31, 2015, Mr. Moelis controls approximately 94% of the voting interest in Moelis & Company primarily through his control of Partner Holdings, which currently holds all outstanding Class B common stock. The shares of Class B common stock entitle Partner Holdings to (i) for so long as the Class B Condition is satisfied, ten votes per share and (ii) after the Class B Condition ceases to be satisfied, one vote per share. In addition, Moelis & Company has entered into a stockholders agreement with Partner Holdings, pursuant to which, for so long as the Class B Condition is satisfied, Partner Holdings has certain approval rights over certain transactions. As a result, because Mr. Moelis has a majority of the voting power in Moelis & Company and our amended and restated certificate of incorporation provides for cumulative voting, he has the ability to elect all of the members of our board of directors and thereby to control our management and affairs, including determinations with respect to acquisitions, dispositions, borrowings, issuances of Class A common stock or other securities, and the declaration and payment of dividends. Mr. Moelis is able to determine the outcome of all matters requiring stockholder approval and is able to cause or prevent a change of control of Moelis & Company or a change in the composition of our board of directors and could preclude any unsolicited acquisition of Moelis & Company. Mr. Moelis' voting control could deprive our stockholders of an opportunity to receive a premium for their Class A common stock as part of a sale of Moelis & Company and might ultimately affect the market price of our Class A common stock. As a result of the control exercised by Mr. Moelis over us, our agreements entered into with him prior to or in connection with our initial public offering may not have been negotiated on "arm's length" terms. We cannot assure you that we would not have received more favorable terms from an unaffiliated party.

We are a "controlled company" within the meaning of the rules of the New York Stock Exchange and, as a result, qualify for, and intend to rely on, exemptions from certain corporate governance requirements. You do not have the same protections afforded to stockholders of companies that are subject to such requirements.

Mr. Moelis, through his control of Partner Holdings, holds more than 50% of the voting power of our shares eligible to vote. As a result, we are a "controlled company" under the rules of the New York Stock Exchange ("NYSE"). Under these rules, a company of which more than 50% of the voting power in the election of directors is held by an individual, group or another company is a "controlled company" and may elect not to comply with certain corporate governance requirements, including the requirements that (i) a majority of the board of directors consist of independent directors and (ii) that the board of directors have compensation and nominating and corporate governance committees composed entirely of independent directors.

For at least some period, we intend to utilize these exemptions. As a result, we do not have a majority of independent directors on our board of directors. Accordingly, although we may transition to a board with a majority of independent directors prior to the time we cease to be a "controlled company," for such period of time you will not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements set by the NYSE. In the event that we cease to be a "controlled company" and our shares continue to be listed on the NYSE, we will be required to comply with these provisions within the applicable transition periods. These exemptions do not modify the independence requirements for our audit committee, and we intend to comply with the applicable requirements of the SEC and the NYSE with respect to our audit committee within the applicable time frame.

We are an emerging growth company, and any decision on our part to comply only 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 may choose 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 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 until December 31, 2019. We will cease to be an emerging growth company upon the earliest of: (i) the end of the fiscal year following the fifth anniversary of our initial public offering in April 2014, (ii) the first fiscal year after our annual gross revenues are \$1.0 billion or more, (iii) the date on which we have, during the previous three-year period, issued more than \$1.0 billion in non-convertible debt securities or (iv) the end of any fiscal year in which the market value of our common stock held by non-affiliates exceeded \$700 million as of the end of the second quarter of that fiscal year. 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 Class A common stock less attractive as a result of any choices to reduce future disclosure, there may be a less active trading market for our Class A 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, and, therefore, we will be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies.

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

As a publicly traded company, we are now required to document and test our internal control procedures in order to satisfy the requirements of Section 404(a) of Sarbanes-Oxley, which requires, beginning with the filing of our second annual report with the SEC, annual management assessments of the effectiveness of our internal control over financial reporting. However, as an emerging growth company, our independent registered public accounting firm will not be required to formally attest to the effectiveness of our internal control over financial reporting pursuant to Section 404(b) until we are no longer an emerging growth company. When applicable to us, our independent registered public accounting firm may not be able or willing to issue an unqualified report on the effectiveness of our internal control over financial reporting. Matters impacting our internal controls may cause us to be

unable to report our financial information on a timely basis and thereby subject us to adverse regulatory consequences, including sanctions by the SEC, or violations of applicable stock exchange listing rules. There could also be a negative reaction in the financial markets due to a loss of investor confidence in us and the reliability of our financial statements. Confidence in the reliability of our financial statements is also likely to suffer if our independent registered public accounting firm reports a material weakness in our internal control over financial reporting. This could materially adversely affect us and lead to a decline in the market price of our shares.

The historical financial information in this Form 10-K may not permit you to predict our costs of operations.

The historical financial information in this Form 10-K for the periods prior to our initial public offering in April 2014 does not reflect the added costs we incur as a public company, including costs related to public company reporting, investor relations and compliance with the Sarbanes-Oxley Act of 2002. As a result of these matters, among others, it may be difficult for investors to compare our future results to historical results or to evaluate our relative performance or trends in our business. For more information on our historical financial information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the historical financial statements included elsewhere in this Form 10-K.

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

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

Our share price may decline due to the large number of shares eligible for future sale and for exchange.

The market price 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 as a result of and after the offering contemplated by our Registration Statement on Form S-3 Registration No. 333-203499 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 equity securities in the future at a time and at a price that we deem appropriate. As of March 1, 2016, we had outstanding 20,347,196 shares of Class A common stock, most of which may be resold immediately in the public market. In addition, holders of a significant amounts of Group LP Class A partnership units may elect to exchange their units and they may receive shares of our Class A common stock. Further, restrictions on sales of certain shares of Class A common stock by certain of our pre-IPO equityholders expired on April 22, 2015, and such shares are now eligible for resale from time to time, and employees who have received shares of Class A common stock upon settlement of restricted stock units are currently able to sell such shares, subject to any blackout periods we impose on employees and restrictions under the Securities Act of 1933, as amended (the "Securities Act"). On April 30, 2015, we entered into an agreement with Sumitomo Mitsui Banking Corporation ("SMBC"), our strategic alliance partner, to permit SMBC, subject to the terms of the Group LP limited partnership agreement, to exchange half of its Group LP Class A partnership units (1,280,054 units) into Moelis & Company Class A common stock on or after July 1, 2015 and the remaining 50% (1,280,053 units) on or after April 22, 2016. Existing Group LP Class A partnership unitholders (including certain Managing Directors) owned, as of March 1, 2016, an aggregate of 33,802,281 Class A partnership units. Our amended and restated certificate of incorporation allows the exchange of Class A partnership units in Group LP (other than those held by

us) for shares of our Class A common stock on a one-for-one basis, subject to customary conversion rate adjustments for stock splits, stock dividends and reclassifications. Further, Partner Holdings held 31,227,596 shares of our Class B common stock, which will be convertible into 17,274 shares of our Class A common stock. Shares of Class A common stock (including those issuable upon exchange of Group LP partnership units) that are held by the Group LP Class A partnership unitholders (including our Managing Directors) will be eligible for resale from time to time, subject to certain contractual restrictions and to restrictions under the Securities Act.

On June 8, 2015, the general partner of Group LP ("General Partner") completed the first redemption whereby certain holders of Group LP Class A partnership units elected to exchange on a one-for-one basis for our Class A common stock (an "Exchange") for a total issuance of 559,536 shares of Class A Common Stock. The General Partner has determined that the second Exchange will be on or about May 23, 2016, subject to the General Partner's discretion to postpone or cancel the redemption date. The number of units eligible for exchange on such date is up to 2,761,464 units, 2,560,107 of which are Group LP partnership units held by SMBC. Holders who elect to exchange may choose to sell or hold the Class A common stock. Units eligible for exchange exclude 31,013,699 units held by Managing Directors that they received as Managing Directors which units remain subject to lock-up provisions in three installments (which were equal installments at the time of our initial public offering) through each of the fourth, fifth and sixth anniversary of our initial public offering. The General Partner intends to establish redemption dates from time to time in the ordinary course in accordance with the terms of the Group LP limited partnership agreement and the Company does not intend to disclose future redemption dates.

Certain Class A partnership unitholders in Group LP and holders of our Class A common stock are parties to agreements with us pursuant to which we have granted them registration rights. Under those agreements, these persons will have the ability to cause us to register the shares of our Class A common stock (including the shares they could acquire upon exchange of Class A partnership units in Group LP), subject to certain contractual restrictions. See "Exchanges of Group LP Class A Partnership Units For Moelis & Company Class A Common Stock."

The market price of our Class A common stock may be volatile, which could cause the value of your investment 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. You may be unable to resell your shares of our Class A common stock at or above the public offering price.

While we currently intend to pay a quarterly cash dividend to our stockholders, we may change our dividend policy at any time. There can be no assurance that we will continue to declare cash dividends.

On February 8, 2016, the Board of Directors of Moelis & Company declared a special dividend of \$0.80 per share in addition to a regular quarterly dividend of \$0.30 per share. The \$1.10 per share was paid on March 4, 2016 to Class A common stockholders of record on February 19, 2016. Although we currently intend to pay a quarterly cash dividend to our stockholders, we have no obligation to do so, and our dividend policy may change at any time. Returns on stockholders' investments will primarily depend on the appreciation, if any, in the price of our Class A common stock. Whether we continue and the amount and timing of any dividends are subject to capital availability and periodic determinations by our Board of Directors that cash dividends are in the best interest of our stockholders and are in compliance with all respective laws and agreements of the Company applicable to the declaration and payment of cash dividends. Future dividends, including their timing and amount,

may be affected by, among other factors: general economic and business conditions; our financial condition and operating results; our available cash and current anticipated cash needs; capital requirements; contractual, legal, tax and regulatory restrictions and implications on the payment of dividends by us to our stockholders; and such other factors as our board of directors may deem relevant. Our dividend payments may change from time to time, and we cannot provide assurance that we will continue to declare dividends in any particular amounts or at all. The reduction in or elimination of our dividend payments could have a negative effect on our stock price.

Anti-takeover provisions in our organizational documents and Delaware law could delay or prevent a change in control.

Our amended and restated certificate of incorporation and bylaws may delay or prevent a merger or acquisition that a stockholder may consider favorable by permitting our board of directors to issue one or more series of preferred stock, requiring advance notice for stockholder proposals and nominations and placing limitations on convening stockholder meetings. In addition, there is no cumulative voting in the election of directors, and our amended and restated certificate of incorporation provides that directors may be removed, with or without cause, only with the affirmative vote of at least 80% of the voting interest of stockholders entitled to vote; provided, however, that for so long as the Class B Condition is satisfied, directors may be removed, with or without cause, with the affirmative vote of a majority of the voting interest of stockholders entitled to vote. In addition, we are subject to provisions of the Delaware General Corporation Law that restrict certain business combinations with interested stockholders. These provisions may also discourage acquisition proposals or delay or prevent a change in control, which could harm our stock price. See "Description of Capital Stock."

Item 1B. Unresolved Staff Comments

Not applicable.

Item 2. Properties

Our principal executive offices are located in leased office space at 399 Park Avenue, 5th Floor, New York, New York 10022. We lease the space for our offices in Beijing, Boston, Chicago, Dubai, Frankfurt, Hong Kong, Houston, London, Los Angeles, Melbourne, Mumbai, Palo Alto, Paris, São Paulo, Sydney and Washington DC. We do not own any real property. We consider these arrangements to be adequate for our present needs.

Item 3. Legal Proceedings

In the ordinary course of business, from time to time the Company and its affiliates are involved in judicial or regulatory proceedings, arbitration or mediation concerning matters arising in connection with the conduct of its businesses, including contractual and employment matters. In addition, government agencies and self-regulatory organizations conduct periodic examinations and initiate administrative proceedings regarding the Company's business, including, among other matters, compliance, accounting and operational matters, that can result in censure, fine, the issuance of cease-and-desist orders or the suspension or expulsion of a broker-dealer, investment advisor, or its directors, officers or employees. In view of the inherent difficulty of determining whether any loss in connection with such matters is probable and whether the amount of such loss can be reasonably estimated, particularly in cases where claimants seek substantial or indeterminate damages or where investigations and proceedings are in the early stages, the Company cannot estimate the amount of such loss or range of loss, if any, related to such matters, how or if such matters will be resolved, when they will ultimately be resolved, or what the eventual settlement, fine, penalty or other relief, if any, might be. Subject to the foregoing, the Company believes, based on current knowledge and after

consultation with counsel, that it is not currently party to any material pending proceedings, individually or in the aggregate, the resolution of which would have a material effect on the Company. Provisions for losses are established in accordance with ASC 450, "Contingencies" when warranted. Once established, such provisions are adjusted when there is more information available or when an event occurs requiring a change.

The Company was previously named as one of several defendants in litigation arising from activities in 2011. The parties reached an agreement in principle to settle the litigation in March 2016, resulting in the Company incurring \$2.8 million of expense. While there is an agreement in principle to settle the litigation, the Company cannot make assurances whether the parties will agree on the final terms of the settlement or whether the Court will approve the settlement even if final terms of the settlement are reached. In such event, the ultimate resolution could result in higher costs for the Company.

In accordance with U.S. generally accepted accounting principles, the Company is required to reflect the settlement expense, which is a subsequent event, in its financial statements for the year ended December 31, 2015 because the settlement is related to litigation that existed at the balance sheet date of December 31, 2015 and the incurrence of the expense became probable and estimable prior to filing this Annual Report on Form 10-K for the fiscal year end December 31, 2015.

Item 4. Mine Safety Disclosures

Not applicable.

PART II**Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities**

Our Class A common stock is traded on the New York Stock Exchange under the symbol "MC." There is no publicly traded market for our Class B common stock, which is held by Moelis & Company Partner Holdings LP. The following table sets forth, for the fiscal quarters indicated, the high and low sales prices per share of our Class A common stock, as reported in the consolidated transaction reporting system, and the quarterly dividends declared during fiscal 2015 and 2014.

	Year Ended December 31, 2015		
	Sales Price		Dividends per share of common stock
	High	Low	
First quarter	\$ 35.28	\$ 29.74	\$ 0.20
Second quarter	\$ 30.53	\$ 27.05	\$ 0.20
Third quarter	\$ 30.54	\$ 25.98	\$ 0.30
Fourth quarter	\$ 30.69	\$ 25.60	\$ 0.30

	Year Ended December 31, 2014		
	Sales Price		Dividends per share of common stock
	High	Low	
First quarter	N/A	N/A	N/A
Second quarter	\$ 35.53	\$ 25.95	\$ —
Third quarter	\$ 36.29	\$ 30.32	\$ 0.20
Fourth quarter	\$ 35.26	\$ 30.12	\$ 1.20

Since the IPO in April 2014, the Company has regularly declared and paid quarterly dividends and plans to continue paying regularly quarterly dividends. The Company paid dividends of \$0.20 per share until July 2015, when the quarterly dividend was increased to \$0.30 per share. In the fourth quarter of 2014, a special dividend of \$1.00 was declared and paid.

As of March 1, 2016 there were approximately 134 holders of record of our Class A common stock. This does not include the number of shareholders that hold shares in "street-name" through banks or broker-dealers.

Dividend Policy

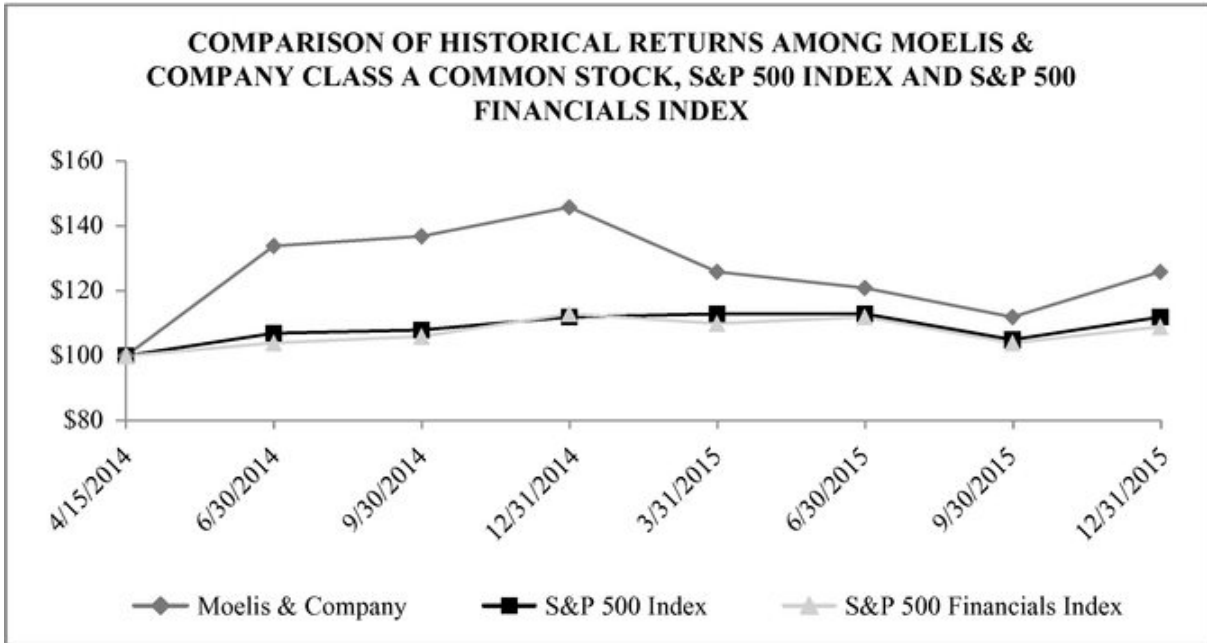
The Company paid cash dividends as represented in the table above. In addition to cash dividends, the Company generally pays dividend equivalents, in the form of unvested restricted stock units ("RSU"), concurrently with the payment of dividends to the holders of Class A common stock, on RSUs which are typically granted as part of annual incentive compensation and to new hires. The dividend equivalents have the same vesting and delivery terms as the underlying RSUs.

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

Stock Performance

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

The stock performance graph below compares the performance of an investment in our Class A common stock, from April 15, 2014 through December 31, 2015, with that of the S&P 500 Index and the S&P Financial Index. The graph assumes \$100 was invested in our initial public offering of Class A common stock on April 15, 2014, the S&P 500 Index and the S&P Financial Index. It also assumes that dividends were reinvested on the date of payment without payment of any commissions. The performance shown in the graph represents past performance and should not be considered an indication of future performance.



Share Repurchases in the Fourth Quarter of 2015

The following table sets forth information regarding the Company's purchases of its Class A common stock on a monthly basis during the fourth quarter of 2015. Share repurchases are recorded on a trade date basis.

<u>Period</u>	<u>Total Number of Shares Purchased(1)</u>	<u>Average Price Paid per Share</u>	<u>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs(2)</u>	<u>Approximate Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs(2)</u>
October 1 - October 31	20,911	\$ 29.05	\$ —	\$ 20.0 million
November 1 - November 30	—	—	—	20.0 million
December 1 - December 31	92	29.42	—	20.0 million
Total	<u>21,003</u>	<u>\$ 29.05</u>	<u>\$ —</u>	<u>\$ 20.0 million</u>

- (1) These include treasury transactions arising from net settlement of equity awards to satisfy minimum tax obligations.
- (2) In the first quarter of 2015, the Board of Directors authorized the repurchase of up to \$25 million of shares of Class A common stock and/or Class A partnership units of Group LP with no expiration date. Under this share repurchase program, shares may be repurchased from time to time in open market transactions, in privately negotiated transactions or otherwise. The timing and the actual number of shares repurchased will be opportunistic and measured in nature and will depend on a variety of factors, including price and market conditions.

Equity Compensation Plan Information

See Item 12, "Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters—Equity Compensation Plan Information."

Item 6. Selected Financial Data

The following selected financial and other data should be read together with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the historical financial statements and related notes included elsewhere in this Form 10-K.

The selected historical financial data for the years ended December 31, 2015, 2014 and 2013 and as of December 31, 2015 and 2014 have been derived from our audited consolidated and combined financial statements included this Form 10-K.

We derived the selected historical financial data for the years ended December 31, 2012 and 2011 and as of December 31, 2013, 2012 and 2011 from our audited consolidated and combined financial statements which are not included in this Form 10-K.

(\$ in thousands, except per share data)	Year Ended December 31,				
	2015(1)	2014(2)	2013	2012	2011
Statement of Operations Data					
Revenues	\$ 551,863	\$ 518,750	\$ 411,386	\$ 385,871	\$ 268,024
Expenses:					
Compensation and benefits	311,224	377,219	264,944	274,941	200,368
Non-compensation expenses	103,136	93,787	76,333	72,885	78,526
Total operating expenses	414,360	471,006	341,277	347,826	278,894
Operating income (loss)	137,503	47,744	70,109	38,045	(10,870)
Other income and expenses	2,085	736	(771)	333	245
Income (loss) from equity method investments	4,476	(2,185)	3,681	(658)	5,737
Income (loss) before income taxes	144,064	46,295	73,019	37,720	(4,888)
Provision for income taxes	23,847	13,740	2,794	2,498	3,642
Net income (loss)	\$ 120,217	\$ 32,555	\$ 70,225	\$ 35,222	\$ (8,530)
Net income (loss) attributable to noncontrolling interest	87,113	35,567			
Net income (loss) attributable to Moelis & Company	\$ 33,104	\$ (3,012)			
Weighted-average shares of Class A common stock outstanding					
Basic	20,021,652	15,911,819			
Diluted	21,362,571	15,911,819			
Net income (loss) attributable to holders of shares of Class A common stock per share					
Basic	\$ 1.65	\$ (0.19)			
Diluted	\$ 1.55	\$ (0.19)			
Dividends declared per share of Class A common stock	\$ 1.00	\$ 1.40			
Statement of Financial Condition Data (period end)					
Total assets	\$ 539,461	\$ 464,249	\$ 443,463	\$ 402,668	\$ 204,929
Total liabilities	282,043	289,864	134,093	142,560	92,754
Equity	257,418	174,385	309,370	260,108	112,175
Other Data and Metrics					
Bankers at period-end	462	381	317	340	335
Managing Directors at period-end	105	94	86	80	76
Number of fee-paying clients	269	256	263	236	182
Number of fee-paying clients \geq \$1M	139	130	109	107	72
% of total revenue from top 10 transactions	25%	23%	23%	22%	34%

- (1) Results of operations for the year ended December 31, 2015 include approximately \$5.8 million of expense associated with the amortization of restricted stock units and stock options granted in connection with the IPO.
- (2) Results of operations for the year ended December 31, 2014 include approximately \$112.4 million of pre-tax one-time charges primarily associated with accelerating the vesting of pre-IPO equity held by Managing Directors in connection with the Company's IPO completed in April 2014. Following the vesting acceleration, pre-IPO equity held by our Managing Directors is subject to a minimum four to six year lock-up.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

This Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with our consolidated and combined financial statements and related notes included elsewhere in this Form 10-K. Actual results and the timing of events may differ significantly from those expressed or implied in such forward-looking statements due to a number of factors, including those set forth in the sections entitled "Risk Factors" and "Special Note Regarding Forward-Looking Statements" and elsewhere in this Form 10-K.

Executive Overview

Moelis & Company is a leading global independent investment bank that provides innovative strategic advice and solutions to a diverse client base, including corporations, governments and financial sponsors. With 17 offices located in North and South America, Europe, the Middle East, Asia and Australia, we advise clients around the world on their most critical decisions, including mergers and acquisitions, recapitalizations and restructurings and other corporate finance matters.

We were founded in July 2007 by veteran investment bankers to create a global independent investment bank that offers multi-disciplinary solutions and exceptional transaction execution. We opened for business in New York and Los Angeles with a team of top tier advisory professionals. The dislocation in the financial services industry caused by the global financial crisis provided us with a unique opportunity to rapidly build a firm with global scale and broad advisory expertise, and we more than tripled our professional headcount from the end of 2008 through the end of 2011. Since our founding, we have added new Managing Directors with sector, regional or transactional expertise and with strong client relationships. In addition, we have established recruiting programs at top universities to hire talented junior professionals and instituted training programs to help develop them into advisory specialists.

We have added Managing Directors to expand our sector expertise, and currently provide capabilities across all major industries including Consumer, Retail & Restaurants; Energy, Power & Infrastructure; Financial Institutions; Financial Sponsors; General Industrials; Healthcare; Real Estate, Gaming, Lodging & Leisure and Technology, Media & Telecommunications. In addition, we hired professionals to broaden our global reach and opened a network of offices, expanding into London in 2008, Sydney in 2009, Dubai in 2010, Hong Kong and Beijing in 2011, Frankfurt, Mumbai and Paris in 2012 and Melbourne and São Paulo in 2014. We also added regional capabilities in the U.S., opening offices in Boston in 2007, Chicago in 2008, Houston and Palo Alto in 2011 and Washington DC in 2014. We have developed additional areas of advisory expertise to complement our strong M&A capabilities and to meet the changing needs of our clients. Our early investment in recapitalization and restructuring talent in mid-2008 positioned us to capitalize on the significant increase in restructuring volume during the global financial crisis. In 2009, we added expertise in advising clients on capital markets matters and advising financial institutions on complex risk exposures. In 2014, we added capabilities to provide capital raising, secondary transaction and other advisory services to private fund sponsors and limited partners. Our ability to provide services to our clients across sectors and regions and through all phases of the business cycle has led to long-term client relationships and a diversified revenue base.

As of December 31, 2015, we served our clients globally with 462 advisory bankers. We plan to continue to grow our firm across sectors, geographies and products to deliver the most relevant advice and innovative solutions to our clients.

We generate revenues primarily from providing advisory services on transactions that are subject to individually negotiated engagement letters which set forth our fees. We generally generate fees at key transaction milestones, such as closing, the timing of which is outside of our control. As a result, revenues and net income in any period may not be indicative of full year results or the results of any

other period and may vary significantly from year to year and quarter to quarter. The performance of our business depends on the ability of our professionals to build relationships with clients over many years by providing trusted advice and exceptional transaction execution.

Reorganization and Initial Public Offering

In April 2014, we reorganized our business in connection with Moelis & Company's IPO of Class A common stock. See Note 4 in these consolidated and combined financial statements for further information. In connection with the reorganization and IPO, several transactions took place which had a significant impact on our results of operations for the year ended December 31, 2014 including the following:

- \$87,601 of compensation and benefits expense associated with the one-time non-cash acceleration of unvested equity held by Managing Directors. Excluded from this acceleration was \$10,349 of compensation and benefits expense associated with the amortization of equity held by Managing Directors during the three months ended March 31, 2014 which was subsequently accelerated upon completion of the IPO;
- \$1,167 of compensation and benefits expense associated with the amortization of RSUs granted in connection with the IPO (excludes expense associated with RSUs granted at the time of the IPO in connection with 2013 incentive compensation); amortization expense of RSUs granted in connection with the IPO will be recognized over a five year vesting period;
- \$3,109 of compensation and benefits expense associated with the amortization of stock options granted in connection with the IPO; amortization expense of stock options granted in connection with the IPO will be recognized over a five year vesting period;
- \$4,014 of compensation and benefits expense associated with the issuance of cash (expense of \$2,004) and fully vested shares of Class A common stock (expense of \$2,010) in settlement of appreciation rights issued in prior years;
- \$1,240 of professional fees expense associated with the one-time non-cash acceleration of unvested equity held by non-employee members of Moelis & Company's former Global Advisory Board; and
- \$4,916 of expenses associated with the one-time non-cash acceleration of unvested equity held by employees of the Australian JV. Half of the expenses associated with acceleration of equity held by employees of the Australian JV is included in other expenses and the other half is included in income (loss) from equity method investments.

Secondary Offering of Class A Common Stock

In November 2014, the Company completed a secondary offering of 6,325,000 shares of Class A common stock in order to facilitate organized liquidity and increase the public float of its Class A common stock. In connection with the offering, the shares of Class A common stock outstanding of the Company increased by 4,511,058 shares as a result of the Company acquiring additional Class A partnership units in Group LP. The Company did not retain any proceeds from the secondary offering. See Note 4 in these consolidated and combined financial statements for further information.

Business Environment and Outlook

Economic and global financial conditions can materially affect our operational and financial performance. See "Risk Factors" elsewhere in this Form 10-K for some of the factors that can affect our performance. Revenues and net income in any period may not be indicative of full year results or the results of any other period and may vary significantly from year to year and quarter to quarter.

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For the year ended December 31, 2015, we earned revenues of \$551.9 million, or an increase of 6% from the \$518.8 million earned during the same period in 2014. This compares favorably with a 5% decrease in the number of global completed M&A transactions greater than \$100 million in the same period.

In the current environment, we are witnessing many companies pursue M&A in order to grow revenues and/or drive greater efficiencies by reducing costs. Based on historical experience, we believe the current economic backdrop (high corporate cash balances and relatively low interest rates), which remains unchanged from 2015, provides a solid foundation for M&A. Our conversations with clients remain robust and financing continues to be available, which may fuel continued growth in M&A. In addition, the dislocation in energy and other commodity-related sectors as well as in the emerging markets provides opportunity for restructuring and capital markets related activity in 2016.

Results of Operations

The following is a discussion of our results of operations for the years ended December 31, 2015, 2014 and 2013:

(\$ in thousands)	Year Ended December 31,			Variance	
	2015	2014	2013	2015 vs. 2014	2014 vs. 2013
Revenues	\$ 551,863	\$ 518,750	\$ 411,386	6%	26%
Expenses:					
Compensation and benefits	311,224	377,219	264,944	-17%	42%
Non-compensation expenses	103,136	93,787	76,333	10%	23%
Total operating expenses	414,360	471,006	341,277	-12%	38%
Operating income (loss)	137,503	47,744	70,109	188%	-32%
Other income and (expenses)	2,085	736	(771)	183%	N/M
Income (loss) from equity method investments	4,476	(2,185)	3,681	N/M	N/M
Income (loss) before income taxes	144,064	46,295	73,019	211%	-37%
Provision for income taxes	23,847	13,740	2,794	74%	392%
Net income (loss)	\$ 120,217	\$ 32,555	\$ 70,225	269%	-54%

N/M = not meaningful

Revenues

We operate in a highly competitive environment. Each revenue-generating engagement is separately solicited, awarded and negotiated, and there are usually no long-term contracted sources of revenue. As a consequence, our fee-paying client engagements are not predictable, and high levels of revenues in one quarter are not necessarily predictive of continued high levels of revenues in future periods. To develop new business, our professionals maintain an active business dialogue with a large number of existing and potential clients. We add new clients each year as our bankers continue to expand their relationships, as we hire senior bankers who bring their client relationships and as we receive introductions from our relationship network of senior executives, board members, attorneys and other third parties. We also lose clients each year as a result of the sale or merger of clients, changes in clients' senior management, competition from other financial services firms and other causes.

We earn substantially all of our revenues from advisory engagements, and, in many cases, we are not paid until the successful completion of an underlying transaction. Complications that may terminate or delay a transaction include failure to agree upon final terms with the counterparty, failure to obtain

required regulatory consents, failure to obtain board or stockholder approvals, failure to secure financing, adverse market conditions or unexpected operating or financial problems related to either party to the transaction. In these circumstances, we often do not receive advisory fees that would have been received if the transaction had been completed, despite the fact that we may have devoted considerable time and resources to the transaction. Barriers to the completion of a restructuring transaction may include a lack of anticipated bidders for the assets of our client or the inability of our client to restructure its operations or indebtedness due to a failure to reach agreement with its creditors. In these circumstances, our fees are generally limited to monthly retainer fees and reimbursement of certain out-of-pocket expenses.

We do not allocate our revenues by the type of advice we provide (M&A, recapitalizations and restructurings or other corporate finance matters) because of the complexity of the transactions on which we may earn revenues and our holistic approach to client service. For example, a restructuring engagement may evolve to require a sale of all or a portion of the client, M&A assignments can develop from relationships established on prior restructuring engagements and capital markets expertise can be instrumental on both M&A and restructuring assignments.

Year Ended December 31, 2015 versus 2014

Revenues were \$551.9 million for the year ended December 31, 2015 compared with \$518.8 million for the same period in 2014, representing an increase of 6%. This compares favorably with a 5% decrease in the number of globally completed M&A transactions greater than \$100 million in the same period.

The number of clients we advised increased year-over-year from 256 clients in 2014 to 269 clients in 2015, and the number of clients who paid fees equal to or greater than \$1 million increased from 130 clients in 2014 to 139 clients in 2015. In addition, U.S. revenues increased by 8% and non-U.S. revenues decreased by 1% compared with the prior year.

Year Ended December 31, 2014 versus 2013

Revenues were \$518.8 million for the year ended December 31, 2014 compared with \$411.4 million for the same period in 2013, representing an increase of 26%. This compares favorably with a 12% increase in the number of global completed M&A transactions and a 16% increase in global completed M&A volume in the same period.

While the number of clients we advised was relatively consistent year-over-year (we earned revenues from 256 clients as compared with 263 clients during the same period in 2013), the number of clients who paid fees equal to or greater than \$1 million increased from 109 clients in fiscal 2013 to 130 clients in fiscal 2014. In addition, U.S. and non-U.S. revenues increased 24% and 37%, respectively, compared with the prior year.

Operating Expenses

The following table sets forth information relating to our operating expenses, which are reported net of reimbursements by our clients:

(\$ in thousands)	Year Ended December 31,			Variance	
	2015	2014	2013	2015 vs. 2014	2014 vs. 2013
Expenses:					
Compensation and benefits	\$ 311,224	\$ 377,219	\$ 264,944	-17%	42%
<i>% of revenues</i>	56%	73%	64%		
Non-compensation expenses	\$ 103,136	\$ 93,787	\$ 76,333	10%	23%
<i>% of revenues</i>	19%	18%	19%		
Total operating expenses	\$ 414,360	\$ 471,006	\$ 341,277	-12%	38%
<i>% of revenues</i>	75%	91%	83%		
Income (loss) before income taxes	\$ 144,064	\$ 46,295	\$ 73,019	211%	-37%
<i>% of revenues</i>	26%	9%	18%		

Our operating expenses are classified as compensation and benefits expenses and non-compensation expenses, and headcount is the primary driver of the level of our expenses. Compensation and benefits expenses account for the majority of our operating expenses. Non-compensation expenses, which include the costs of professional fees, travel and related expenses, communication, technology and information services, occupancy, depreciation and other expenses, generally have been less significant in comparison with compensation and benefits expenses. Expenses are recorded on the consolidated and combined statements of operations, net of any expenses reimbursed by clients.

Our operating expenses (both compensation and non-compensation expenses) for the year ended December 31, 2014 were impacted by the significant reorganization and IPO related expenses as described above in "Reorganization and Initial Public Offering."

Year Ended December 31, 2015 versus 2014

Operating expenses were \$414.4 million for the year ended December 31, 2015 and represented 75% of revenues, compared with \$471.0 million for the same period in 2014 which represented 91% of revenues. Our income before income taxes increased from income of \$46.3 million for the year ended December 31, 2014 to income of \$144.1 million for the same period in 2015.

The decrease in operating expenses in 2015 is due primarily to the impact of approximately \$112.4 million of expense relating to the reorganization and IPO in 2014, partially offset by higher compensation and benefits expense associated with increased headcount in 2015.

Year Ended December 31, 2014 versus 2013

Operating expenses were \$471.0 million for the year ended December 31, 2014 and represented 91% of revenues, compared with \$341.3 million for the same period in 2013 which represented 83% of revenues. Our income before income taxes decreased, declining from income of \$73.0 million for the year ended December 31, 2013 to income of \$46.3 million for the same period in 2014.

Our income before income taxes in 2014 was significantly impacted by approximately \$112.4 million of expense relating to the reorganization and IPO as described above in "Reorganization and Initial Public Offering."

Compensation and Benefits Expenses

Our compensation and benefits expenses are determined by management based on revenues earned, the competitiveness of the prevailing labor market and anticipated compensation requirements for our employees, the level of recruitment of new Managing Directors, the amount of compensation expenses amortized for equity awards and other relevant factors.

Our compensation expenses consist of base salary and benefits, annual incentive compensation payable as cash bonus awards, including certain amounts subject to clawback and contingent upon a required period of service ("contingent cash awards") and amortization of equity-based compensation awards. Base salary and benefits are paid ratably throughout the year. Equity awards are amortized into compensation expenses on a graded basis (based upon the fair value of the award at the time of grant) during the service period over which the award vests, which is typically four to five years. The awards are recorded within equity as they are expensed. Contingent cash awards are amortized into compensation expenses over the required service period, which is typically two to three years. Cash bonuses, which are accrued each quarter, are discretionary and dependent upon a number of factors including the performance of the Company and are generally paid during the first two months of each calendar year with respect to prior year performance. The equity component of the annual incentive award is determined with reference to the Company's estimate of grant date fair value, which in turn determines the number of equity awards granted subject to a vesting schedule.

Our compensation expenses are primarily based upon revenues, prevailing labor market conditions and other factors that can fluctuate, including headcount, and as a result, our compensation expenses may fluctuate materially in any particular period. Accordingly, the amount of compensation expenses recognized in any particular period may not be consistent with prior periods or indicative of future periods.

Year Ended December 31, 2015 versus 2014

For the year ended December 31, 2015, compensation-related expenses of \$311.2 million represented 56% of revenues, compared with \$377.2 million of compensation-related expenses which represented 73% of revenues in the prior year. The decrease in expenses primarily relates to \$106.2 million of compensation expense associated with the reorganization and IPO that occurred during 2014 and a lower discretionary bonus accrual in 2015.

Our fixed compensation costs, which are primarily the sum of base salaries, payroll taxes and benefits and the amortization of previously issued equity and contingent cash awards, were \$190.1 million and \$245.2 million for the years ended December 31, 2015 and 2014, respectively. The decrease in fixed compensation costs relates to the acceleration of equity compensation expense associated with the IPO that occurred in April 2014. The aggregate amount of discretionary cash bonus expenses, which generally represents the excess amount of total compensation over base compensation and amortization of equity and contingent cash awards, was \$121.1 million and \$132.0 million for the years ended December 31, 2015 and 2014, respectively. The decrease in discretionary cash bonus expense is primarily related to increased fixed compensation costs (excluding amounts associated with the IPO accelerated vesting) due to higher headcount.

Year Ended December 31, 2014 versus 2013

For the year ended December 31, 2014, compensation-related expenses of \$377.2 million represented 73% of revenues, compared with \$264.9 million of compensation-related expenses which represented 64% of revenues in the prior year. The increase in compensation expenses primarily relates to the acceleration of equity compensation expense associated with the IPO that occurred during 2014 and a higher discretionary bonus accrual as compared with 2013. Compensation expenses in 2014 were

significantly impacted by approximately \$106.2 million of expense relating to the reorganization and IPO as described above in "Reorganization and Initial Public Offering."

Our fixed compensation costs, which are primarily the sum of base salaries, payroll taxes and benefits and the amortization of previously issued equity and contingent cash awards, were \$245.2 million and \$163.3 million for the years ended December 31, 2014 and 2013, respectively. The increase in fixed compensation costs relates to the acceleration of equity compensation expense associated with the IPO that occurred in April 2014. The aggregate amount of discretionary cash bonus expenses, which generally represents the excess amount of total compensation over base compensation and amortization of equity and contingent cash awards, was \$132.0 million and \$101.6 million for the years ended December 31, 2014 and 2013, respectively. The increase in discretionary cash bonus expense is primarily related to our increase in revenues for the period.

Non-Compensation Expenses

Our non-compensation expenses include the costs of occupancy, professional fees, communication, technology and information services, travel and related expenses, depreciation and other expenses. Reimbursed client expenses are netted against non-compensation expenses.

Historically, our non-compensation expenses, particularly occupancy, communication, technology and information services and travel costs associated with business development, have increased as we have increased headcount and the related non-compensation support costs which results from growing our business. This trend may continue as we expand into new sectors, geographies and products to serve our clients' evolving needs. In addition, we will experience increased non-compensation expenses in connection with having become a public company.

Year Ended December 31, 2015 versus 2014

Non-compensation expenses were \$103.1 million in the year ended December 31, 2015, representing 19% of revenues, up from \$93.8 million, or 18% in the prior year. The dollar increase in non-compensation expenses was primarily driven by increased occupancy, professional fees, communication, technology and information services expenses and other expenses, reflecting increased headcount and activity. Non-compensation expenses in 2014 were also impacted by approximately \$3.7 million of expense relating to the reorganization and IPO as described above in "Reorganization and Initial Public Offering."

Year Ended December 31, 2014 versus 2013

Non-compensation expenses were \$93.8 million in the year ended December 31, 2014, representing 18% of revenues, up from \$76.3 million, or 19% in the prior year. The increase in non-compensation expenses was primarily driven by increased travel expenses, professional fees and communication, technology and information services, reflecting a more active business and recruiting environment. Non-compensation expenses in 2014 were also impacted by approximately \$3.7 million of expense relating to the reorganization and IPO as described above in "Reorganization and Initial Public Offering."

Income (Loss) From Equity Method Investments

The Company accounts for its equity method investments under the equity method of accounting as the Company does not control these entities, but has the ability to exercise significant influence. The amounts recorded on the consolidated and combined financial statements of financial condition reflects the Company's share of contributions made to, distributions received from, and the equity earnings and losses of, the investments. The Company reflects its share of gains and losses of the investment in

income (loss) from equity method investments in the consolidated and combined statements of operations.

Investment in Joint Venture

On April 1, 2010, we entered into the Australian JV in Sydney, investing a combination of cash and certain net assets in exchange for a 50% interest in the Australian JV. The remaining 50% of the Australian JV is owned by an Australian trust established by and for the benefit of Australian executives. The Australian JV's primary business is offering advisory services, much like the Company. The Australian JV also has an equity capital markets and research, sales and trading business covering Australian public equity securities. The Australian JV expanded into Melbourne in 2014.

Year Ended December 31, 2015 versus 2014

Income (loss) from equity method investments related to our share of gains and losses of the Australian JV, was income of \$0.3 million and a loss of \$2.2 million for the years ended December 31, 2015 and 2014, respectively. During the year ended December 31, 2015, the Australian JV's revenues had a nominal increase when compared with the same period in 2014. The Australian JV generally derives revenues from a varying number of engagements each period which may result in revenues that vary significantly from period to period. Operating expenses decreased 14% during the year ended December 31, 2015 when compared with the same period in 2014.

Year Ended December 31, 2014 versus 2013

Income (loss) from equity method investments related to our share of gains and losses of the Australian JV, was a loss of \$2.2 million and income of \$3.7 million for the years ended December 31, 2014 and 2013, respectively. During the year ended December 31, 2014, the Australian JV's revenues decreased 25% when compared with the same period in 2013. The Australian JV generally derives revenues from a varying number of engagements each period which may result in revenues that vary significantly from period to period. Operating expenses increased 4% during the year ended December 31, 2014 when compared with the same period in 2013.

Other Equity Method Investment

In June 2014, the Company made an investment into a general partner entity which invests third-party funds and is controlled by a related party, Moelis Asset Management LP. The Company has determined that it should account for this investment as an equity method investment on its consolidated and combined financial statements. Income (loss) from equity method investments related to our investment in this entity was \$4.2 million and \$0 for the years ended December 31, 2015 and 2014, respectively.

Provision for Income Taxes

Prior to the Company's reorganization and IPO of Moelis & Company, the Company had been primarily subject to the New York City unincorporated business tax ("UBT") and certain other foreign, state and local taxes. The Company's operations were historically comprised of entities that are organized as limited liability companies and limited partnerships. For U.S. federal income tax purposes, taxes related to income earned by these entities represent obligations of the individual partners and members and have historically not been reflected in the consolidated and combined statements of financial condition. In connection with the Company's reorganization and IPO, the Company became subject to U.S. corporate federal, state and local income tax on its allocable share of results of operations from Group LP.

Years Ended December 31, 2015, 2014 and 2013

During the year ended December 31, 2015, the provision for income taxes was \$23.8 million on income before taxes of \$144.1 million, which reflected an effective tax rate of 17%. The income tax provision reflects the Company's consolidated tax which included certain foreign, state and local income tax that Group LP was subject to as well as the income tax for Moelis & Company at the prevailing corporate income tax rate with respect to its allocable share of earnings from Group LP.

During the year ended December 31, 2014, the provision for income taxes was \$13.7 million on income before taxes of \$46.3 million, which reflected an effective tax rate of 30%. The consolidated effective tax rate for the period primarily reflected the effect of certain nondeductible expenses related to the vesting of Class A partnership units in Group LP in connection with the Company's reorganization and IPO in April 2014, and only a portion of Group LP's earnings relating to the post-IPO period was subject to U.S. federal, state and local income tax at the prevailing corporate income tax rate.

During the year ended December 31, 2013, the provision for income taxes was \$2.8 million, which reflected an effective tax rate of 4%. The income tax provision primarily reflected certain foreign, state and local income tax that Group LP was subject to. None of the earnings for the period was subject to corporate income tax for U.S. federal, state and local tax purposes.

Liquidity and Capital Resources

Our current assets have historically comprised cash, short-term liquid investments and receivables related to fees earned from providing advisory services. Our current liabilities include accrued expenses, including accrued employee compensation. We pay a significant portion of incentive compensation during the first two months of each calendar year with respect to the prior year's results. We also distribute estimated partner tax payments in the first quarter of each year in respect of the prior year's operating results. Therefore, levels of cash generally decline during the first quarter of each year after incentive compensation has been paid to our employees and estimated tax payments have been distributed to partners. Cash then typically increases over the remainder of the year.

We evaluate our cash needs on a regular basis in light of current market conditions. 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. As of December 31, 2015 and December 31, 2014, the Company had cash equivalents of \$178.9 million and \$128.7 million, respectively, invested in U.S. Treasury Bills and government securities money market funds. Additionally, as of December 31, 2015 and December 31, 2014, the Company had cash of \$69.1 million and \$69.2 million, respectively, maintained in U.S. and non-U.S. bank accounts, of which most bank account balances exceeded the U.S. Federal Deposit Insurance Corporation ("FDIC") and U.K. Financial Services Compensation Scheme ("FSCS") coverage limits.

In addition to cash and cash equivalents, we hold U.S. treasury bills classified as investments on our consolidated and combined statements of financial condition as they have original maturities of three months or more from the date of purchase. As of December 31, 2015 and December 31, 2014, the Company held \$38.0 million and \$40.0 million of U.S. treasury bills classified as investments, 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, which typically occurs within 60 days of billing. As of December 31, 2015 and 2014 accounts receivable were \$28.9 million and \$23.0 million, respectively, net of allowances of \$1.1 million and \$1.6 million, respectively.

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To provide for additional working capital and other general corporate purposes, we maintain a \$40.0 million unsecured revolving credit facility that matures on June 30, 2017. Advances on the facility bear interest at the greater of a fixed rate of 3.50% per annum or at the Company's option of (i) LIBOR plus 1% or (ii) Prime minus 1.50%. As of December 31, 2015, the Company had no borrowings under the credit facility.

As of December 31, 2015, the Company's available credit under this facility was \$31.4 million as a result of the issuance of an aggregate amount of \$8.6 million of various standby letters of credit, which were required in connection with certain office leases and other agreements. The Company incurs a 1% per annum fee on the outstanding balances of issued letters of credit.

On February 8, 2016, the Board of Directors of Moelis & Company declared a special dividend of \$0.80 per share in addition to a regular quarterly dividend of \$0.30 per share. The \$1.10 per share was paid on March 4, 2016 to Class A common stockholders of record on February 19, 2016. During the year ended December 31, 2015, the Company paid aggregate dividends of \$1.00 per share.

Regulatory Capital

We actively monitor our regulatory capital base. Our principal subsidiaries are subject to regulatory requirements in their respective jurisdictions to ensure general financial soundness and liquidity. This requires, among other things, that we comply with certain minimum capital requirements, record-keeping, 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 13 of the consolidated and combined financial statements as of December 31, 2015 for further information. These regulations differ in the United States, United Kingdom, Hong Kong and other countries in which we operate a registered broker-dealer. The license under which we operate in each such country is meant to be appropriate to conduct an advisory business. We believe that we provide each of our subsidiaries with sufficient capital and liquidity, consistent with their business and regulatory requirements.

Tax Receivable Agreement

In connection with the IPO in April 2014, we entered into a tax receivable agreement with our eligible Managing Directors that provides for the payment to eligible Managing Directors of 85% of the amount of cash savings, if any, in U.S. federal, state and local income tax or franchise tax that we realize as a result of (a) the increases in tax basis attributable to exchanges by our eligible Managing Directors and (b) tax benefits related to imputed interest deemed to be paid by us as a result of this tax receivable agreement. The Company expects to benefit from the remaining 15% of income tax cash savings, if any, that we realize.

In connection with the IPO in April 2014, the Company made a one-time cash distribution to certain partners of Old Holdings which is treated as an acquisition for U.S. federal income tax purposes of Class A partnership units in Group LP from certain partners of Old Holdings. This transaction resulted in an estimated deferred tax asset of which approximately \$60.9 million is attributable to exchanges by certain of the partners of Old Holdings who are party to the tax receivable agreement. Pursuant to this agreement, 85% (or \$51.8 million) of the tax benefits associated with this portion of the deferred tax asset are payable to certain partners of Old Holdings over 15 years following this transaction and is recorded as amount due pursuant to tax receivable agreement in the consolidated and combined statements of financial condition. The remaining tax benefit is allocable to the Company and is recorded in additional paid-in-capital.

In connection with the secondary offering in November 2014, the Company acquired Class A partnership units in Group LP from certain partners of Group LP. This transaction resulted in an estimated deferred tax asset of which approximately \$80.1 million is attributable to exchanges by certain

partners of Group LP who are party to the tax receivable agreement. Pursuant to the tax receivable agreement, 85% (or \$68.1 million) of the tax benefits associated with this portion of the deferred tax asset are payable to certain partners of Group LP over 15 years following this transaction and is recorded as amount due pursuant to tax receivable agreement in the consolidated and combined statements of financial condition. The remaining tax benefit is allocable to the Company and is recorded in additional paid-in-capital.

In connection with the exchange of Class A partnership units in Group LP for Class A common stock in June 2015 and other small exchanges during the second half of 2015, the Company recorded an estimated deferred tax asset as a result of the increase in the tax basis of Group LP's assets attributable to the exchanges. Of this deferred tax asset, \$2.0 million is attributable to exchanges by certain partners of Group LP who are party to the tax receivable agreement. Pursuant to this agreement, 85% (or \$1.7 million) of the tax benefits associated with this portion of the deferred tax asset are payable to such exchanging partners over 15 years following this transaction and is recorded as amount due pursuant to tax receivable agreement in the consolidated and combined statements of financial condition. The remaining tax benefit is allocable to the Company and is recorded in additional paid-in-capital.

For purposes of the tax receivable agreement, income tax cash savings will be computed by comparing our actual income tax liability to the amount of such taxes that we would have been required to pay had there been no increase to the tax basis of the tangible and intangible assets of Group LP as a result of the exchanges and had we not entered into the tax receivable agreement. The term of the tax receivable agreement commenced upon consummation of the IPO and will continue until all such tax benefits have been utilized or expired, unless we exercise our right to terminate the tax receivable agreement for an amount based on an agreed value of payments remaining to be made under the agreement.

Payments made under the tax receivable agreement are required to be made within 225 days of the filing of our tax returns. Because we generally expect to receive the tax savings prior to making the cash payments to the eligible selling holders of Group LP partnership units, we do not expect the cash payments to have a material impact on our liquidity.

In addition, the tax receivable agreement provides that, upon a merger, asset sale, or other form of business combination or certain other changes of control or if, at any time, we elect an early termination of the tax receivable agreement, our (or our successor's) obligations with respect to exchanged or acquired units (whether exchanged or acquired before or after such change of control or early termination) will be based on certain assumptions, including that we 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, and, in the case of an early termination election, that any units that have not been exchanged are deemed exchanged for the market value of the Class A common stock at the time of termination. Consequently, it is possible, in these circumstances, that the actual cash tax savings realized by us may be significantly less than the corresponding tax receivable agreement payments.

Cash Flows

Our operating cash flows are primarily influenced by the amount and timing of receipt of advisory fees, which are generally collected within 60 days of billing, and the payment of operating expenses, including payments of incentive compensation to our employees. We distribute estimated partner taxes and pay a significant portion of incentive compensation during the first two months of each calendar year with respect to the prior year's results. A summary of our operating, investing and financing cash flows is as follows:

(\$ in thousands)	Year Ended December 31,		
	2015	2014	2013
Cash Provided By (Used In)			
Operating Activities:			
Net income (loss)	\$ 120,217	\$ 32,555	\$ 70,225
Non-cash charges	46,839	128,141	52,562
Other operating activities	(24,754)	48,215	(5,130)
Total operating activities	142,302	208,911	117,657
Investing Activities	(1,740)	18,539	71,668
Financing Activities	(89,740)	(329,155)	(73,503)
Effect of exchange rate changes	(744)	(3,375)	1,579
Net increase (decrease) in cash	50,078	(105,080)	117,401
Cash and cash equivalents, beginning of period	197,944	303,024	185,623
Cash and cash equivalents, end of period	<u>\$ 248,022</u>	<u>\$ 197,944</u>	<u>\$ 303,024</u>

Year Ended December 31, 2015

Cash and cash equivalents were \$248.0 million at December 31, 2015, an increase of \$50.1 million from \$197.9 million of cash and cash equivalents at December 31, 2014. Operating activities resulted in a net inflow of \$142.3 million primarily attributable to net income and the impact of non-cash equity-based compensation charges on net income. Investing activities resulted in a net outflow of \$1.7 million primarily attributable to the purchase of fixed assets, offset by net proceeds from sales of investments. Financing activities resulted in a net outflow of \$89.7 million primarily related to dividends and distributions to shareholders and partners.

Year Ended December 31, 2014

Cash and cash equivalents were \$197.9 million at December 31, 2014, a decrease of \$105.1 million from \$303.0 million of cash and cash equivalents at December 31, 2013. Operating activities resulted in a net inflow of \$208.9 million primarily attributable to net income and the impact of non-cash equity compensation charges on net income. Investing activities resulted in a net inflow of \$18.5 million primarily attributable to proceeds from sales of investments, partially offset by purchases of investments. Financing activities resulted in a net outflow of \$329.2 million primarily related to the pre-offering distributions to partners and post offering dividends and distributions to partners and shareholders, partially offset by net proceeds received related to the issuance of Class A common stock.

Year Ended December 31, 2013

Cash and cash equivalents were \$303.0 million at December 31, 2013, an increase of \$117.4 million from \$185.6 million of cash and cash equivalents at December 31, 2012. Operating activities resulted in a net inflow of \$117.7 million primarily related to net income and non-cash equity compensation charges, partially offset by a decrease in compensation payable. Investing activities resulted in a net

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inflow of \$71.7 million primarily attributable to net proceeds from sales of investments of U.S. Treasury Bills and bank time deposits. Financing activities resulted in a net outflow of \$73.5 million primarily related to tax and dividend distributions to partners.

Contractual Obligations

The following table sets forth information relating to our contractual obligations as of December 31, 2015:

(\$ in thousands)	Payment Due by Period				
	Total	Less than 1 Year	1 - 3 Years	3 - 5 Years	More than 5 Years
Operating Leases	\$ 81,904	\$ 15,868	\$ 31,554	\$ 24,231	\$ 10,251
Tax Receivable Agreement	120,334	5,064	10,812	12,092	92,366
Total	\$ 202,238	\$ 20,932	\$ 42,366	\$ 36,323	\$ 102,617

As of December 31, 2015, the Company has a total payable of \$120.3 million under the amount due pursuant to tax receivable agreement in the consolidated and combined financial statements which represents management's best estimate of the amounts currently expected to be owed under the tax receivable agreement. Payments made under the tax receivable agreement are required to be made within 225 days of the filing of our tax returns. Because we generally expect to receive the tax savings prior to making the cash payments to the eligible selling holders of Group LP partnership units, we do not expect the cash payments to have a material impact on our liquidity. As of December 31, 2015, payments of approximately \$1.6 million under the tax receivable agreement were made in the fourth quarter of 2015.

In connection with the Company's Australian JV, the Company granted a put option enabling the key senior Australian executive to sell his shares held in the Australian JV back to the Company at fair value upon certain defined exit events. If the put option is exercised, the Company will be required to pay 50% of the purchase price upon exercise and the remaining balance within 18 months (in cash or listed stock). In addition, the Company holds a call option, exercisable upon the occurrence of certain defined events, to purchase the shares from the Australian Trust at fair value with the same payment terms as called for under the put option, described above.

Off-Balance Sheet Arrangements

We do not invest in any off-balance sheet vehicles that provide liquidity, capital resources, market or credit risk support, or engage in any activities that expose us to any liability that is not reflected in our combined financial statements except for those described under "Contractual Obligations" above.

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 Short-Term Investments

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. We invest most of our cash in U.S. Treasury Bills and government securities money market funds. Cash is maintained in U.S. and non-U.S. bank accounts. Most U.S. and U.K. account balances exceed the FDIC and FSCS and coverage limits. In addition to cash and cash equivalents, we

hold U.S. Treasury Bills classified as investments on our statement of financial condition as they have original maturities of three months or more (but less than twelve months) from the date of purchase. We believe our cash and short-term investments 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 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. See "—Critical Accounting Policies—Accounts Receivable and Allowance for Doubtful Accounts."

Exchange Rate Risk

The Company is 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 the Company's non-U.S. dollar denominated assets and liabilities. Non-functional currency-related transaction gains and losses are recorded in the consolidated and combined statements of operations. In addition, the reported amounts of our revenues may be affected by movements in the rate of exchange between the pound sterling and the euro and the U.S. dollar, in which our financial statements are denominated. For the years ended December 31, 2015, 2014 and 2013, the net impact of the fluctuation of foreign currencies in other comprehensive income (loss) in the combined statements of comprehensive income was a gain of \$0.1 million, a loss of \$2.6 million and a gain of \$0.8 million, respectively. We have not entered into any transactions to hedge our exposure to these foreign currency fluctuations through the use of derivative instruments or other methods.

Critical Accounting Policies

We believe that the critical accounting policies included below represent those that are most important to the presentation of our financial condition and results of operations and require management's most difficult, subjective and complex judgment.

The preparation of consolidated and combined financial statements and related disclosures in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the period for which they are determined to be necessary.

Prior to our IPO in April of 2014, certain expenses have been allocated from Old Holdings based on the most relevant measure, including relative usage or proportion of the Company's headcount to that of Old Holdings. Occupancy expenses have been allocated to the Company based on the proportion of the Company's headcount to that of Old Holdings, and communication, technology and information services expenses have been allocated to the Company based on a combination of relative usage and the proportion of the Company's headcount to that of Old Holdings. All other expenses were specifically identifiable to the Company. Management believes the assumptions and allocations underlying the consolidated and combined financial statements are reasonable, and the allocated amounts are representative of the amounts that would have been recorded in the consolidated and combined financial statements had the Company operated independent of Old Holdings for the historical periods presented.

In connection with the Company's IPO, the Company entered into a services agreement with a related party, Moelis Asset Management LP, whereby the Company provides certain administrative services and office space to Moelis Asset Management LP for a fee. See Note 12 for further information.

All intercompany balances and transactions within the Company have been eliminated.

Revenue and Expense Recognition

The Company recognizes revenues from providing advisory services when earned and collection is reasonably assured. Upfront fees and retainers are recognized over the estimated period during which the related services are to be performed. Transaction-related fees are recognized when all services for a transaction have been provided, specified conditions have been met and the transaction closes. Deferred revenues are recorded for fees received that have not yet been earned. Expenses are recorded on the consolidated and combined financial statements, net of client reimbursements.

Accounts Receivable and Allowance for Doubtful Accounts

The accompanying consolidated and combined statements of financial condition present accounts receivable balances net of allowance for doubtful accounts based on the Company's assessment of the collectability of customer accounts.

The Company maintains an allowance for doubtful accounts that, in management's opinion, provides for an adequate reserve to cover losses that may be incurred. The Company regularly reviews the allowance by considering factors such as historical experience, credit quality, age of the accounts receivable, and the current economic conditions that may affect a customer's ability to pay such amounts owed to the Company.

After concluding that a reserved accounts receivable is no longer collectible, the Company will charge-off the receivable. This is determined based on several factors including the age of the accounts receivable and the credit worthiness of the customer. This has the effect of reducing both the gross receivable and the allowance for doubtful accounts.

Equity-based Compensation

The Company recognizes the cost of employee services received in exchange for an equity instrument award. The cost is based on its grant-date fair value amortized over the service period required by the award's vesting terms. Prior to the Company's IPO, the measurement of the grant-date fair value required Old Holdings to make estimates about its future operating results and the appropriate risk-adjusted discount rates. The methods used to estimate the fair value of equity-based compensation generally included the market approach and the income approach, each of which involve a significant degree of judgment. Under the market approach, fair value is determined with reference to observable valuation measures for comparable companies (e.g., multiplying a key performance metric of the comparable company by a relevant valuation multiple-adjusted for differences between Old Holdings and the referenced comparable). Under the income approach, fair value is determined by converting future amounts (e.g., cash flows or earnings) to a single present amount (discounted) using current expectations about those future amounts. Subsequent to the Company's IPO, the grant-date fair value of equity awards is based on quoted market prices at the time of grant. The Company recognizes such amounts in compensation and benefits expenses in the accompanying consolidated and combined statements of operations and as an increase to equity in the accompanying consolidated and combined statements of financial condition and changes in equity. The Company records as treasury stock shares repurchased from its employees for the purpose of settling tax liabilities incurred upon the vesting of restricted stock units. The Company records dividends in kind, net of forfeitures, on outstanding restricted stock units as a dividend payment and a charge to equity. Dividends in kind on RSUs are

subject to the same vesting conditions as the underlying RSUs on which they were accrued. Dividends in kind will be forfeited if the award does not vest.

For the purposes of calculating diluted net income (loss) per share to holders of Class A common stock, unvested service-based awards are included in the diluted weighted average shares of Class A common stock outstanding using the treasury stock method.

The Company has a retirement plan whereby a retiring employee generally will not forfeit certain qualifying incentive RSUs granted during employment if at retirement the employee (i) is at least 54 years old and (ii) has provided at least 8 consecutive years of service to the Company. Any such RSUs will continue to vest on their applicable vesting schedule, subject to noncompetition and other terms. Over time a greater number of employees may become retirement eligible and the related requisite service period over which we will expense these awards will be shorter than the stated vesting period. Any unvested RSUs prior to meeting the stated requisite service period or retirement eligibility date are eligible to receive dividends in kind; however, the right to dividends in kind will be forfeited if the underlying award does not vest.

Equity Method Investments

The Company accounts for its equity method investments under the equity method of accounting as the Company does not control these entities, but has the ability to exercise significant influence. The amounts recorded on the consolidated and combined financial statements of financial condition reflects the Company's share of contributions made to, distributions received from, and the equity earnings and losses of, the investments. The Company reflects its share of gains and losses of the investment in income (loss) from equity method investments in the consolidated and combined statements of operations.

Income Taxes

Prior to the Company's reorganization and IPO in April 2014, the Company had been primarily subject to the New York City UBT and certain other foreign, state and local taxes as applicable. The Company's operations were historically comprised of entities that are organized as limited liability companies and limited partnerships. For U.S. federal income tax purposes, taxes related to income earned by these entities represent obligations of the individual partners and members and have historically not been reflected in the consolidated and combined statements of financial condition. In connection with the Company's reorganization and IPO, the Company became subject to U.S. corporate federal and state income tax on its allocable share of results of operations from Group LP.

The Company accounts for income taxes in accordance with ASC 740, " *Accounting for Income Taxes* " ("ASC 740"), which requires the recognition of tax benefits or expenses on temporary differences between the financial reporting and tax bases of its assets and liabilities by applying the enacted tax rates in effect for the year in which the differences are expected to reverse. Such net tax effects on temporary differences are reflected on the Company's consolidated and combined statements of financial condition as deferred tax assets and liabilities. Deferred tax assets are reduced by a valuation allowance when the Company believes that it is more-likely-than-not that some portion or all of the deferred tax assets will not be realized.

ASC 740-10 prescribes a two-step approach for the recognition and measurement of tax benefits associated with the positions taken or expected to be taken in a tax return that affect amounts reported in the financial statements. The Company has reviewed and will continue to review the conclusions reached regarding uncertain tax positions, which may be subject to review and adjustment at a later date based on ongoing analyses of tax laws, regulations and interpretations thereof. For the years ended December 31, 2015, 2014 and 2013, no unrecognized tax benefit was recorded. To the extent that the Company's assessment of the conclusions reached regarding uncertain tax positions changes as a result

of the evaluation of new information, such change in estimate will be recorded in the period in which such determination is made. The Company reports income tax-related interest and penalties relating to uncertain tax positions, if applicable, as a component of income tax expense. For the years ended December 31, 2015, 2014 and 2013, no such amounts were recorded.

Recent Accounting Developments

For a discussion of recently issued accounting developments and their impact or potential impact on our combined financial statements, see Note 3—Recent Accounting Pronouncements, of the consolidated and combined financial statements included in this Form 10-K.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Quantitative and Qualitative disclosures about market risk are set forth above in "Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operation—Market Risk and Credit Risk."

Item 8. Financial Statements and Supplementary Data

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MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of Moelis & Company and its subsidiaries (the "Company") is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed under the supervision of the Company's principal executive and principal financial officers to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements for external purposes in accordance with U.S. generally accepted accounting principles.

Our internal control over financial reporting includes those policies and procedures that:

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

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2015. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control—Integrated Framework (2013)*. Based on management's assessment and those criteria, management believes that the Company maintained effective internal control over financial reporting as of December 31, 2015.

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

Because we are an "emerging growth company" under the Jumpstart Our Business Startups Act of 2012, this Annual Report on Form 10-K does not include an attestation report of our independent registered public accounting firm.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Moelis & Company
New York, New York

We have audited the accompanying consolidated and combined statements of financial condition of Moelis & Company and subsidiaries (the "Company") as of December 31, 2015 and 2014, and the related consolidated and combined statements of operations, comprehensive income, cash flows and changes in equity for each of the three years in the period ended December 31, 2015. Our audits also included the financial statement schedule listed in the Index at Item 15. These consolidated and combined financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated and 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 that are 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 that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated and combined financial statements present fairly, in all material respects, the financial position of Moelis & Company and subsidiaries as of December 31, 2015 and 2014, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2015, 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 consolidated and combined financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/s/ DELOITTE & TOUCHE LLP

New York, New York
March 14, 2016

Moelis & Company
Consolidated and Combined Statements of Financial Condition

(dollars in thousands, except per share amounts)

	December 31, 2015	December 31, 2014
Assets		
Cash and cash equivalents	\$ 248,022	\$ 197,944
Restricted cash	819	833
Receivables:		
Accounts receivable, net of allowance for doubtful accounts of \$1,149 and \$1,552 as of December 31, 2015 and December 31, 2014, respectively	28,937	22,987
Other receivables	10,333	4,907
Total receivables	39,270	27,894
Deferred compensation	9,040	5,652
Investments at fair value (cost basis \$38,628 and \$39,999 as of December 31, 2015 and December 31, 2014, respectively)	38,624	39,997
Equity method investments	17,459	17,416
Equipment and leasehold improvements, net	8,698	7,338
Deferred tax asset	165,505	160,137
Prepaid expenses and other assets	12,024	7,038
Total assets	<u>\$ 539,461</u>	<u>\$ 464,249</u>
Liabilities and Equity		
Compensation payable	\$ 124,233	\$ 135,920
Accounts payable and accrued expenses	21,203	19,888
Amount due pursuant to tax receivable agreement	120,334	119,738
Deferred revenue	7,003	5,152
Other liabilities	9,270	9,166
Total liabilities	<u>282,043</u>	<u>289,864</u>
Commitments and Contingencies (See Note 14)		
Class A common stock, par value \$0.01 per share (1,000,000,000 shares authorized, 20,536,740 issued and 20,273,118 outstanding at December 31, 2015; 1,000,000,000 authorized, 19,770,893 issued and outstanding at December 31, 2014)	205	198
Class B common stock, par value \$0.01 per share (1,000,000,000 shares authorized, 31,229,236 issued and outstanding at December 31, 2015; 1,000,000,000 authorized, 31,621,542 issued and outstanding at December 31, 2014)	312	316
Treasury stock, at cost; 263,622 and 0 shares as of December 31, 2015 and December 31, 2014, respectively	(7,616)	—
Additional paid-in-capital	190,703	136,896
Retained earnings (accumulated deficit)	(15,338)	(24,118)
Accumulated other comprehensive income (loss)	108	85
Total Moelis & Company equity	<u>168,374</u>	<u>113,377</u>
Noncontrolling interests	89,044	61,008
Total equity	<u>257,418</u>	<u>174,385</u>
Total liabilities and equity	<u>\$ 539,461</u>	<u>\$ 464,249</u>

See notes to the consolidated and combined financial statements.

Moelis & Company
Consolidated and Combined Statements of Operations

(dollars in thousands, except per share amounts)

	Year Ended December 31,		
	2015	2014	2013
Revenues	\$ 551,863	\$ 518,750	\$ 411,386
Expenses			
Compensation and benefits	311,224	377,219	264,944
Occupancy	15,063	13,638	13,902
Professional fees	20,911	19,177	13,281
Communication, technology and information services	18,263	15,841	13,819
Travel and related expenses	24,329	25,338	18,153
Depreciation and amortization	2,635	2,268	2,296
Other expenses	21,935	17,525	14,882
Total expenses	<u>414,360</u>	<u>471,006</u>	<u>341,277</u>
Operating income (loss)	137,503	47,744	70,109
Other income and (expenses)	2,085	736	(771)
Income (loss) from equity method investments	4,476	(2,185)	3,681
Income (loss) before income taxes	144,064	46,295	73,019
Provision for income taxes	23,847	13,740	2,794
Net income (loss)	120,217	32,555	<u>\$ 70,225</u>
Net income (loss) attributable to noncontrolling interests	87,113	35,567	
Net income (loss) attributable to Moelis & Company	<u>\$ 33,104</u>	<u>\$ (3,012)</u>	
Weighted-average shares of Class A common stock outstanding			
Basic	20,021,652	15,911,819	
Diluted	<u>21,362,571</u>	<u>15,911,819</u>	
Net income (loss) per share attributable to holders of shares of Class A common stock			
Basic	<u>\$ 1.65</u>	<u>\$ (0.19)</u>	
Diluted	<u>\$ 1.55</u>	<u>\$ (0.19)</u>	

See notes to the consolidated and combined financial statements.

Moelis & Company
Consolidated and Combined Statements of Comprehensive Income
(dollars in thousands)

	<u>Year Ended December 31,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Net income	\$ 120,217	\$ 32,555	\$ 70,225
Foreign currency translation adjustment, net of tax	99	(2,637)	763
Other comprehensive income (loss)	99	(2,637)	763
Comprehensive income (loss)	120,316	29,918	70,988
Less: Comprehensive income attributable to noncontrolling interests	87,189	33,771	
Comprehensive income (loss) attributable to Moelis & Company	<u>\$ 33,127</u>	<u>\$ (3,853)</u>	

See notes to the consolidated and combined financial statements.

Moelis & Company
Consolidated and Combined Statements of Cash Flows

(dollars in thousands)

	Year Ended December 31,		
	2015	2014	2013
Cash flows from operating activities			
Net income (loss)	\$ 120,217	\$ 32,555	\$ 70,225
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Bad debt expense	1,213	1,450	1,564
Depreciation and amortization	2,635	2,268	2,296
(Income) loss from equity method investments	(4,476)	2,185	(3,681)
Equity-based compensation	46,131	119,756	49,359
Deferred tax provision	796	(753)	261
Other	540	3,235	2,763
Changes in assets and liabilities:			
Accounts receivable	(7,993)	4,604	5,805
Other receivables	(5,448)	371	1,175
Prepaid expenses and other assets	(5,166)	1,990	(7,403)
Deferred compensation	(3,420)	(2,456)	2,811
Compensation payable	(10,618)	33,601	(16,728)
Accounts payable and accrued expenses	1,751	11,103	238
Deferred revenue	1,855	(1,682)	4,179
Dividends received	4,415	—	2,375
Other liabilities	(130)	684	2,418
Net cash provided by (used in) operating activities	<u>142,302</u>	<u>208,911</u>	<u>117,657</u>
Cash flows from investing activities			
Purchase of investments	(157,981)	(130,994)	(145,230)
Proceeds from sales of investments	160,001	157,235	218,142
Return of capital from equity method investments	254	—	—
Investment in equity method investments	—	(4,445)	—
Note payments received from employees	—	831	383
Notes issued to employees	—	(119)	—
Purchase of equipment and leasehold improvements	(3,996)	(3,888)	(1,623)
Change in restricted cash	(18)	(81)	(4)
Net cash provided by (used in) investing activities	<u>(1,740)</u>	<u>18,539</u>	<u>71,668</u>
Cash flows from financing activities			
Dividends and distributions	(80,909)	(123,223)	(40,130)
Purchase of treasury stock	(7,616)	—	—
Payments under tax receivable agreement	(1,587)	—	—
Excess tax benefits from equity-based compensation	462	—	—
Class A partnership units and other equity purchased	(90)	—	—
Pre-offering distribution to partners	—	(195,017)	—
IPO related proceeds (net of \$10,316 of offering costs)	—	163,682	—
Dividend distributions to Parent for partners	—	—	(35,389)
Distributions of IPO proceeds to partners	—	(139,429)	—
Other cash contributions from (distributions to) Parent	—	(34,730)	2,016
Cash proceeds from issuance of Class B common stock	—	500	—
Other	—	(938)	—
Net cash provided by (used in) financing activities	<u>(89,740)</u>	<u>(329,155)</u>	<u>(73,503)</u>
Effect of exchange rate fluctuations on cash and cash equivalents	(744)	(3,375)	1,579
Net increase (decrease) in cash and cash equivalents	50,078	(105,080)	117,401
Cash and cash equivalents, beginning of period	197,944	303,024	185,623
Cash and cash equivalents, end of period	<u>\$ 248,022</u>	<u>\$ 197,944</u>	<u>\$ 303,024</u>
Supplemental cash flow disclosure:			
Cash paid during the period for:			
Income taxes	\$ 26,000	\$ 5,649	\$ 1,422
Other non-cash activity			
Class A Partnership Units or other equity converted into Class A Common Stock	\$ 4,726	\$ —	\$ —
Dividend equivalents issued	\$ 4,130	\$ —	\$ —
Forfeiture of fully-vested Group LP units	\$ 1,075	\$ —	\$ —
Non-cash settlement of accounts receivable	\$ 635	\$ —	\$ 2,828
Initial establishment of deferred tax assets, net of amounts payable under tax receivable agreement	\$ —	\$ 10,854	\$ —
Increase in deferred tax assets resulting from Secondary Offering, net of amounts payable under tax receivable agreement	\$ —	\$ 20,711	\$ —
Capitalized offering costs paid in prior or subsequent period	\$ —	\$ 1,575	\$ —
Tax benefit related to settlement of appreciation units	\$ —	\$ 4,308	\$ —
Establishment of deferred tax asset related to reorganization	\$ —	\$ 3,261	\$ —
Increase in deferred tax asset related to IPO	\$ —	\$ 1,302	\$ —
Other non-cash distributions	\$ —	\$ 1,560	\$ —
Non-cash contribution from Parent	\$ —	\$ —	\$ 757

See notes to the consolidated and combined financial statements.

tax receivable agreement	—	—	—	—	—	—	10,854	—	—	—	—	10,854
Increase in deferred tax asset related to IPO	—	—	—	—	—	—	1,302	—	—	—	—	1,302
Tax benefit related to settlement of appreciation units	—	—	—	—	—	—	4,308	—	—	—	—	4,308
Issuance of Class A common stock and acquisitions of Class A partnership units in connection with secondary offering	4,511,058	(4,507,453)	—	45	(45)	—	33,723	—	—	—	(13,012)	20,711
Other comprehensive income (loss)	—	—	—	—	—	—	—	—	—	(842)	(1,796)	(2,638)
Other	(180)	(29,703)	—	—	(1)	—	112	—	—	—	(2,241)	(2,130)
Balance as of December 31, 2014	<u>19,770,893</u>	<u>31,621,542</u>	<u>—</u>	<u>\$ 198</u>	<u>\$ 316</u>	<u>—</u>	<u>\$ 136,896</u>	<u>\$ (24,118)</u>	<u>—</u>	<u>\$ 85</u>	<u>\$ 61,008</u>	<u>\$ 174,385</u>
Balance as of January 1, 2015	19,770,893	31,621,542	—	\$ 198	\$ 316	—	\$ 136,896	\$ (24,118)	—	\$ 85	\$ 61,008	\$ 174,385
Net income (loss)	—	—	—	—	—	—	—	33,104	—	—	87,113	120,217
Equity-based compensation	134,228	(5,412)	—	1	—	—	42,400	—	—	—	3,730	46,131
Other comprehensive income (loss)	—	—	—	—	—	—	—	—	—	23	76	99
Dividends (\$1.00 per share of Class A Common Stock) and distributions	—	—	—	—	—	—	4,130	(24,324)	—	—	(60,715)	(80,909)
Treasury stock purchases	—	—	(263,622)	—	—	(7,616)	—	—	—	—	—	(7,616)
Class A Partnership Units and other equity purchased or converted into Class A Common Stock	631,619	(343,857)	—	6	(4)	—	5,727	—	—	—	(1,093)	4,636
Net excess tax benefit from equity-based compensation	—	—	—	—	—	—	428	—	—	—	—	428
Other	—	(43,037)	—	—	—	—	1,122	—	—	—	(1,075)	47
Balance as of December 31, 2015	<u>20,536,740</u>	<u>31,229,236</u>	<u>(263,622)</u>	<u>\$ 205</u>	<u>\$ 312</u>	<u>(7,616)</u>	<u>\$ 190,703</u>	<u>\$ (15,338)</u>	<u>—</u>	<u>\$ 108</u>	<u>\$ 89,044</u>	<u>\$ 257,418</u>

See notes to the consolidated and combined financial statements.

Moelis & Company

Notes to the Consolidated and Combined Financial Statements

(dollars in thousands)

1. ORGANIZATION AND BASIS OF PRESENTATION

The accompanying consolidated and combined financial statements include the accounts and operations of Moelis & Company since its initial public offering ("IPO") in April of 2014, along with the historical carved out accounts and operations of the advisory business of Moelis & Company Holdings LP (the "Parent" or "Old Holdings") prior to Moelis & Company's IPO (Moelis & Company and the advisory business of the Parent are referred to as the "Company," "we," "our," or "us").

Prior to the Company's IPO, the Parent operated as a Delaware limited partnership that commenced operations during 2007. The general partner of the Parent was Moelis & Company Holdings GP LLC. The sole member of Moelis & Company Holdings GP LLC was Moelis & Company Manager LLC ("Manager"), which was wholly-owned by certain co-founding partners. In April of 2014, Old Holdings reorganized its business in connection with the IPO of 7,475,000 shares of Moelis & Company Class A common stock. Following the reorganization, the advisory business is now held under Moelis & Company Group LP ("Group LP"), a U.S. Delaware limited partnership, and Group LP is controlled by Moelis & Company. The net assets associated with the advisory operations were distributed to Group LP at their carrying amounts. The details of the reorganization and IPO are described further in Note 4.

The Company's activities as an investment banking advisory firm constitute a single business segment offering clients, including corporations, governments and financial sponsors, a range of advisory services with expertise across all major industries in mergers and acquisitions, recapitalizations and restructurings and other corporate finance matters.

Basis of Presentation —The consolidated and combined financial statements of Moelis & Company include its partnership interests in Group LP, its equity interest in the sole general partner of Group LP, Moelis & Company Group GP LLC ("Group GP"), and its interests in its subsidiaries. Moelis & Company will operate and control all of the business and affairs of Group LP and its operating entity subsidiaries indirectly through its equity interest in Group GP. The Company operates through the following subsidiaries:

- Moelis & Company LLC ("Moelis U.S."), a Delaware limited liability company, a registered broker-dealer with the U.S. Securities and Exchange Commission ("SEC") and a member of the Financial Industry Regulatory Authority, Inc. ("FINRA").
- Moelis & Company International Holdings LLC ("Moelis International"), a Delaware limited liability company, owns the following entities:
 - Moelis & Company UK LLP ("Moelis UK"), a limited liability partnership registered under the laws of England and Wales. In addition to the United Kingdom, Moelis UK maintains operations through the following branches:
 - Moelis & Company UK LLP, French Branch (French branch) (previously operated as a subsidiary named Moelis & Company France SAS through June 4, 2015)
 - Moelis & Company Europe Limited, Frankfurt am Main (German branch)
 - Moelis & Company UK LLP, DIFC Branch (Dubai branch)
 - 50% of Moelis Australia Holdings PTY Limited ("Moelis Australia Holdings", or the "Australian JV"), a joint venture with Magic Trust Trustee PTY Limited (the "Trust").

Moelis & Company

Notes to the Consolidated and Combined Financial Statements (Continued)

(dollars in thousands)

1. ORGANIZATION AND BASIS OF PRESENTATION (Continued)

- Moelis & Company Asia Limited ("Moelis Asia"), a limited company incorporated in Hong Kong licensed under the Hong Kong Securities and Futures Ordinance to provide financial advisory services. In addition to Hong Kong, Moelis Asia maintains operations in Beijing China through Hong Kong Moelis & Company Asia Limited Beijing Representative Office, as well as having a wholly-owned Chinese subsidiary, Moelis & Company Consulting (Beijing) Company Limited.
- Moelis & Company India Private Limited, a private limited company incorporated in Mumbai, India.
- Moelis & Company Assessoria Financeira Ltda. ("Moelis Brazil"), a limited liability company incorporated in São Paulo, Brazil.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting—The Company prepared the accompanying consolidated and combined financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The consolidated and combined financial statements include the combined operations, assets and liabilities of the Company.

Consolidation—The Company's policy is to consolidate (i) entities in which it has a controlling financial interest, (ii) variable interest entities where the Company has a variable interest and is deemed to be the primary beneficiary and (iii) limited partnerships where the Company is the general partner, unless the presumption of control is overcome. When the Company does not have a controlling interest in an entity, but exerts significant influence over the entity's operating and financial decisions, the Company applies the equity method of accounting in which it records in earnings its share of income or losses of the entity. All intercompany balances and transactions with the Company's subsidiaries have been eliminated in consolidation.

Use of Estimates—The preparation of consolidated and combined financial statements and related disclosures in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the period in which they are determined to be necessary.

In preparing the consolidated and combined financial statements, management makes estimates and assumptions regarding:

- the adequacy of the allowance for doubtful accounts;
- the realization of deferred taxes;
- the measurement of equity-based compensation; and
- other matters that affect the reported amounts and disclosures of contingencies in the financial statements.

Moelis & Company

Notes to the Consolidated and Combined Financial Statements (Continued)

(dollars in thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents—Cash and cash equivalents include all short-term highly liquid investments that are readily convertible to known amounts of cash and have original maturities of three months or less from the date of purchase.

As of December 31, 2015, the Company had cash equivalents of \$178,872 (December 31, 2014: \$128,739) invested primarily in government securities money market funds and U.S. Treasury Bills. Additionally, as of December 31, 2015, the Company had cash of \$69,150 (December 31, 2014: \$69,205) maintained in U.S. and non-U.S. bank accounts, of which most bank account balances had little or no insurance coverage (most balances are held in U.S. and U.K. accounts which exceeded the U.S. Federal Deposit Insurance Corporation and U.K. Financial Services Compensation Scheme coverage limits).

Restricted Cash—As of December 31, 2015, the Company held cash of \$819 (December 31, 2014: \$833) in restricted collateral deposits primarily held by certain non-U.S. subsidiaries.

Receivables—The accompanying consolidated and combined statements of financial condition present accounts receivable balances net of allowance for doubtful accounts based on the Company's assessment of the collectability of customer accounts.

The Company maintains an allowance for doubtful accounts that, in management's opinion, provides for an adequate reserve to cover losses that may be incurred. The Company regularly reviews the allowance by considering factors such as historical experience, credit quality, age of the accounts receivable, and the current economic conditions that may affect a customer's ability to pay such amounts owed to the Company.

After concluding that a reserved accounts receivable is no longer collectible, the Company will charge-off the receivable. This is determined based on several factors including the age of the accounts receivable and the credit worthiness of the customer. This has the effect of reducing both the gross receivable and the allowance for doubtful accounts.

Deferred Compensation—Deferred compensation costs represent arrangements with certain employees whereby cash payments are subject to a required period of service subsequent to payment by the Company. These amounts are charged to expenses over the period that the employee is required to provide services in order to vest in the payment.

Financial Instruments at Fair Value—Fair value is generally based on quoted prices, however if quoted market prices are not available, fair value is determined based on other relevant factors, including dealer price quotations, price activity for equivalent instruments and valuation pricing models. The Company established a fair value hierarchy 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 instrument, the characteristics specific to the instrument and the state of the marketplace (including the existence and transparency of transactions between market participants). Financial instruments with readily-available actively quoted prices or for which fair value can be measured from actively-quoted prices in an orderly market will generally have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

Moelis & Company

Notes to the Consolidated and Combined Financial Statements (Continued)

(dollars in thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments measured and reported at fair value are classified and disclosed in one of the following categories (from highest to lowest) based on inputs:

Level 1 —Quoted prices (unadjusted) are available in active markets for identical instruments that the Company has the ability to access as of the reporting date. The Company, to the extent that it holds such instruments, does not adjust the quoted price for these instruments, even in situations in which the Company holds a large position and a sale could reasonably affect the quoted price.

Level 2 —Pricing inputs are observable for the instruments, either directly or indirectly, as of the reporting date, but are not the same as those used in Level 1. Fair value is determined through the use of models or other valuation methodologies.

Level 3 —Pricing inputs are unobservable for the instruments and include situations where there is little, if any, market activity for the investments. The inputs into the determination of fair value require significant judgment or estimation by the Company's management.

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 investment is based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the instrument.

For level 3 investments in which pricing inputs are unobservable and limited market activity exists, management's determination of fair value is based on the best information available, may incorporate management's own assumptions and involves a significant degree of judgment.

Equity Method Investments —The Company accounts for its equity method investments under the equity method of accounting as the Company does not control these entities but has the ability to exercise significant influence. The amounts recorded on the consolidated and combined financial statements of financial condition reflects the Company's share of contributions made to, distributions received from, and the equity earnings and losses of, the investments. The Company reflects its share of gains and losses of the investment in income (loss) from equity method investments in the consolidated and combined statements of operations.

Equipment and Leasehold Improvements —Office equipment and furniture and fixtures are stated at cost less accumulated depreciation, which is determined using the straight-line method over the estimated useful lives of the assets, ranging from three to seven years, respectively. Leasehold improvements are stated at cost less accumulated amortization, which is determined using the straight-line method over the lesser of the term of the lease or the estimated useful life of the asset.

Major renewals and improvements are capitalized and minor replacements, maintenance and repairs are charged to expenses as incurred. Upon retirement or disposal of assets, the cost and related accumulated depreciation or amortization are removed from the consolidated and combined statements of financial condition and any gain or loss is reflected in the consolidated and combined statements of operations.

Deferred Tax Asset and Amount Due Pursuant to Tax Receivable Agreement —In conjunction with the IPO, the Company is treated for U.S. federal income tax purposes as having directly purchased Class A

Moelis & Company

Notes to the Consolidated and Combined Financial Statements (Continued)

(dollars in thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

partnership units in Group LP from the existing unitholders. In the future, additional Group LP Class A partnership units may be exchanged for shares of Class A common stock in the Company. The initial purchase and these future exchanges are expected to result in an increase in the tax basis of Group LP's assets attributable to the Company's interest in Group LP. These increases in the tax basis of Group LP's assets attributable to the Company's interest in Group LP would not have been available but for this initial purchase and future exchanges. Such increases in tax basis are likely to increase (for tax purposes) depreciation and amortization deductions and therefore reduce the amount of income tax the Company would otherwise be required to pay in the future. As a result, the Company records a deferred tax asset for such increase in tax basis.

The Company has entered into a tax receivable agreement with its eligible Managing Directors that will provide for the payment by the Company to its eligible Managing Directors of 85% of the amount of cash savings, if any, in U.S. federal, state and local income tax or franchise tax that the Company actually realizes as a result of (a) the increases in tax basis attributable to exchanges by its eligible Managing Directors and (b) tax benefits related to imputed interest deemed to be paid by the Company as a result of this tax receivable agreement. The Company expects to benefit from the remaining 15% of cash savings, if any, in income tax that it realizes and record any such estimated tax benefits as an increase to additional paid-in-capital. For purposes of the tax receivable agreement, cash savings in income tax will be computed by comparing the Company's actual income tax liability to the amount of such taxes that it would have been required to pay had there been no increase to the tax basis of the tangible and intangible assets of Group LP as a result of the exchanges and had it not entered into the tax receivable agreement. The term of the tax receivable agreement commenced upon consummation of the IPO and will continue until all such tax benefits have been utilized or expired, unless the Company exercises its right to terminate the tax receivable agreement for an amount based on an agreed value of payments remaining to be made under the agreement. The Company has recorded the estimated tax benefits related to the increase in tax basis and imputed interest as a result of the initial purchase described above as a deferred tax asset in the consolidated and combined statements of financial condition. The amount due to its eligible Managing Directors related to the tax receivable agreement as a result of the initial purchase described above is recorded as amount due pursuant to tax receivable agreement in the consolidated and combined statements of financial condition. The amounts recorded for the deferred tax asset and the liability for our obligations under the tax receivable agreement are estimates. Any adjustments to our estimates subsequent to their initial establishment will be included in net income (loss). Future exchanges of Class A partnership units in Group LP for Class A common shares in the Company will be accounted for in a similar manner.

Revenue and Expense Recognition—The Company recognizes revenues from providing advisory services when earned and collection is reasonably assured. Upfront fees are recognized over the estimated period that the related services are performed. Transaction-related fees are recognized when all services for a transaction have been provided, specified conditions have been met and the transaction closes. Underwriting revenues are recognized when the offering is deemed complete and is presented net of related expenses. Deferred revenues are recorded for fees received that have not yet been earned. Expenses are reflected on the consolidated and combined statements of operations, net of client reimbursements. Reimbursable expenses billed to clients totaled \$13,678, \$9,990 and \$10,652 for the years ended December 31, 2015, 2014 and 2013, respectively.

Moelis & Company

Notes to the Consolidated and Combined Financial Statements (Continued)

(dollars in thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equity-based Compensation—The Company recognizes the cost of employee services received in exchange for an equity instrument award. The cost is based on its grant-date fair value amortized over the service period required by the award's vesting terms. Prior to the Company's IPO, the measurement of the grant-date fair value required the Company's Parent to make estimates about its future operating results and the appropriate risk-adjusted discount rates. The methods used to estimate the fair value of equity-based compensation generally included the market approach and the income approach, each of which involve a significant degree of judgment. Under the market approach, fair value is determined with reference to observable valuation measures for comparable companies (e.g., multiplying a key performance metric of the comparable company by a relevant valuation multiple-adjusted for differences between the Company's Parent and the referenced comparable). Under the income approach, fair value is determined by converting future amounts (e.g., cash flows or earnings) to a single present amount (discounted) using current expectations about those future amounts. Subsequent to the Company's IPO, the grant-date fair value of equity awards is based on quoted market prices at the time of grant. The Company recognizes such amounts in compensation and benefits expenses in the accompanying consolidated and combined statements of operations and as an increase to equity in the accompanying consolidated and combined statements of financial condition and changes in equity. The Company records as treasury stock shares repurchased from its employees for the purpose of settling tax liabilities incurred upon the vesting of restricted stock units ("RSUs"). The Company records dividends in kind, net of forfeitures, on outstanding RSUs as a dividend payment and a charge to equity. Dividends in kind on RSUs are subject to the same vesting conditions as the underlying RSUs on which they were accrued. Dividends in kind will be forfeited if the award does not vest. See Note 10 for further discussion.

For the purposes of calculating diluted net income (loss) per share to holders of Class A common stock, unvested service-based awards are included in the diluted weighted average shares of Class A common stock outstanding using the treasury stock method. See Note 9 for further discussion.

The Company generally permits a retiring employee to retain and not forfeit certain qualifying incentive RSUs granted during employment if at retirement the employee (i) is at least 54 years old and (ii) has provided at least 8 consecutive years of service to the Company. Any such RSUs will continue to vest on their applicable vesting schedule, subject to noncompetition and other terms. Over time a greater number of employees may become retirement eligible and the related requisite service period over which we will expense these awards will be shorter than the stated vesting period. Any unvested RSUs prior to meeting the stated requisite service period or retirement eligibility date are eligible to receive dividends in kind; however, the right to dividends in kind will be forfeited if the underlying award does not vest.

Income Taxes—Prior to the Company's reorganization and IPO of Moelis & Company, the Company had been primarily subject to the New York City unincorporated business tax ("UBT") and certain other foreign, state and local taxes as applicable. The Company's operations were historically comprised of entities that are organized as limited liability companies and limited partnerships. For U.S. federal income tax purposes, taxes related to income earned by these entities represent obligations of the individual partners and members and have historically not been reflected in the consolidated and combined statements of financial condition. In connection with the Company's reorganization and IPO,

Moelis & Company

Notes to the Consolidated and Combined Financial Statements (Continued)

(dollars in thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

the Company became subject to U.S. corporate federal and state income tax on its allocable share of results of operations from Group LP.

The Company accounts for income taxes in accordance with ASC 740, "Accounting for Income Taxes" ("ASC 740"), which requires the recognition of tax benefits or expenses on temporary differences between the financial reporting and tax bases of its assets and liabilities by applying the enacted tax rates in effect for the year in which the differences are expected to reverse. Such net tax effects on temporary differences are reflected on the Company's consolidated and combined statements of financial condition as deferred tax assets and liabilities. Deferred tax assets are reduced by a valuation allowance when the Company believes that it is more-likely-than-not that some portion or all of the deferred tax assets will not be realized.

ASC 740-10 prescribes a two-step approach for the recognition and measurement of tax benefits associated with the positions taken or expected to be taken in a tax return that affect amounts reported in the financial statements. The Company has reviewed and will continue to review the conclusions reached regarding uncertain tax positions, which may be subject to review and adjustment at a later date based on ongoing analyses of tax laws, regulations and interpretations thereof. For the years ended December 31, 2015, 2014 and 2013, no unrecognized tax benefit was recorded. To the extent that the Company's assessment of the conclusions reached regarding uncertain tax positions changes as a result of the evaluation of new information, such change in estimate will be recorded in the period in which such determination is made. The Company reports income tax-related interest and penalties relating to uncertain tax positions, if applicable, as a component of income tax expense. For the years ended December 31, 2015, 2014 and 2013, no such amounts were recorded.

Foreign Currency Translation—Assets and liabilities held in non-U.S. dollar denominated (functional) currencies are translated into U.S. dollars at exchange rates in effect at the end of the reporting period. Revenues and expenses are translated at average exchange rates during the reporting period. A charge or credit is recorded to other comprehensive income to reflect the translation of these amounts to the extent the non-U.S. currency is designated the functional currency of the subsidiary. Non-functional currency related transaction gains and losses are immediately recorded in the consolidated and combined statements of operations.

3. RECENT ACCOUNTING PRONOUNCEMENTS

In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers" ("ASU 2014-09"). ASU 2014-09 requires a company to recognize revenue in an amount that reflects the consideration to which the entity expects to be entitled in exchange for services provided. The amendment requires enhanced disclosures regarding the nature, amount, timing and uncertainty of revenues and cash flows from contracts with customers. In August 2015, the FASB issued ASU No. 2015-14, "Deferral of the Effective Date" ("ASU 2015-14"), which provides amendments that defer the effective date of ASU 2014-09 by one year. The amendments in this update are effective either retrospectively to each prior reporting period presented, or as a cumulative-effect adjustment as of the date of adoption, during interim and annual periods beginning after December 15, 2017, with early adoption permitted beginning after December 15, 2016. The Company is currently assessing the impact the adoption of ASU 2015-14 will have on its consolidated and combined financial statements.

Moelis & Company

Notes to the Consolidated and Combined Financial Statements (Continued)

(dollars in thousands)

3. RECENT ACCOUNTING PRONOUNCEMENTS (Continued)

In January 2015, the FASB issued ASU No. 2015-01, "Income Statement—Extraordinary and Unusual Items: Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items" ("ASU 2015-01"). ASU 2015-01 eliminates the concept of extraordinary items under U.S. GAAP. The amendments in this update are effective prospectively during interim and annual periods beginning after December 15, 2015, with early adoption permitted. The amendments may also be applied retrospectively to all prior periods in the financial statements. The adoption of ASU 2015-01 will not have a material impact on the Company's consolidated and combined financial statements.

In February 2015, the FASB issued ASU No. 2015-02, "Consolidation: Amendments to the Consolidation Analysis" ("ASU 2015-02") to provide consolidation guidance for limited partnerships, limited liability companies and securitization structures. In addition to reducing the number of consolidation models, the new standard places more emphasis on risk of loss when determining a controlling financial interest. ASU 2015-02 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. The adoption of ASU 2015-02 will not have a material impact on the Company's consolidated and combined financial statements.

In January 2016, the FASB issued ASU No. 2016-01, "Financial Instruments—Overall: Recognition and Measurement of Financial Assets and Financial Liabilities" ("ASU 2016-01"). ASU 2016-01 enhances the reporting model for financial instruments by addressing certain aspects of the recognition, measurement, presentation and disclosure of financial instruments. Key provisions require equity investments (except those accounted for under the equity method of accounting) to be measured at fair value with changes in fair value recognized in net income. In addition, the exit price notion must be used when measuring the fair value of financial instruments for disclosure purposes. ASU 2016-01 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017. The Company is currently assessing the impact the adoption of ASU 2016-01 will have on its consolidated and combined financial statements.

In February 2016, the FASB issued ASU No. 2016-02, "Leases" ("ASU 2016-02"). ASU 2016-02 increases the transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The amendments will retain lease classifications, distinguishing finance leases from operating leases, using criteria that is substantially similar for distinguishing capital leases from operating leases in previous guidance. Lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. ASU 2016-02 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. Early adoption is permitted. The Company is currently assessing the impact the adoption of ASU 2016-02 will have on its consolidated and combined financial statements.

4. BUSINESS CHANGES AND DEVELOPMENTS

Reorganization and Initial Public Offering

In April 2014, Old Holdings reorganized its business in connection with the IPO of Class A common stock by Moelis & Company, a newly-formed Delaware corporation. Following the reorganization, the advisory operations are owned by Group LP and Group LP is controlled by

Moelis & Company

Notes to the Consolidated and Combined Financial Statements (Continued)

(dollars in thousands)

4. BUSINESS CHANGES AND DEVELOPMENTS (Continued)

Moelis & Company. The shareholders are entitled to receive a portion of the economics of the operations through their direct ownership interests in shares of Class A common stock of Moelis & Company. The existing owners of Group LP will continue to receive the majority of the economics of the operations, as noncontrolling interest holders, primarily through direct and indirect ownership interests in Group LP partnership units. As a corporation, Moelis & Company is subject to United States federal and state corporate income taxes, which results in a material increase in the applicable tax rates and current tax expense incurred post reorganization.

Group LP has one principal class of units, Class A partnership units. Group LP issued Class A partnership units to Moelis & Company and to certain existing holders of Old Holdings units. Following the reorganization, each Group LP Class A partnership unit (not held by Moelis & Company or its subsidiaries) is exchangeable into one share of Moelis & Company Class A common stock. In addition, Group LP issued Class B partnership units to Moelis & Company. The Class B partnership units correspond with the economic rights of shares of Moelis & Company Class B common stock. The economic rights of Class B common stock are based on the ratio of the Class B subscription price to the initial public offering price of shares of Class A common stock (.00055 to 1), and the aggregate number of shares of Class B common stock may be converted to Class A common stock (up to a maximum of 20,000 shares). Holders of shares of Class B common stock are entitled to receive dividends of the same type as any dividends payable on outstanding shares of Class A common stock at a ratio of .00055 to 1.

Group LP Class A partnership unitholders have no voting rights by virtue of their ownership of Group LP Class A partnership units, except for the limited rights described in Group LP's Amended and Restated Agreement of Limited Partnership. Moelis & Company Partner Holdings LP holds all shares of Class B common stock, enabling it initially to exercise majority voting control over Moelis & Company. Among other items, Class B common stock contains a condition (the "Class B Condition") that calls for Mr. Moelis to maintain a defined minimum equity stake. So long as the Class B Condition is satisfied, each share of Class B common stock entitles its holder to ten votes for each share held of record on all matters submitted to a vote of stockholders. Shares of Class B common stock are generally not transferrable and, if transferred other than in the limited circumstances set forth in Moelis & Company's Amended and Restated Certificate of Incorporation, such shares shall automatically convert into a number of shares of Class A common stock, or dollar equivalent, set forth in Moelis & Company's Amended and Restated Certificate of Incorporation. Upon failure of the Class B Condition, each share of Class B common stock will have one vote for each share held. Each share of Class B common stock may, at the option of the holder, be converted into a number of shares of Class A common stock, or dollar set forth in Moelis & Company's Amended and Restated Certificate of Incorporation.

In connection with the reorganization and IPO described above, several transactions took place which impacted the Company's consolidated and combined financial statements as of, and for the year ended, December 31, 2014, which included the following:

- A pre-offering distribution to the partners of Old Holdings of \$195,017 reflected within financing activities in the consolidated and combined statements of cash flows and in the consolidated and combined statements of changes in equity;

Moelis & Company

Notes to the Consolidated and Combined Financial Statements (Continued)

(dollars in thousands)

4. BUSINESS CHANGES AND DEVELOPMENTS (Continued)

- The purchase by Moelis & Company of Class A partnership units directly from Group LP with the proceeds of the IPO. The proceeds received related to the issuance of Class A common stock in connection with the IPO is recorded net of underwriting discounts, commissions and offering expenses. Net cash received of \$163,682 during the year ended December 31, 2014 is reflected within financing activities in the consolidated and combined statements of cash flows. Net proceeds recorded in the consolidated and combined statements of changes in equity of \$162,107 during the period ended December 31, 2014, adjusts for IPO related expenses paid during 2013 and any accruals remaining as of December 31, 2014;
- The one-time cash distribution of \$139,429 by Group LP to the partners of Old Holdings of a portion of the proceeds arising from the sale of Class A partnership units to Moelis & Company is reflected within financing activities in the consolidated and combined statements of cash flows and in the consolidated and combined statements of changes in equity;
- The tax impact associated with the one-time cash distribution to certain partners of Old Holdings is treated as an acquisition for U.S. federal income tax purposes of Class A partnership units in Group LP from certain partners of Old Holdings. This transaction resulted in a deferred tax asset of which approximately \$60,946 is attributable to exchanges by certain of the partners of Old Holdings who are party to the tax receivable agreement. Pursuant to this agreement, 85% (or \$51,804) of the tax benefits associated with this portion of the deferred tax asset are payable to certain partners of Old Holdings over 15 years following this transaction and is recorded as amount due pursuant to tax receivable agreement in the consolidated and combined statements of financial condition. The remaining tax benefit is allocable to the Company and is recorded in additional paid-in-capital.
- Expenses related to the reorganization and IPO recorded in the consolidated and combined statements of operations for the year ended December 31, 2014 included the following:
 - \$87,601 of compensation and benefits expense associated with the one-time non-cash acceleration of unvested equity held by Managing Directors. Excluded from this acceleration was \$10,349 of compensation and benefits expense associated with the amortization of equity held by Managing Directors during the three months ended March 31, 2014 which was subsequently accelerated upon completion of the IPO;
 - \$1,167 of compensation and benefits expense associated with the amortization of RSUs granted in connection with the IPO (excludes expense associated with RSUs granted at the time of the IPO in connection with 2013 equity incentive compensation); amortization expense of RSUs granted in connection with the IPO will be recognized over a five year vesting period;
 - \$3,109 of compensation and benefits expense associated with the amortization of stock options granted in connection with the IPO; amortization expense of stock options granted in connection with the IPO will be recognized over a five year vesting period;
 - \$4,014 of compensation and benefits expense associated with the issuance of cash (expense of \$2,004) and fully vested shares of Class A common stock (expense of \$2,010) in settlement of appreciation rights issued in prior years;

Moelis & Company

Notes to the Consolidated and Combined Financial Statements (Continued)

(dollars in thousands)

4. BUSINESS CHANGES AND DEVELOPMENTS (Continued)

- \$1,240 of professional fees expense associated with the one-time non-cash acceleration of unvested equity held by non-employee members of Moelis & Company's Global Advisory Board; and
- \$4,916 of expenses associated with the one-time non-cash acceleration of unvested equity held by employees of the Australian JV. Half of the expenses associated with acceleration of equity held by employees of the Australian JV is included in other expenses and the other half is included in income (loss) from equity method investments.

Secondary Offering

In November 2014, the Company completed a secondary offering of 6,325,000 shares of Class A common stock in order to facilitate organized liquidity and increase the public float of its Class A common stock. In connection with the offering, the Company issued 4,509,400 shares of Class A common stock and used the proceeds to acquire the same quantity (4,509,400) of Group LP Class A partnership units. The remaining 1,815,600 shares of Class A common stock included in the offering were sold by current holders of Class A common stock, thus having no impact on the quantity of shares of Class A common stock outstanding. In addition, in connection with the Company's acquisition of Group LP Class A partnership units, 4,507,453 shares of Class B common stock were either purchased (1,509,131 shares for \$28) or converted to Class A common stock (2,998,322 shares of Class B common stock converted to 1,658 shares of Class A common stock based on a conversion ratio of .00055 to 1). The Company did not retain any proceeds from the secondary offering.

Immediately following the secondary transactions described above;

- 19,770,893 shares of Class A common stock were outstanding;
- the Company owned 19,770,893 Group LP Class A partnership units and its economic ownership in Group LP increased from 28% to 36%;
- the noncontrolling interest holders owned 34,479,961 Group LP Class A partnership units and their economic ownership in Group LP decreased from 72% to 64%;
- Partner Holdings owned all 31,621,542 shares of Class B common stock, enabling it to exercise majority voting control of the Company. Class B common stock is entitled to an insignificant amount of economic participation in the Company.

This transaction is treated for U.S. federal income tax purposes as an acquisition of Class A partnership units in Group LP from certain partners of Group LP, which resulted in a deferred tax asset of which approximately \$80,117 is attributable to exchanges by certain partners of Group LP who are party to the tax receivable agreement. Pursuant to the tax receivable agreement, 85% (or \$68,099) of the tax benefits associated with this portion of the deferred tax asset are payable to certain partners of Group LP over 15 years following this transaction and is recorded as amount due pursuant to tax receivable agreement in the consolidated and combined statements of financial condition. The remaining tax benefit is allocable to the Company and is recorded in additional paid-in-capital.

Moelis & Company**Notes to the Consolidated and Combined Financial Statements (Continued)**

(dollars in thousands)

5. EQUITY METHOD INVESTMENTS**Investment in Joint Venture**

On April 1, 2010, the Company entered into a 50-50 joint venture in Moelis Australia Holdings, investing a combination of cash and certain net assets of its wholly-owned subsidiary, Moelis Australia, in exchange for its interests. The remaining 50% is owned by an Australian trust established by and for the benefit of Moelis Australia senior executives.

During the year ended December 31, 2014, the Company made a cash contribution to Moelis Australia Holdings in the amount of \$4,180. The Company treated this contribution as an increase in equity method investments in the consolidated and combined financial statements.

For the years ended December 31, 2015, 2014 and 2013, income of \$308, a loss of \$2,185 and income of \$3,681 was recorded on this investment, respectively.

Other Equity Method Investment

In June 2014, the Company made an investment of \$265 into a general partner entity which invests third-party funds and is controlled by a related party, Moelis Asset Management LP. The Company has determined that it should account for this investment as an equity method investment on its consolidated and combined financial statements. For the years ended December 31, 2015 and 2014, \$4,168 and \$0 of income was recorded on this investment, respectively.

During the years ended December 31, 2015 and 2014, the Company received cash distributions from this entity in the amounts of \$4,669 and \$0, respectively.

6. EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Equipment and leasehold improvements, net consist of the following:

	December 31, 2015	December 31, 2014
Office equipment	\$ 11,193	\$ 9,387
Furniture and fixtures	2,916	2,258
Leasehold improvements	7,073	5,931
Total	21,182	17,576
Less accumulated depreciation and amortization	(12,484)	(10,238)
Equipment and leasehold improvements, net	<u>\$ 8,698</u>	<u>\$ 7,338</u>

Depreciation and amortization expenses for fixed assets totaled \$2,635, \$2,226 and \$2,128 for the years ended December 31, 2015, 2014, and 2013, respectively.

7. FAIR VALUE MEASUREMENTS

The Company established a fair value hierarchy which prioritizes and ranks the level of market price observability used in measuring investments at fair value. Financial instruments measured and

Moelis & Company**Notes to the Consolidated and Combined Financial Statements (Continued)****(dollars in thousands)****7. FAIR VALUE MEASUREMENTS (Continued)**

reported at fair value are classified and disclosed in one of the following categories (from highest to lowest) based on inputs:

Level 1—Quoted prices (unadjusted) are available in active markets for identical instruments that the Company has the ability to access as of the reporting date. The Company, to the extent that it holds such instruments, does not adjust the quoted price for these instruments, even in situations in which the Company holds a large position and a sale could reasonably affect the quoted price.

Level 2—Pricing inputs are observable for the instruments, either directly or indirectly, as of the reporting date, but are not the same as those used in Level 1. Fair value is determined through the use of models or other valuation methodologies.

Level 3—Pricing inputs are unobservable for the instruments and include situations in which there is little, if any, market activity for the investments. The inputs into the determination of fair value require significant judgment or estimation by the Company's management.

The estimated fair values of government securities money markets and U.S. Treasury Bills as of December 31, 2015 and 2014 are based on quoted prices for recent trading activity in identical or similar instruments. The Company generally invests in U.S. Treasury Bills with maturities of less than twelve months. See Note 2 for further information on the Company's fair value hierarchy.

During the year ended December 31, 2015, the Company received convertible notes as compensation for its services. These convertible notes do not have readily determinable market values and are categorized accordingly as level 3. The fair value of the convertible notes as of December 31, 2015, was recorded at the initial transaction price and their value was based upon other private-market transactions for convertible notes with identical terms.

The following tables summarize the levels of the fair value hierarchy into which the Company's financial assets and liabilities fall as of December 31, 2015:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial assets:				
<i>Included in cash and cash equivalents</i>				
U.S. treasury bills	\$ 100,996	\$ 71,998	\$ 28,998	\$ —
Government securities money market	77,876	—	77,876	—
<i>Investments</i>				
U.S. treasury bills	37,989	19,990	17,999	—
Convertible notes	635	—	—	635
Total financial assets	<u>\$ 217,496</u>	<u>\$ 91,988</u>	<u>\$ 124,873</u>	<u>\$ 635</u>

Moelis & Company

Notes to the Consolidated and Combined Financial Statements (Continued)

(dollars in thousands)

7. FAIR VALUE MEASUREMENTS (Continued)

The following table summarizes the levels of the fair value hierarchy into which the Company's financial assets fall as of December 31, 2014:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial assets:				
<i>Included in cash and cash equivalents</i>				
Government securities money market	\$ 128,739	\$ —	\$ 128,739	\$ —
<i>Investments</i>				
U.S. treasury bills	39,997	—	39,997	—
Total financial assets	<u>\$ 168,736</u>	<u>\$ —</u>	<u>\$ 168,736</u>	<u>\$ —</u>

The Company's methodology for reclassifications impacting the fair value hierarchy is that transfers in/out of the respective category are reported at fair value as of the beginning of the period in which the reclassification occurred. The changes to the Company's investments classified as Level 3 are as follows for the years ended December 31, 2015 and 2014.

	<u>Convertible notes</u>
January 1, 2015	\$ —
Non-cash settlement of customer receivable	635
December 31, 2015	<u>\$ 635</u>
Unrealized gains (losses) related to investment still held as of December 31, 2015	<u>\$ —</u>

	<u>Common Stock</u>
January 1, 2014	\$ 1,904
Non-cash settlement of customer receivable	1,000
Distribution to Parent	(2,904)
December 31, 2014	<u>\$ —</u>
Unrealized gains (losses) related to investment still held as of December 31, 2014	<u>\$ —</u>

There were no transfers between Level 1, Level 2 or Level 3 during the years ended December 31, 2015 and 2014.

Investment Risk Factors and Concentration of Investments

The Company's financial instruments are subject to the following risk factors:

Market Risk

Market risk represents the loss that can be caused by a change in the fair value of a financial instrument.

Moelis & Company**Notes to the Consolidated and Combined Financial Statements (Continued)**

(dollars in thousands)

7. FAIR VALUE MEASUREMENTS (Continued)***Currency Risk***

The Company is 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 the Company's non-U.S. dollar denominated or based assets and liabilities.

8. INCOME TAXES

The following table presents the U.S. and non-U.S. components of income (loss) before income tax expense:

	For the Year Ended December 31,		
	2015	2014	2013
U.S.	\$ 140,477	\$ 69,734	\$ 88,395
Non-U.S.	3,587	(23,439)	(15,376)
Income (loss) before income taxes	<u>\$ 144,064</u>	<u>\$ 46,295</u>	<u>\$ 73,019</u>

The current and deferred components of the income tax provision for the years ended December 31, 2015, 2014, and 2013 are as follows:

	For the Year Ended December 31,		
	2015	2014	2013
Current income taxes:			
Federal	\$ 14,483	\$ 8,242	\$ —
State and Local	4,254	3,759	2,533
Foreign	4,314	2,492	—
	<u>\$ 23,051</u>	<u>\$ 14,493</u>	<u>\$ 2,533</u>
Deferred income taxes:			
Federal	\$ 774	\$ (688)	\$ —
State and Local	(29)	164	187
Foreign	51	(229)	74
Total	<u>\$ 23,847</u>	<u>\$ 13,740</u>	<u>\$ 2,794</u>

Moelis & Company**Notes to the Consolidated and Combined Financial Statements (Continued)**

(dollars in thousands)

8. INCOME TAXES (Continued)

The total provision for income taxes differs from the amount which would be computed by applying the appropriate statutory rate to income before income taxes as follows:

	For the Year Ended December 31,		
	2015	2014	2013
Reconciliation of federal statutory tax rates			
U.S. statutory tax rate	35.0%	35.0%	35.0%
Increase (decrease) due to state and local taxes	2.2%	7.5%	3.7%
Rate benefit as a U.S. limited partnership/flow through	-22.1%	-29.9%	-35.0%
Non-deductible expenses*	0.3%	12.2%	0.0%
Foreign taxes	1.8%	4.9%	0.1%
Other	-0.6%	—	—
Effective income tax rate	<u>16.6%</u>	<u>29.7%</u>	<u>3.8%</u>

* Primarily related to non-deductible equity compensation associated with the vesting of Group LP units.

Deferred income taxes reflect the net effect of temporary differences between the tax basis of an asset or liability and its reported amount in the Company's consolidated and combined statements of financial condition. These temporary differences result in taxable or deductible amounts in future years. The significant components of deferred tax assets and liabilities included on the Company's consolidated and combined statements of financial condition are as follows:

	For the Year Ended	
	December 31,	
	2015	2014
Net operating loss	\$ 9,043	\$ 6,143
Step-up in tax basis in		
Group LP assets	149,605	149,760
Deferred Compensation	10,064	5,433
Accrued expenses and other	5,965	5,261
	<u>174,677</u>	<u>166,597</u>
Valuation allowance on NOL and other	(9,172)	(6,460)
Net deferred tax asset	<u>\$ 165,505</u>	<u>\$ 160,137</u>

As of December 31, 2015, the Company had accumulated net foreign operating loss carryforwards related to our international operations of approximately \$35,846 for which we have recorded a deferred tax asset of \$9,043. Approximately \$31,195 of the operating losses (or \$7,479 of the deferred tax asset) has an indefinite life and \$4,650 of the operating losses (or \$1,564 of the deferred tax asset) will expire on dates between 2019 and 2023. At December 31, 2015, the Company's management concluded that a valuation allowance should be established with regard to the tax benefits associated with foreign net operating losses, as it is more likely than not that these losses will not be fully utilized in future years.

Moelis & Company

Notes to the Consolidated and Combined Financial Statements (Continued)

(dollars in thousands)

8. INCOME TAXES (Continued)

U.S. income and foreign withholding taxes are not provided for on the undistributed earnings of foreign subsidiaries that are essentially permanent in nature. There were no significant untaxed foreign earnings at December 31, 2015, 2014 and 2013.

The Company is subject to taxation in certain U.S., state, local, and foreign jurisdictions. As of December 31, 2015, the Company's tax years for 2014, 2013, and 2012 are subject to examination by the tax authorities. As of December 31, 2015, the Company does not expect any material changes in its tax provision related to any outstanding current examinations. Developments with respect to such examinations are monitored on an ongoing basis and adjustments to tax liabilities are made as appropriate.

The Company has no unrecognized tax benefits for the periods ended December 31, 2015, 2014 and 2013.

Prior to the Company's reorganization and IPO of Moelis & Company, the Company had been primarily subject to the New York City unincorporated business tax ("UBT") and certain other foreign, state and local taxes. The Company's operations were historically comprised of entities that are organized as limited liability companies and limited partnerships. For U.S. federal income tax purposes, taxes related to income earned by these entities represent obligations of the individual partners and members and have historically not been reflected in the consolidated and combined statements of financial condition. In connection with the Company's reorganization and IPO, the Company became subject to U.S. corporate federal, state and local income tax on its allocable share of results of operations from Group LP.

The Company recorded an increase in the net deferred tax asset of \$5,368 for the year ended December 31, 2015, which was primarily attributable to an increase in deferred compensation. The changes in deferred tax assets also reflects the net effect of an increase in the step-up in tax basis in Group LP assets resulting from the exchange of Class A partnership units in Group LP for Class A common stock coupled with the depreciation and amortization of such assets during the year. Approximately \$1,975 of the deferred tax asset related to the step-up in tax basis is attributable to exchanges executed in 2015 by certain partners of Group LP who are party to the tax receivable agreement. Pursuant to this agreement, 85% (or \$1,679) of the tax benefits associated with this deferred tax asset are payable to such exchanging partners over 15 years following these transactions and is recorded as amount due pursuant to tax receivable agreement in the consolidated and combined statements of financial condition. The remaining tax benefit is allocable to the Company and is recorded in additional paid-in-capital.

Moelis & Company

Notes to the Consolidated and Combined Financial Statements (Continued)

(dollars in thousands)

9. NET INCOME (LOSS) PER SHARE ATTRIBUTABLE TO CLASS A COMMON SHAREHOLDERS

The calculations of basic and diluted net income (loss) per share attributable to holders of shares of Class A common stock for the year ended December 31, 2015 and 2014 are presented below.

(dollars in thousands, except per share amounts)	<u>Year Ended December 31,</u>	
	<u>2015</u>	<u>2014</u>
<i>Numerator:</i>		
Net income (loss) attributable to holders of shares of Class A common stock—basic	\$ 33,104	\$ (3,012)
Add (deduct) dilutive effect of:		
Noncontrolling interests related to Class A partnership units	(a)	(a)
Net income (loss) attributable to holders of shares of Class A common stock—diluted	<u>\$ 33,104</u>	<u>\$ (3,012)</u>
<i>Denominator:</i>		
Weighted average shares of Class A common stock outstanding—basic	20,021,652	15,911,819
Add (deduct) dilutive effect of:		
Noncontrolling interests related to Class A partnership units	(a)	(a)
Weighted average number of incremental shares issuable from unvested restricted stock, RSUs and stock options, as calculated using the treasury stock method	1,340,919(b)	(b)
Weighted average shares of Class A common stock outstanding—diluted	<u>21,362,571</u>	<u>15,911,819</u>
Net income (loss) per share attributable to holders of shares of Class A common stock		
Basic	<u>\$ 1.65</u>	<u>\$ (0.19)</u>
Diluted	<u>\$ 1.55</u>	<u>\$ (0.19)</u>

The allocation of income (loss) to Class A shareholders only began following the IPO closing on April 22, 2014.

We have not included the impact of Class B common stock because these shares are entitled to an insignificant amount of economic participation.

- (a) Class A partnership units may be exchanged for Moelis & Company Class A common stock on a one-for-one basis, subject to applicable lock-up, vesting and transfer restrictions. If all Class A partnership units were to be exchanged for Class A common stock, fully diluted Class A common stock outstanding would be 55,481,167 and 54,250,854 for the years ended December 31, 2015 and 2014, respectively. In computing the dilutive effect, if any, that the aforementioned exchange would have on net income

Moelis & Company

Notes to the Consolidated and Combined Financial Statements (Continued)

(dollars in thousands)

9. NET INCOME (LOSS) PER SHARE ATTRIBUTABLE TO CLASS A COMMON SHAREHOLDERS (Continued)

(loss) per share, net income (loss) available to holders of Class A common stock would be adjusted due to the elimination of the noncontrolling interests in consolidated entities associated with the Group LP Class A partnership units (including any tax impact). For the year ended December 31, 2015 and 2014, such exchange is not reflected in diluted net income (loss) per share as the assumed exchange is not dilutive.

- (b) During the years ended December 31, 2015 and 2014, certain shares of Moelis & Company's Class A common stock assumed to be issued pursuant to certain RSUs as calculated using the treasury stock method were antidilutive and therefore have been excluded from the calculation of diluted net income (loss) per share attributable to Moelis & Company. During the years ended December 31, 2015 and 2014, the additional weighted average amount of RSUs that would have been included in this calculation if the effect were dilutive would have been 1,380 and 2,315,512 units, respectively. Antidilution in the prior year is the result of the Company producing a loss for the year ended December 31, 2014. Additionally, during the year ended December 31, 2014, the additional weighted average amount of options that would have been included in this calculation if the effect were dilutive would have been 3,296,906. No options were excluded from this calculation for the year ended December 31, 2015.

10. EQUITY-BASED COMPENSATION

Partnership Units

Prior to the Company's restructuring and IPO, the Parent's ownership structure was comprised of common partners (principally outside investors) holding units and employees holding units, which collectively represented the partnership interests in the Parent and evidence of the right to receive distributions and allocations of net profit and losses as defined in the Parent Limited Partnership Agreement. The common partners contributed capital to the Parent and are not subject to vesting. Units granted to Managing Directors upon joining the Company and as part of annual incentive compensation generally vested based on service over five to eight years. Certain non-Managing Director employees were granted units as part of their incentive arrangements and these units generally vest based on service ratably over four years. In connection with the Company's restructuring and IPO, substantially all of the Managing Director partner equity subject to vesting had been accelerated. Units granted to non-Managing Director employees were not accelerated in connection with the Company's restructuring and IPO and continue to vest based on the original terms of the grant.

In connection with the reorganization and IPO, Group LP issued Class A partnership units to Moelis & Company and to certain existing holders of Old Holdings. Following the reorganization, a Group LP Class A partnership unit (not held by Moelis & Company or its subsidiaries) is exchangeable into one share of Moelis & Company Class A common stock and represents the Company's noncontrolling interests. As of December 31, 2015, partners held 33,803,921 Group LP partnership units, 636,996 of which were unvested and will continue to vest over their service life.

In relation to the vesting of units, the Company recognized compensation expenses of \$3,730, \$101,895 and \$48,539 for the years ended December 31, 2015, 2014 and 2013, respectively. As of

Moelis & Company**Notes to the Consolidated and Combined Financial Statements (Continued)**

(dollars in thousands)

10. EQUITY-BASED COMPENSATION (Continued)

December 31, 2015, there was \$6,067 of unrecognized compensation expense related to unvested Class A partnership units which is expected to be recognized over a weighted-average period of 2.2 years, using the graded vesting method.

2014 Omnibus Incentive Plan

In connection with the IPO, the Company adopted the Moelis & Company 2014 Omnibus Incentive Plan (the "Plan") to provide additional incentives to selected officers, employees, Managing Directors, non-employee directors, independent contractors, partners, senior advisors and consultants. The Plan provides for the issuance of incentive stock options ("ISOs"), nonqualified stock options, stock appreciation rights ("SARs"), restricted stock, RSUs, stock bonuses, other stock-based awards and cash awards.

In the first quarter of 2015, the Board of Directors authorized the repurchase of up to \$25 million of shares of Class A common stock of the Company and/or Class A partnership units of Group LP with no expiration date. Under this share repurchase program, shares may be repurchased from time to time in open market transactions, in privately negotiated transactions or otherwise. The timing and the actual number of shares repurchased will be opportunistic and measured in nature and will depend on a variety of factors, including price and market conditions. As of December 31, 2015, approximately \$20 million of shares remain that may yet be purchased under the program.

Restricted Stock and Restricted Stock Units (RSUs)

Pursuant to the Plan and in connection with the Company's annual compensation process and ongoing hiring process, the Company has issued 2,906,452 RSUs in 2015 which generally vest over a service life of four to five years. For the years ended December 31, 2015 and 2014, the Company recognized expenses of \$38,295 and \$12,742 respectively, in relation to the vesting of RSUs.

The following table summarizes activity related to restricted stock and RSUs for the years ended December 31, 2015 and 2014.

	Restricted Stock & RSUs			
	2015		2014	
	Number of Shares	Weighted Average Grant Date Fair Value	Number of Shares	Weighted Average Grant Date Fair Value
Unvested Balance at January 1,	2,473,624	\$ 25.86	—	\$ —
Granted	2,906,452	31.24	2,564,616	25.87
Forfeited	(81,560)	28.90	(70,334)	25.48
Vested	(175,035)	29.44	(20,658)	28.62
Unvested Balance at December 31,	<u>5,123,481</u>	<u>\$ 28.67</u>	<u>2,473,624</u>	<u>\$ 25.86</u>

As of December 31, 2015, the total compensation expense related to unvested restricted stock and RSUs not yet recognized was \$82,252. The Company assumes a forfeiture rate of 3% annually based on

Moelis & Company**Notes to the Consolidated and Combined Financial Statements (Continued)**

(dollars in thousands)

10. EQUITY-BASED COMPENSATION (Continued)

expected turnover and periodically reassesses this rate. The weighted-average period over which this compensation expense is expected to be recognized at December 31, 2015 is 2.5 years.

Stock Options

Pursuant to the Plan, the Company issued 3,501,881 stock options in 2014 which vest over a five-year period. The Company estimated the fair value of stock option awards at grant using the Black-Scholes valuation model with the following assumptions:

	<u>Assumptions</u>
Expected life (in years)	6
Weighted-average risk free interest rate	1.91%
Expected volatility	35%
Dividend yield	2.72%
Weighted-average fair value at grant date	\$ 6.70

On November 24, 2014 the Company paid a special dividend of \$1.00 per share to common stock holders of record as of November 10, 2014. As required under Section 5 of the Company's 2014 Omnibus Incentive Plan, the Compensation Committee of the Company's Board of Directors equitably reduced the exercise price of the Company's outstanding options to purchase common stock by \$1.00 from \$25.00 per share to \$24.00 per share.

The following table summarizes activity related to stock options for the year ended December 31, 2015 and 2014.

	<u>Stock Options Outstanding</u>			
	<u>2015</u>		<u>2014</u>	
	<u>Number Outstanding</u>	<u>Weighted-Average Exercise Price Per Share</u>	<u>Number Outstanding</u>	<u>Weighted-Average Exercise Price Per Share</u>
Outstanding at January 1,	3,296,906	\$ 24.00	—	\$ —
Grants	—	—	3,501,881	24.00
Exercises	(3,500)	24.00	—	—
Forfeiture or expirations	(212,203)	24.00	(204,975)	24.00
Outstanding at December 31,	<u>3,081,203</u>	<u>\$ 24.00</u>	<u>3,296,906</u>	<u>\$ 24.00</u>

For the years ended December 31, 2015 and 2014, the Company recognized expenses of \$4,106 and \$3,109, respectively, in relation to these stock options. As of December 31, 2015, the total compensation expense related to unvested stock options not yet recognized was \$11,050. The Company assumes a forfeiture rate of 3% annually based on expected turnover and periodically reassesses this rate. This compensation expense is expected to be recognized over a weighted-average period of 2.8 years.

Moelis & Company

Notes to the Consolidated and Combined Financial Statements (Continued)

(dollars in thousands)

11. STOCKHOLDERS EQUITY

Class A Common Stock

IPO and Reorganization

In April 2014, the Company issued 15,263,653 shares of Class A common stock as follows:

- 7,699,851 shares in connection with the reorganization;
- 7,475,000 shares in connection with the IPO; and
- 88,802 shares in connection with the settlement of appreciation rights issued in prior years.

Secondary Offering

In November 2014, the Company completed a secondary offering of 6,325,000 shares of Class A common stock in order to facilitate organized liquidity and increase the public float of its Class A common stock. In connection with the offering, the shares of Class A common stock outstanding of the Company increased by 4,511,058 shares as a result of the Company acquiring additional Class A partnership units in Group LP. The Company did not retain any proceeds from the secondary offering.

As of December 31, 2015, 20,536,740 shares of Class A common stock were issued and 20,273,118 shares were outstanding. As of December 31, 2014, 19,770,893 shares of Class A common stock were issued and outstanding, due primarily to the IPO and secondary offering transactions described above.

Class B Common Stock

IPO and Reorganization

In conjunction with Moelis & Company's IPO of its Class A common stock, the Company issued 36,158,698 shares of Class B common stock. The economic rights of Class B common stock are based on the ratio of the Class B subscription price to the initial public offering price of shares of Class A common stock (.00055 to 1), and the aggregate number of shares of Class B common stock may be converted to Class A common stock (up to a maximum of 20,000 shares). Holders of shares of Class B common stock are entitled to receive dividends of the same type as any dividends payable on outstanding shares of Class A common stock at a ratio of .00055 to 1.

Secondary Offering

In connection with the secondary offering in November 2014, Partner Holdings surrendered 2,998,322 shares of Class B common stock and was issued 1,658 shares of Class A common stock at a conversion ratio of .00055 to 1. The Company also purchased 1,509,131 shares of Class B common stock from Partner Holdings for cash of \$28 and subsequently cancelled those shares. The Company did not retain any proceeds from the secondary offering.

As of December 31, 2015 and 2014, 31,229,236 and 31,621,542 shares of Class B common stock were issued and outstanding, respectively, due primarily to the IPO and secondary offering transactions described above.

Moelis & Company

Notes to the Consolidated and Combined Financial Statements (Continued)

(dollars in thousands)

11. STOCKHOLDERS EQUITY (Continued)

Treasury Stock

During the year ended December 31, 2015, the Company repurchased 263,622 shares pursuant to the Company's share repurchase program and shares repurchased from its employees for the purpose of settling tax liabilities incurred upon the vesting of RSUs. The result of the repurchases was an increase of \$7,616 in the treasury stock balance on the Company's consolidated and combined statement of financial condition as of December 31, 2015.

Noncontrolling Interests

In connection with the Company's reorganization, Group LP issued Class A partnership units to Moelis & Company and to certain existing holders of Old Holdings. Following the reorganization, a Group LP Class A partnership unit (not held by Moelis & Company or its subsidiaries) is exchangeable into one share of Moelis & Company Class A common stock and represents the Company's noncontrolling interests (non-redeemable). As of December 31, 2015 and 2014, partners held 33,803,921 and 34,479,961 Group LP partnership units, respectively, representing a 63% and 64% noncontrolling interest in Moelis & Company, respectively.

Moelis & Company operates and controls all of the business and affairs of Group LP and its operating entity subsidiaries indirectly through its equity interest in Group GP, and thus the 20,273,118 shares of Class A common stock outstanding at December 31, 2015 represents the controlling interest.

12. RELATED-PARTY TRANSACTIONS

Aircraft Lease — On April 21, 2010, Manager acquired an aircraft with funds received solely from its managing member (Mr. Moelis). Manager was obligated to bear all depreciation and other costs of operating the aircraft related to uses other than for the Company's business. To the extent the Company utilized the aircraft for business; the Company was obligated to incur such expenses. During the period from January 1, 2014 through the date of the IPO in April 2014, the Company recorded expense of \$401 for use of the aircraft. During the year ended December 31, 2013, the Company recorded expense of \$2,270 for use of the aircraft.

In connection with the restructuring and IPO, Manager could no longer operate the aircraft for use in the Company's business and as a result, the arrangement under which the plane was provided to the Company for its use was required to be restructured. Starting on April 15, 2014, the aircraft was used by the Company pursuant to a ten-year dry lease with Manager, the terms of which were comparable to the market rates of leasing from an independent third party. For the year ended December 31, 2014, the Company incurred \$280 in lease costs to be paid to manager, respectively. Consistent with such dry lease arrangement, the Company was obligated to bear all the costs of operating the aircraft. While the primary use of the aircraft was for business purposes, because of the benefit afforded to the Company in terms of security and productivity while traveling for personal reasons, the Company entered into a timesharing agreement with Mr. Moelis to allow him to use the aircraft for personal use. Under such timesharing agreement, Mr. Moelis was required to reimburse the Company for the maximum amount of reimbursement allowed by applicable Federal Aviation Administration rules. Such amounts are included in prepaid expenses and other assets on the

Moelis & Company

Notes to the Consolidated and Combined Financial Statements (Continued)

(dollars in thousands)

12. RELATED-PARTY TRANSACTIONS (Continued)

consolidated and combined statements of financial condition. During the third quarter of fiscal 2014, Manager sold the aircraft and the ten-year dry lease was terminated.

On August 30, 2014, Manager acquired a new aircraft with funds received solely from its managing member (Mr. Moelis). The aircraft is used and operated by the Company pursuant to a dry lease with Manager which terminates on December 31, 2019. The terms of the dry lease are comparable to the market rates of leasing from an independent third party. Pursuant to this dry lease arrangement, the lessee is obligated to bear its share of the costs of operating the aircraft. For the years ended December 31, 2015 and 2014, the Company incurred \$1,248 and \$337 in aircraft lease costs to be paid to Manager, respectively. In addition, there are two other lessees of the aircraft; one of whom is Mr. Moelis and the other is Moelis Asset Management LP. These lessees share the lease, operating and related costs of the plane in proportion to their respective use pursuant to a cost sharing and operating agreement.

Promissory Notes —As of December 31, 2015, there were \$119 of unsecured promissory notes from employees held by the Company (December 31, 2014: \$119). Any outstanding balances are reflected in other receivables on the consolidated and combined statements of financial condition. The notes held as of December 31, 2015 and 2014 bear a fixed interest rate of 4.00%. During the years ended December 31, 2015, 2014 and 2013, the Company received \$0, \$831 and \$383, respectively, of principal repayments and recognized interest income of \$5 and \$6, respectively, on such notes, which is included in other income and expenses on the consolidated and combined statements of operations.

Expense Allocations —Prior to the Company's IPO in April of 2014, certain expenses have been allocated from the Parent based on the most relevant measure, including relative usage or proportion of the Company's headcount to that of the Parent. For the years ended December 31, 2014 and 2013, \$2,316 and \$9,477 of occupancy expenses have been allocated to the Company, respectively, based on the proportion of the Company's headcount to that of the Parent. For the years ended December 31, 2014 and 2013, \$2,745 and \$9,793 of communication, technology and information services expense have been allocated to the Company, respectively, based on a combination of relative usage and the proportion of the Company's headcount to that of the Parent. All other expenses were specifically identifiable to the Company.

Management believes the assumptions and allocations underlying the consolidated and combined financial statements are reasonable and the allocated amounts are representative of the amounts that would have been recorded in the consolidated and combined financial statements had the Company operated independent of the Parent for the historical periods presented.

Services Agreement —In connection with the Company's IPO, the Company entered into a services agreement with a related party, Moelis Asset Management LP, whereby the Company provides certain administrative services, technology, and office space to Moelis Asset Management LP for a fee. This fee totaled \$1,698 for the year ended December 31, 2015, and \$1,424 for the year-to-date post-IPO period ended December 31, 2014. The amount of the fee is based upon the estimated usage and related expense of all shared services between the Company and Moelis Asset Management LP during the relevant period, and will be assessed periodically by Management as per the terms of the agreement. As of December 31, 2015 and 2014 the Company had balances due from Moelis Asset Management LP of \$3 and \$79, respectively.

Moelis & Company

Notes to the Consolidated and Combined Financial Statements (Continued)

(dollars in thousands)

12. RELATED-PARTY TRANSACTIONS (Continued)

Joint Venture —As of December 31, 2015 and 2014, the Company had a net balance due to the Australian JV of \$167 and a net balance due from the Australian JV of \$945, respectively, which are reflected in other receivables on the consolidated and combined statements of financial condition. These balances consist of amounts due from the Australian JV for advisory services performed and billable expenses incurred on behalf of the Company during the period, offset by expenses paid by the Company on behalf of the Australian JV. The relationship between the Company and the Australian JV is governed by a services agreement.

Other Equity Method Investment —In June of 2014, the Company made an investment of \$265 into an entity controlled by a related party, Moelis Asset Management LP. The Company has determined that it should account for this investment as an equity method investment on the consolidated and combined financial statements. For the year ended December 31, 2015 and 2014, income of \$4,168 and \$0 was recorded on this investment, respectively.

During the years ended December 31, 2015 and 2014, the Company received cash distributions from this entity in the amounts of \$4,669 and \$0, respectively.

Revenues —From time to time, the Company enters into advisory transactions with Moelis Asset Management LP and its affiliates. The Company earned revenues associated with such transactions of \$5,780, \$5,829 and \$450 for the years ended December 31, 2015, 2014 and 2013, respectively.

13. REGULATORY REQUIREMENTS

Under the SEC Uniform Net Capital Rule (SEC Rule 15c3-1) Alternative Standard under Section (a)(1)(ii), the minimum net capital requirement is \$250. At December 31, 2015, Moelis U.S. had net capital of \$41,373, which was \$41,123 in excess of its required net capital. At December 31, 2014, Moelis U.S. had net capital of \$80,270 which was \$80,020 in excess of its required net capital.

Moelis U.S. 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 under Section (k)(2)(ii) of SEC Rule 15c3-3.

At December 31, 2015, the aggregate regulatory net capital of Moelis UK was \$17,586 which exceeded the minimum requirement by \$17,531. At December 31, 2014, the aggregate regulatory net capital of Moelis UK was \$22,980, which exceeded the minimum requirement by \$22,919.

14. COMMITMENTS AND CONTINGENCIES

Bank Line of Credit —In May 2015 the Company renewed its unsecured revolving credit facility which increased the commitment amount and extended the maturity date to June 30, 2017. As of December 31, 2015, the commitment amount was \$40,000.

Borrowings on the facility bear interest at the greater of a fixed rate of 3.50% per annum or at the borrower's option of (i) LIBOR plus 1% or (ii) Prime minus 1.50%. As of December 31, 2015 and 2014, the Company had no borrowings under the credit facility.

As of December 31, 2015, the Company's available credit under this facility was \$31,367 as a result of the issuance of an aggregate amount of \$8,633 of various standby letters of credit, which were

Moelis & Company**Notes to the Consolidated and Combined Financial Statements (Continued)****(dollars in thousands)****14. COMMITMENTS AND CONTINGENCIES (Continued)**

required in connection with certain office lease and other agreements. The Company incurs a 1% per annum fee on the outstanding balance of issued letters of credit.

Leases—The Company maintains operating leases with expiration dates that extend through 2026. The Company incurred expense relating to its operating leases of \$12,942, \$10,769 and \$11,247 for the years ended December 31, 2015, 2014 and 2013, respectively.

The future minimum rental payments required under the operating leases in place at December 31, 2015 are as follows:

<u>Fiscal year ended</u>	<u>Amount</u>
2016	\$ 15,868
2017	15,811
2018	15,743
2019	15,753
2020	8,478
Thereafter	10,251
Total	\$ 81,904

Contractual Arrangements—In the normal course of business, the Company enters into contracts that contain a variety of representations and warranties and which provide indemnification for specified losses, including certain indemnification of certain officers, directors and employees.

Joint Venture Put and Call Options—In connection with the Company's Australian JV, the Company granted a put option in April 2010 enabling the key senior Australian executive to sell his shares held in the Australian JV back to the Company at fair value. The put option can be exercised if the key senior Australian executive ceases to be employed by the Australian JV (including due to death, disability or resignation but excluding termination for cause) and following such cessation of employment, the key senior Australian executive, the remaining Australian executives and the Company are unable to agree upon a restructuring of the Australian JV. If the put option is exercised, the Company will be required to pay 50% of the purchase price upon exercise and the remaining balance within 18 months (in cash or listed stock). In addition, since April 2010, the Company has held a call option to purchase the shares from the Trust at fair value with payment terms equal to those called for under the put option.

Legal—In the ordinary course of business, from time to time the Company and its affiliates are involved in judicial or regulatory proceedings, arbitration or mediation concerning matters arising in connection with the conduct of its businesses, including contractual and employment matters. In addition, government agencies and self-regulatory organizations conduct periodic examinations and initiate administrative proceedings regarding the Company's business, including, among other matters, compliance, accounting and operational matters, that can result in censure, fine, the issuance of cease-and-desist orders or the suspension or expulsion of a broker-dealer, investment advisor, or its directors, officers or employees. In view of the inherent difficulty of determining whether any loss in connection with such matters is probable and whether the amount of such loss can be reasonably estimated, particularly in cases where claimants seek substantial or indeterminate damages or where

Moelis & Company

Notes to the Consolidated and Combined Financial Statements (Continued)

(dollars in thousands)

14. COMMITMENTS AND CONTINGENCIES (Continued)

investigations and proceedings are in the early stages, the Company cannot estimate the amount of such loss or range of loss, if any, related to such matters, how or if such matters will be resolved, when they will ultimately be resolved, or what the eventual settlement, fine, penalty or other relief, if any, might be. Subject to the foregoing, the Company believes, based on current knowledge and after consultation with counsel, that it is not currently party to any material pending proceedings, individually or in the aggregate, the resolution of which would have a material effect on the Company. Provisions for losses are established in accordance with ASC 450, "Contingencies" when warranted. Once established, such provisions are adjusted when there is more information available or when an event occurs requiring a change.

The Company was previously named as one of several defendants in litigation arising from activities in 2011. The parties reached an agreement in principle to settle the litigation in March 2016, resulting in the Company incurring \$2.8 million of expense. While there is an agreement in principle to settle the litigation, the Company cannot make assurances whether the parties will agree on the final terms of the settlement or whether the Court will approve the settlement even if final terms of the settlement are reached. In such event, the ultimate resolution could result in higher costs for the Company.

In accordance with U.S. generally accepted accounting principles, the Company is required to reflect the settlement expense, which is a subsequent event, in its financial statements for the year ended December 31, 2015 because the settlement is related to litigation that existed at the balance sheet date of December 31, 2015 and the incurrence of the expense became probable and estimable prior to filing this Annual Report on Form 10-K for the fiscal year end December 31, 2015.

15. EMPLOYEE BENEFIT PLANS

The Company covers substantially all U.S. salaried employees with a defined contribution 401(k) plan. Each salaried employee of the Company who has attained the age of 21 is eligible to participate in the 401(k) plan on their first day of employment. Any employer contributions to the 401(k) plan are entirely at the discretion of the Company. The Company accrued expenses relating to employer matching contributions to the 401(k) plan for years ended December 31, 2015, 2014 and 2013, in the amounts of \$1,779, \$1,525 and \$1,324, respectively.

16. BUSINESS INFORMATION

The Company's activities as an investment banking advisory firm constitute a single business segment offering clients, including corporations, governments and financial sponsors, a range of advisory services with expertise across all major industries in mergers and acquisitions, recapitalizations and restructurings and other corporate finance matters.

We do not allocate our revenue by the type of advice we provide because of the complexity of the transactions on which we may earn revenue and our comprehensive approach to client service. For example, a restructuring engagement may evolve to require a sale of all or a portion of the client, M&A assignments can develop from relationships established on prior restructuring engagements and capital markets expertise can be instrumental on both M&A and restructuring assignments.

Moelis & Company**Notes to the Consolidated and Combined Financial Statements (Continued)****(dollars in thousands)****16. BUSINESS INFORMATION (Continued)**

There were no clients that accounted for more than 10% of revenues for the years ended December 31, 2015, 2014 and 2013. Since the financial markets are global in nature, the Company generally manages its business based on the operating results of the enterprise taken as 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 our clients are located.

	Year Ended December 31,		
	2015	2014	2013
Revenues:			
United States	\$ 443,998	\$ 409,935	\$ 331,743
Europe	88,063	89,797	68,743
Rest of World	19,802	19,018	10,900
Total	<u>\$ 551,863</u>	<u>\$ 518,750</u>	<u>\$ 411,386</u>

	December 31,	December 31,
	2015	2014
Assets:		
United States	\$ 463,984	\$ 378,573
Europe	45,067	52,975
Rest of World	30,410	32,701
Total	<u>\$ 539,461</u>	<u>\$ 464,249</u>

17. SUBSEQUENT EVENTS

On February 8, 2016, the Board of Directors of Moelis & Company declared a special dividend of \$0.80 per share in addition to a regular quarterly dividend of \$0.30 per share. The \$1.10 per share was paid on March 4, 2016 to Class A common stockholders of record on February 19, 2016.

In March 2016, the Company reached an agreement in principal to settle a litigation matter. See Note 14 for further information.

SUPPLEMENTAL FINANCIAL INFORMATION
Consolidated and Combined Quarterly Results of Operations (Unaudited)

(\$ in thousands, except per share data)	For the Three Months Ended			
	March 31, 2015	June 30, 2015	September 30, 2015	December 31, 2015
Revenues	\$ 99,412	\$ 125,873	\$ 151,789	\$ 174,789
Total operating expenses	78,031	93,101	111,880	131,348
Operating income (loss)	\$ 21,381	\$ 32,772	\$ 39,909	\$ 43,441
Net income (loss)	\$ 19,961	\$ 26,855	\$ 34,630	\$ 38,771
Less: net income (loss) attributable to noncontrolling interests	14,625	19,724	24,540	\$ 28,224
Net income (loss) attributable to Moelis & Company	\$ 5,336	\$ 7,131	\$ 10,090	\$ 10,547
Net income per share of common stock:				
Basic	\$ 0.27	\$ 0.36	\$ 0.50	\$ 0.52
Diluted	\$ 0.25	\$ 0.34	\$ 0.47	\$ 0.48
Dividends declared per share of common stock	\$ 0.20	\$ 0.20	\$ 0.30	\$ 0.30

(\$ in thousands, except per share data)	For the Three Months Ended			
	March 31, 2014	June 30, 2014	September 30, 2014	December 31, 2014
Revenues	\$ 114,517	\$ 131,687	\$ 128,651	\$ 143,895
Total operating expenses	90,582	188,994	92,878	98,552
Operating income (loss)	\$ 23,935	\$ (57,307)	\$ 35,773	\$ 45,343
Net income (loss)	\$ 22,092	\$ (60,610)	\$ 32,785	\$ 38,288
Less: net income (loss) attributable to noncontrolling interests	22,092	(41,600)	26,285	\$ 28,790
Net income (loss) attributable to Moelis & Company	\$ —	\$ (19,010)	\$ 6,500	\$ 9,498
Net income per share of common stock:				
Basic	N/A	\$ (1.25)	\$ 0.43	\$ 0.56
Diluted	N/A	\$ (1.25)	\$ 0.40	\$ 0.52
Dividends declared per share of common stock	N/A	\$ —	\$ 0.20	\$ 1.20

Schedule II—Valuation and Qualifying Accounts**For the Year Ended December 31, 2015****(dollars in thousands)**

	Allowance for Doubtful Accounts(1)		
	2015	2014	2013
Balance at beginning of period	\$ 1,552	\$ 1,853	\$ 4,419
Additions:			
Bad debt expense	1,213	1,450	1,564
Deductions:			
Charge-offs of uncollectible balances	(1,616)	(1,751)	(4,130)
Balance at end of period	<u>\$ 1,149</u>	<u>\$ 1,552</u>	<u>\$ 1,853</u>

(1) Includes the allowance for doubtful accounts for both accounts receivable and other receivables.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of the Company's disclosure controls and procedures (as defined in rule 13a-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")). Based upon this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report.

Management's Report on Internal Control over Financial Reporting

Management assessed the effectiveness of our internal control over financial reporting as of December 31, 2015. In making this assessment, management used the criteria established by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control—Integrated Framework (2013). Based on this assessment, management has concluded that, as of December 31, 2015, our internal control over financial reporting was effective, at a reasonable assurance level.

Because we are an "emerging growth company" under the Jumpstart Our Business Startups Act of 2012, this Annual Report on Form 10-K does not include an attestation report of our independent registered public accounting firm.

Changes in Internal Controls

No change in our internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) of the Exchange Act) occurred during the period covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

None.

PART III**Item 10. Directors, Executive Officers and Corporate Governance**

The information required by this Item 10 of Form 10-K will be included in our definitive proxy statement to be filed for our 2016 annual meeting of stockholders ("2016 Proxy Statement"), expected to be held in June 2016, and is incorporated herein by reference. The 2016 Proxy Statement will be filed with the SEC within 120 days after the end of the fiscal year to which this report relates.

Item 11. Executive Compensation

The information required by this Item 11 of Form 10-K will be included in our 2016 Proxy Statement and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Other than as set out below, the information required by this Item 12 of Form 10-K will be included in our 2016 Proxy Statement and is incorporated herein by reference.

Equity Compensation Plan Information

The following table provides information as of December 31, 2015 regarding securities issued under our Moelis & Company 2014 Omnibus Incentive Plan.

	Plan Category	Number of Shares to be Issued Upon Exercise of Outstanding Options, Warrants and Rights(2)	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Shares Remaining Available for Future Issuance Under Equity Compensation Plan (Excluding Securities Reflected In First Column)
Equity compensation plans approved by shareholders	2014 Omnibus Incentive Plan(1)	8,036,454	\$ 24.00	5,503,699
Equity compensation plans not approved by shareholders	None	—	—	—
Total		8,036,454	\$ 24.00	5,503,699

(1) Our 2014 Omnibus Incentive Plan was approved by our security holders in April 2014. See "Note 10—Equity Based Compensation" of the Consolidated and Combined Financial Statements for a description of our Omnibus Incentive Plan.

(2) Excludes 33,803,921 Group LP Partnership Units.

Item 13. Certain Relationship and Related Transactions, and Director Independence

The information required by this Item 13 of Form 10-K will be included in our 2016 Proxy Statement and is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services

The information required by this Item 14 of Form 10-K will be included in our 2016 Proxy Statement and is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules

1. Financial Statements

The consolidated and combined financial statements required to be filed in the Form 10-K are listed in Part II, Item 8 hereof.

2. Financial Data Schedules

See "Index to Consolidated and Combined Financial Statements" in this Form 10-K listed in Part II, Item 8 hereof.

3. Exhibits

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

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
3.1	Amended and Restated Certificate of Incorporation of the Registrant (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed with the SEC on April 22, 2014)
3.2	Amended and Restated Bylaws of the Registrant (incorporated by reference to Exhibit 3.2 to the Registrant's Current Report on Form 8-K filed with the SEC on April 22, 2014)
10.1	Form of Indemnification Agreement between the Registrant and its directors and officers (incorporated by reference to Exhibit 10.1 to the Registrant's Amendment No. 1 to Registration Statement on Form S-1 (File No. 333-200035) filed with the SEC on November 18, 2014)**
10.2	2014 Omnibus Incentive Plan (incorporated by reference to Exhibit 99.1 to the Registrant's Registration Statement on Form S-8 (File No. 333-197955) filed with the SEC on August 8, 2014) **
10.3	Stockholders Agreement, dated April 15, 2014, by and between the Registrant and Moelis & Company Partner Holdings LP, Kenneth Moelis, The Moelis Irrevocable Trust and The Moelis Family Trust (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on April 22, 2014)
10.4	Statement of Terms and Conditions of the 2014 Incentive Restricted Stock Unit Award for Managing Directors (incorporated by reference to Exhibit 10.4 to the Registrant's Amendment No. 1 to Registration Statement on Form S-1 (File No. 333-200035) filed with the SEC on November 18, 2014)**
10.5	Statement of Terms and Conditions of the 2014 Restricted Stock Unit Award for Non-Employee Directors (incorporated by reference to Exhibit 10.5 to the Registrant's Amendment No. 1 to Registration Statement on Form S-1 (File No. 333-200035) filed with the SEC on November 18, 2014)**

<u>Exhibit Number</u>	<u>Description</u>
10.6	Statement of Terms and Conditions of the 2015 Restricted Stock Unit Award for Non-Employee Directors (incorporated by reference to Exhibit 10.6 to the Registrant's Annual Report on Form 10-K filed with the SEC on February 27, 2015)**
10.7	Amended and Restated Agreement of Limited Partnership, dated April 15, 2014, by and between the Registrant, Moelis & Company Group GP LLC and the other limited partners from time to time party thereto (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed with the SEC on April 22, 2014)
10.8	Tax Receivable Agreement, dated April 15, 2014, by and among the Registrant, Moelis & Company Group LP and each of the Partners (as defined therein) (incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K filed with the SEC on April 22, 2014)
10.9	Master Separation Agreement, dated April 15, 2014, by and between the Registrant and Moelis Asset Management LP (formerly Moelis & Company Holdings LP) (incorporated by reference to Exhibit 10.4 to the Registrant's Current Report on Form 8-K filed with the SEC on April 22, 2014)
10.10	Master Services Agreement, dated April 15, 2014, by and between the Registrant and Moelis Asset Management LP (formerly Moelis & Company Holdings LP) (incorporated by reference to Exhibit 10.5 to the Registrant's Current Report on Form 8-K filed with the SEC on April 22, 2014)
10.11	Trademark License Agreement, dated April 15, 2014, by and between Moelis & Company Group LP and Kenneth Moelis (incorporated by reference to Exhibit 10.6 to the Registrant's Current Report on Form 8-K filed with the SEC on April 22, 2014)
10.12	Trademark License Agreement, dated April 15, 2014, by and between Moelis & Company Group LP and Moelis Asset Management LP (formerly Moelis & Company Holdings LP) (incorporated by reference to Exhibit 10.7 to the Registrant's Current Report on Form 8-K filed with the SEC on April 22, 2014)
10.13	Aircraft Lease, dated April 15, 2014, by and between Moelis & Company Group LP and Moelis & Company Manager LLC (incorporated by reference to Exhibit 10.8 to the Registrant's Current Report on Form 8-K filed with the SEC on April 22, 2014)
10.14	Aircraft Time Sharing Agreement, dated April 15, 2014, by and between Moelis & Company Group LP and Kenneth Moelis (incorporated by reference to Exhibit 10.9 to the Registrant's Current Report on Form 8-K filed with the SEC on April 22, 2014)
10.15	Employment Agreement, dated April 15, 2014, by and among Kenneth Moelis, Moelis & Company Group LP and the Registrant (incorporated by reference to Exhibit 10.10 to the Registrant's Current Report on Form 8-K filed with the SEC on April 22, 2014)**
10.16	Employment Agreement, dated April 15, 2014, by and among Navid Mahmoodzadegan, Moelis & Company Group LP and the Registrant (incorporated by reference to Exhibit 10.11 to the Registrant's Current Report on Form 8-K filed with the SEC on April 22, 2014)**
10.17	Employment Agreement, dated April 15, 2014, by and among Jeffrey Raich, Moelis & Company Group LP and the Registrant (incorporated by reference to Exhibit 10.12 to the Registrant's Current Report on Form 8-K filed with the SEC on April 22, 2014)**

<u>Exhibit Number</u>	<u>Description</u>
10.18	Employment Agreement, dated April 15, 2014, by and among J. Richard Leaman III, Moelis & Company Group LP and the Registrant (incorporated by reference to Exhibit 10.13 to the Registrant's Current Report on Form 8-K filed with the SEC on April 22, 2014)**
10.19	Moelis Australia Holdings Pty Ltd Shareholders Agreement, dated June 2010, by and among Moelis & Company International Holdings LLC, Magic TT Pty Ltd and Moelis Australia Holdings Pty Ltd (incorporated by reference to Exhibit 10.19 to the Registrant's Amendment No. 1 to Registration Statement on Form S-1 (File No. 333-194306) filed with the SEC on March 24, 2014)
10.20	Strategic Alliance Agreement, dated December 27, 2011, by and among Sumitomo Mitsui Banking Corporation, SMBC Nikko Securities Inc., Moelis Asset Management LP (formerly Moelis & Company Holdings LP) and Moelis & Company Holdings GP LLC (incorporated by reference to Exhibit 10.19 to the Registrant's Amendment No. 2 to Registration Statement on Form S-1 (File No. 333-194306) filed with the SEC on March 24, 2014)
10.21	Aircraft Dry Lease, dated September 23, 2014, among Moelis Asset Management LP (formerly Moelis & Company Holdings LP), Kenneth Moelis and the Registrant (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on November 7, 2014)
10.22	Cost Sharing and Operating Agreement, dated September 23, 2014, among Moelis Asset Management LP (formerly Moelis & Company Holdings LP), Kenneth Moelis and the Registrant (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on November 7, 2014)
10.23	Employment Agreement, dated September 3, 2014, by and among Eric Cantor, Moelis & Company Group LP and the Registrant** (incorporated by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on November 7, 2014)
10.24	Amendment, dated April 15, 2014, by and between the Registrant, Moelis & Company Group GP LLC and the other limited partners from time to time party thereto to the Amended and Restated Agreement of Limited Partnership of Moelis & Company Group LP (incorporated by reference to Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q filed with the SEC on November 7, 2014)
10.25	Advisory Units Agreement, dated as of April 30, 2015, by and among Sumitomo Mitsui Banking Corporation, SMBC Nikko Securities Inc., SMBC Capital Markets, Inc., Moelis & Company Group LP, Moelis & Company and Moelis & Company Group GP LLC (Incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on May 1, 2015)
10.26	Assignment and Assumption of the Strategic Alliance Agreement, dated as of April 30, 2015, by and among Sumitomo Mitsui Banking Corporation, SMBC Nikko Securities Inc., SMBC Capital Markets, Inc., Moelis Asset Management LP, Moelis & Company Group LP, Moelis & Company and Moelis & Company Holdings GP LLC (Incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on May 1, 2015)

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<u>Exhibit Number</u>	<u>Description</u>
10.27	Master Services Agreement, dated as of April 30, 2015, by and between Moelis & Company Group LP, Moelis Asset Management LP and certain subsidiaries of Moelis Asset Management LP (Incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on May 1, 2015)
21.1	Subsidiaries of Registrant
23.1	Consent of Deloitte & Touche LLP (filed herewith)
24.1	Power of Attorney (included on signature page hereto)
31.1	Rule 13a-14(a) Certification of Chief Executive Officer of the Registrant in accordance with Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Rule 13a-14(a) Certification of Chief Financial Officer of the Registrant in accordance with Section 302 of the Sarbanes-Oxley Act of 2002
32.1*	Section 1350 Certification of Chief Executive Officer of the Registrant in accordance with Section 906 of the Sarbanes-Oxley Act of 2002
32.2*	Section 1350 Certification of Chief Financial Officer of the Registrant in accordance with Section 906 of the Sarbanes-Oxley Act of 2002
101.INS**	XBRL Instance Document
101.SCH**	XBRL Taxonomy Extension Schema
101.CAL**	XBRL Taxonomy Extension Calculation Linkbase
101.LAB**	XBRL Taxonomy Extension Label Linkbase
101.PRE**	XBRL Taxonomy Extension Presentation Linkbase
101.DEF**	XBRL Taxonomy Extension Definition Linkbase

* Document has been furnished, is not deemed filed and is not to be incorporated by reference into any of the Registrant's filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934 irrespective of any general incorporation language contained in any such filing.

** Management contract or compensatory plan

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized this 14th day of March, 2016.

Moelis & Company

By: /s/ KENNETH MOELIS

Name: Kenneth Moelis

Title: *Chairman and Chief Executive Officer*

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Kenneth Moelis, Elizabeth Crain, Joseph Simon and Osamu Watanabe, and each of them, his true and lawful attorneys-in-fact and agents, with full power to act separately and full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Annual Report on Form 10-K and all amendments thereto the Securities Exchange Act of 1934, as amended, and to file the same, with all exhibits thereto, and all other documents in connection therewith, with the SEC, granting unto each said attorney-in-fact and agent full power and authority to do and perform each and every act in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or either of them or his or their substitute or substitutes may lawfully do or cause to be done by virtue hereof.

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

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ KENNETH MOELIS</u> Kenneth Moelis	Chairman and Chief Executive Officer (Principal Executive Officer)	March 14, 2016
<u>/s/ JOSEPH SIMON</u> Joseph Simon	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	March 14, 2016
<u>/s/ ERIC CANTOR</u> Eric Cantor	Director	March 14, 2016
<u>/s/ J. RICHARD LEAMAN III</u> J. Richard Leaman III	Director	March 14, 2016
<u>/s/ NAVID MAHMOODZADEGAN</u> Navid Mahmoodzadegan	Director	March 14, 2016

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<hr/> <u>/s/ JEFFREY RAICH</u> Jeffrey Raich	Director	March 14, 2016
<hr/> <u>/s/ JOHN A. ALLISON</u> John A. Allison	Director	March 14, 2016
<hr/> <u>/s/ YVONNE GREENSTREET</u> Yvonne Greenstreet	Director	March 14, 2016
<hr/> <u>/s/ KENNETH L. SHROPSHIRE</u> Kenneth L. Shropshire	Director	March 14, 2016

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Exhibit 21.1

SUBSIDIARIES OF REGISTRANT

<u>NAME OF SUBSIDIARY</u>	<u>COUNTRY OF ORGANIZATION</u>
Moelis & Company LLC	U.S.
Moelis & Company Group GP LLC	U.S.
Moelis & Company Group LP	U.S.
Moelis & Company International Holdings LLC	U.S.
Moelis Capital Markets LLP	U.S.
Western Funds Management Pty Ltd	Australia
Moelis Australia Holdings Pty Ltd (New South Wales)	Australia
Moelis Australia Securities Pty Ltd	Australia
Moelis Australia Advisory Pty Ltd	Australia
Moelis Australia Asset Management Ltd	Australia
Moelis & Company Australia Pty Ltd	Australia
Acure Asset Management Ltd	Australia
ACN 167 316 109 Pty Ltd	Australia
Moelis Australia AM Investments Pty Ltd	Australia
Moelis Australia Visa Fund Manager Pty Ltd	Australia
Great Keppel Island Pty Ltd	Australia
Moelis & Company Consulting (Beijing) Company Limited	Beijing
Moelis & Company Assessoria Financeira Ltda.	Brazil
Moelis & Company UK LLP, French Branch	France
Moelis & Company Europe Limited	Germany
Moelis & Company Europe Limited, Frankfurt am Main Branch	Germany
Moelis & Company Asia Limited	Hong Kong
Hong Kong Moelis & Company Asia Limited Beijing Representative Office	Hong Kong
Moelis & Company India Private Limited	Mumbai
Moelis & Company UK LLP	United Kingdom
Moelis & Company UK Holdings LLC	United Kingdom
Moelis UK LLP DIFC Branch	United Kingdom

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[Exhibit 21.1](#)

[SUBSIDIARIES OF REGISTRANT](#)

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Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration No. 333-197955 and No. 333-202355 on Form S-8 and Registration Statement No. 333-203499 on Form S-3 of our report dated March 14, 2016, relating to the consolidated and combined financial statements and financial statement schedule of Moelis & Company and subsidiaries (the "Company") appearing in this Annual Report on Form 10-K of the Company for the year ended December 31, 2015.

/s/ DELOITTE & TOUCHE LLP

New York, New York
March 14, 2016

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[Exhibit 23.1](#)

[CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM](#)

**CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Kenneth Moelis, certify that:

1. I have reviewed this Annual Report on Form 10-K for the period ending December 31, 2015 of Moelis & Company as filed with the Securities and Exchange Commission on the date hereof;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the above registrant and have:
 - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and to the audit committee of the registrant's board of directors:
 - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

March 14, 2016

/s/ KENNETH MOELIS

Kenneth Moelis
Chief Executive Officer

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[Exhibit 31.1](#)

[CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002](#)

**CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Joseph Simon, certify that:

1. I have reviewed this Annual Report on Form 10-K for the period ending December 31, 2015 of Moelis & Company as filed with the Securities and Exchange Commission on the date hereof;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the above registrant and have:
 - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and to the audit committee of the registrant's board of directors:
 - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

March 14, 2016

/s/ JOSEPH SIMON

Joseph Simon
Chief Financial Officer

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[Exhibit 31.2](#)

[CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002](#)

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to 18 U.S.C. § 1350, adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, Kenneth Moelis, Chief Executive Officer of Moelis & Company (the "Company"), certifies with respect to the Annual Report of the Company on Form 10-K for the annual period ended December 31, 2015 (the "Report") that, to the best of his knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

March 14, 2016

/s/ KENNETH MOELIS

Kenneth Moelis
Chief Executive Officer

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[Exhibit 32.1](#)

[CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002](#)

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to 18 U.S.C. § 1350, adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, Joseph Simon, Chief Financial Officer of Moelis & Company (the "Company"), certifies with respect to the Annual Report of the Company on Form 10-K for the annual period ended December 31, 2015 (the "Report") that, to the best of his knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

March 14, 2016

/s/ JOSEPH SIMON

Joseph Simon
Chief Financial Officer

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[Exhibit 32.2](#)

[CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002](#)