HOULIHAN LOKEY, INC.
Form S-1/A
July 27, 2015

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As filed with the Securities and Exchange Commission on July 27, 2015

Registration No. 333-205610

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 1
to

FORM S-1

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Houlihan Lokey, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**6282**	**95-2770395**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

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Approximate date of commencement of proposed sale to the public:
As soon as practicable after this Registration Statement is declared effective.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. o

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

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

Large accelerated filer o	Accelerated filer o	Non-accelerated filer ý (Do not check if a smaller reporting company)	Smaller reporting company o

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The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this preliminary prospectus is not complete and may be changed. The selling stockholders may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to completion, dated July 27, 2015

PRELIMINARY PROSPECTUS

Shares

Class A Common Stock

This is an initial public offering of Houlihan Lokey, Inc. The selling stockholders, including an affiliate of ORIX USA Corporation, and certain employees and members of our management, are selling shares of Class A common stock in this offering. We will not receive any of the proceeds from the sale of our Class A common stock by the selling stockholders in this offering.

Houlihan Lokey, Inc. has two classes of authorized common stock, Class A common stock and Class B common stock. The rights of the holders of Class A common stock and Class B common stock are identical, except with respect to voting and conversion rights. Each share of Class A common stock is entitled to one vote per share. Each share of Class B common stock is entitled to ten votes per share and is convertible into one share of Class A common stock. Outstanding shares of Class B common stock will represent approximately % of the voting power of our outstanding capital stock immediately following the completion of this offering.

Prior to this offering, there has been no public market for our Class A common stock. It is currently estimated that the initial public offering price for our Class A common stock will be between $ and $ per share. We have applied to have our Class A common stock listed on the New York Stock Exchange under the symbol "HLI."

We are an "emerging growth company" under applicable Securities and Exchange Commission rules and will be subject to reduced public company reporting requirements.

Investing in our Class A common stock involves risks. See "Risk Factors" beginning on page 24.

The Securities and Exchange Commission and state securities regulators have not approved or disapproved these securities, or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public offering price	$	$
Underwriting discount(1)	$	$
Proceeds, before expenses, to the selling stockholders	$	$

(1) See "Underwriting (Conflict of Interest)" for a description of the compensation payable to the underwriters.

The selling stockholders have granted the underwriters the right to purchase up to an additional shares of Class A common stock at the initial public offering price less the underwriting discounts and commissions. We will not receive any of the proceeds from the sale of our Class A common stock by the selling stockholders in this offering, including from any exercise by the underwriters of their option to

purchase additional shares of Class A common stock.

The underwriters expect to deliver the shares of Class A common stock to purchasers on or about , 2015.

BofA Merrill Lynch **Goldman, Sachs & Co.**

UBS Investment Bank **Keefe, Bruyette & Woods**
A Stifel Company **Houlihan Lokey**

Sandler O'Neill + Partners, L.P. **JMP Securities**

The date of this prospectus is , 2015.

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You should rely only on the information contained in this prospectus or in any free writing prospectus we may authorize to be delivered or made available to you. We, the selling stockholders and the underwriters have not authorized anyone to provide you with different information. The selling stockholders are offering to sell, and seeking offers to buy, shares of our Class A common stock only in jurisdictions where offers and sales are permitted. The information in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or any sale of shares of our Class A common stock.

For investors outside the United States: We, the selling stockholders and the underwriters have not done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. Persons outside the United States who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the offering of the shares of Class A common stock and the distribution of this prospectus outside the United States. See "Underwriting (Conflict of Interest)."

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BASIS OF PRESENTATION

In connection with the closing of this offering, we will effect a corporate reorganization, which we refer to as the "corporate reorganization." Unless otherwise stated or the context otherwise requires, all information in this prospectus reflects the consummation of the corporate reorganization, including the making of a pro rata distribution prior to the consummation of this offering to our direct holders that will ultimately be paid to our existing owners in the amount of $ million, consisting of (i) a short-term note in the aggregate amount of $, to be repaid immediately after the consummation of this offering, which will be allocated $ million to ORIX USA and $ million to the HL Holders, (ii) a new unsecured subordinated promissory note in the amount of $45.0 million, which we will issue to ORIX USA (the "New Note") and (iii) certain of our non-operating assets (valued in the aggregate at approximately $22.8 million as of June 30, 2015 and which, together with the costs required to manage the non-operating assets, generated approximately $0.5 million of income before provision for income taxes and approximately $0.6 million of loss before provision for income taxes for fiscal 2015 and the three months ended June 30, 2015, respectively), which will be distributed to certain of the HL Holders, in each case as described under "Organizational Structure," and this offering, which we refer to collectively as the "transactions." See "Organizational Structure" for a description of the transactions.

TRADEMARKS

This prospectus includes our trademarks, trade names and service marks, such as "HL," "Houlihan Lokey" and "Houlihan Lokey Howard & Zukin," which are protected under applicable intellectual property laws and are our property. This prospectus also contains trademarks, trade names and service marks of other companies, which are the property of their respective owners. Solely for convenience, trademarks, trade names and service marks referred to in this prospectus may appear without the ®, or SM symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the right of the applicable licensor to these trademarks, trade names and service marks. We do not intend our use or display of other parties' trademarks, trade names or service marks to imply, and such use or display should not be construed to imply, a relationship with, or endorsement or sponsorship of us by, these other parties.

MARKET AND INDUSTRY DATA

The industry, market and competitive position data referenced throughout this prospectus are based on research, industry and general publications, including surveys and studies conducted by third parties. Industry rankings are as reported by Thomson Reuters unless otherwise noted. Thomson Reuters industry rankings are sourced through direct deal submissions from financial institutions coupled with research performed by Thomson Reuters analysts. 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 "Cautionary Note Regarding Forward-Looking Statements" and "Risk Factors" in this prospectus.

In this prospectus, we use the term "independent investment banks" or "independent advisors" when referring to ourselves and other investment banks or financial advisors that are primarily focused on advisory services and that conduct no or limited commercial banking, lending, or securities sales and trading activities, which we believe are well positioned to provide uncompromised advice that is less subject to conflicts of interest arising from non-advisory services. We consider independent investment banks to be our publicly traded peers, including Evercore Partners Inc., Greenhill & Co., Inc., Lazard Ltd and Moelis & Company. In this prospectus, we use the term "mid-cap" when referring to transactions with a value below $1 billion and "large-cap" when referring to transactions with a value in excess of or equal to $1 billion.

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PROSPECTUS SUMMARY

This summary highlights information appearing elsewhere in this prospectus. This summary is not complete and does not contain all of the information that you should consider before making your investment decision. Before investing in our Class A common stock, you should carefully read the entire prospectus, including the financial data and related notes and the section entitled "Risk Factors." Some of the statements in this prospectus constitute forward-looking statements. Unless the context otherwise requires, the terms the "Company," "Houlihan Lokey, Inc." "Houlihan Lokey," "HL," "we," "us" and "our" refer to (i) prior to the corporate reorganization described under "Organizational Structure," Houlihan Lokey, Inc., a California corporation ("HL CA"), and (ii) following such corporate reorganization, Houlihan Lokey, Inc., a Delaware corporation ("HL DE"), and, in each case, unless otherwise stated, all of its subsidiaries. We use the term "ORIX USA" to refer to ORIX USA Corporation, a Delaware corporation and a wholly owned subsidiary of ORIX Corporation, a Japanese corporation. References to ORIX USA as a holder of our shares and as a selling stockholder mean ORIX USA acting through its indirect wholly owned subsidiary, ORIX HLHZ Holding, LLC, a Delaware limited liability company. We use the term "HL Holders" to refer to our existing owners other than ORIX USA, consisting of employees and members of our management. We use the term "Fram" to refer to Fram Holdings, Inc., a Delaware corporation and our current indirect parent. Our fiscal year ends on March 31st; references to fiscal 2015, fiscal 2014 and fiscal 2013 are to the fiscal years ended March 31, 2015, 2014 and 2013, respectively; references in this prospectus to years are to calendar years unless otherwise noted.

Overview

Established in 1972, Houlihan Lokey is a leading global independent investment bank with expertise in mergers and acquisitions ("M&A"), financings, financial restructurings and financial advisory services. Through our offices in the United States, Europe, Asia and Australia, we serve a diverse set of clients worldwide including corporations, financial sponsors and government agencies. We provide our financial professionals with an integrated platform that enables them to deliver meaningful and differentiated advice to our clients. We advise our clients on critical strategic and financial decisions employing a rigorous analytical approach coupled with deep product and industry expertise. We market our services through our product areas, our industry groups and our Financial Sponsors group, serving our clients in three primary business practices: Corporate Finance (encompassing M&A and capital markets advisory), Financial Restructuring (both out-of-court and in formal bankruptcy or insolvency proceedings) and Financial Advisory Services (including financial opinions and a variety of valuation and financial consulting services).

As of June 30, 2015, we had a team of 695 financial professionals across 17 offices globally and an additional three offices through our joint ventures, serving approximately 800 clients annually over the past several years, ranging from closely held companies to Fortune Global 500 corporations. Our Corporate Finance group is the leading M&A and capital markets advisor for mid-cap transactions. We were ranked the #1 M&A advisor for United States transactions under $5 billion in 2014 and we have been the #1 M&A advisor for United States mid-cap transactions every year for the last nine years (2006-2014). We also have one of the largest, most experienced restructuring practices globally, having advised on more than 1,000 restructuring transactions, including 12 of the 15 largest United States bankruptcies, since 2000. In 2014, we were ranked as the #1 global financial restructuring advisor and in 2013, we were recognized as the Global Restructuring Advisor of the Year by the International Financing Review ("IFR") and European Restructuring House of the Year by Financial News, in addition to receiving recognition for our roles on seminal and complex United States and cross-border M&A transactions in 2013 and 2014. Finally, we are a respected market leader in Financial Advisory Services, as we have been ranked as the #1 U.S. M&A fairness opinions advisor over the past ten years.

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We are committed to a set of principles that serve as the backbone to our success. Independent advice and intellectual rigor, combined with consistent senior-level involvement, are hallmarks of our commitment to client service. Our entrepreneurial culture engenders the flexibility to collaborate across our business practices to provide world-class solutions for our clients. Our broad based employee ownership serves to align the interests of employees and shareholders and further encourages a collaborative environment where our Corporate Finance, Financial Restructuring and Financial Advisory Services groups work together productively and creatively to solve our clients' most critical financial issues. We enter into businesses or offer services where we believe we can excel based on our expertise, analytical sophistication, industry focus and competitive dynamics. Finally, we remain independent and specialized, focusing on advisory products and market segments where our expertise is both differentiating and less subject to conflicts of interest arising from non-advisory services, and where we believe we can be a market leader in a particular segment. We do not lend or engage in any securities sales and trading operations or research which might conflict with our clients' interests.

We believe that the continuity of our senior leadership over an extended period of time has contributed to our differentiated business model and unique culture. The four members of our Office of the Executives have been employed by us for an average of 27 years. In addition, we have experienced very low turnover across our Managing Director ranks, with the tenure of our Managing Directors averaging ten years. We believe this continuity of leadership and partnership culture is unique in the investment banking industry and results in increased collaboration across our product and industry groups.

Due to our diversified business mix, our Corporate Finance and Financial Restructuring practices have historically acted as natural balances to each other, helping us grow our revenues and profitability throughout economic cycles. Our institutional flexibility and product mix provide our bankers with opportunities to advise their clients in almost any market conditions, thereby reducing our historical need to make significant downward adjustments to our employee base in challenging market conditions. From fiscal 2000 to fiscal 2015, our revenues grew from $144.1 million to $680.9 million, and our net income during the same period grew from $15.6 million to $79.9 million.

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Shown below are select transactions across our industry groups and product lines:

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* Represents total debt at time of restructuring.

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Our Services

We provide our financial professionals with an integrated platform that enables them to deliver meaningful and differentiated advice to our clients. We market our services through our product areas, our industry groups and our Financial Sponsors group, who then work collaboratively with our product bankers to deliver comprehensive solutions and seamless execution for our clients. This marketing effort is combined with an extensive network of referral relationships with law firms, consulting firms, accounting firms and other professional services firms that have been developed by our Financial Advisory Services professionals who maintain those relationships as potential referral sources and direct clients across all of our product lines. Our global reach and local on-the-ground presence, with 695 financial professionals in 17 offices worldwide in major and emerging financial centers and an additional three offices through our joint ventures as of June 30, 2015, is an attractive feature for our client base.

We have a diversified financial advisory platform. Our business features low revenue concentration and low client concentration: our largest client fee in fiscal 2015 represented less than 2% of our revenues, and each of our business segments enjoys a large and diversified client base; in particular, our Corporate Finance group closed 186 transactions in fiscal 2015, our Financial Restructuring group closed 63 transactions in fiscal 2015 and our Financial Advisory Services group had over 1,000 fee events in fiscal 2015.

Corporate Finance

As of June 30, 2015, we had 332 Corporate Finance professionals utilizing a collaborative, interdisciplinary approach in order to provide our clients with extensive industry experience, product expertise and global reach in a wide variety of M&A and financing transactions. We compete with boutique firms focused on particular industries or geographies as well as other independent investment banks and bulge-bracket firms. A majority of our engagements represent mid-cap transactions, which we believe is an attractive segment that is underserved by bulge-bracket investment banks. We believe that our deep sector expertise, significant senior banker involvement and attention, strong financial sponsor relationships and global platform provide a compelling value for our clients, engendering long-term relationships and making it difficult for our peers to compete against us in this segment of the market.

We believe that executing transactions in both the mid-cap and large-cap markets results in less volatile revenues, driven by a significantly larger number of transactions in the mid-cap segment. In 2014, Thomson Reuters reported that 92% of the M&A transactions in the United States where the value of the transaction was disclosed were mid-cap transactions. Moreover, the number of mid-cap transactions has been meaningfully less volatile year-over-year than the corresponding number for large-cap transactions. We believe that having the flexibility to execute in both markets provides a competitive advantage over bulge-bracket firms that focus almost exclusively on large-cap transactions. Finally, we believe that mid-cap companies tend to have a greater need for financial advice when they consider corporate transactions, as they often lack robust, dedicated internal resources for corporate development and financing.

We believe that through our industry groups we have a meaningful presence in every major industry segment, including aerospace & defense; business services; consumer, food & retail; energy; financial institutions; healthcare; industrials; real estate; and technology, media & telecommunications. We continue to expand and deepen our specialized industry capabilities, most recently with the acquisitions of Milestone Advisors, a specialized financial institutions-focused advisory firm, in December 2012, of ArchPoint Partners, a technology-focused advisory firm, in March 2014, and of M.E.S.A. Securities, Inc., a digital media and entertainment-focused advisory firm in June 2015. In addition, in July 2015, we announced our pending acquisition of McQueen Limited, a United Kingdom-based corporate finance advisor to the consumer, food and retail sectors. While the majority

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of our engagements are in the United States, we continue to enhance our M&A presence in other geographies, including Europe, Asia and Australia, and we believe there will be more opportunities to acquire similar specialized advisors.

Our industry groups are complemented by our Financial Sponsors group, one of the most extensive dedicated coverage groups for private equity and hedge fund institutions in the industry, consisting of senior financial professionals covering more than 400 private equity firms, 200 hedge funds and approximately 50 family offices. As financial sponsors have continued to grow in importance, our commitment to covering this client base has become an important advantage in growing and maintaining our market share.

We receive a retainer fee on the majority of our Corporate Finance engagements, in addition to a completion fee. In fiscal 2015, we advised on 186 Corporate Finance transactions that closed during the fiscal year.

Our Corporate Finance activities comprise two significant categories:

Mergers & Acquisitions: We have extensive expertise in mergers, acquisitions, divestitures, activist shareholder and takeover defense and other related advisory services for a broad range of United States and international clients. Our Corporate Finance professionals have relationships with thousands of companies and financial sponsors, providing us with valuable insights into a wide variety of relevant markets.

We believe our team of experienced and talented financial professionals is well positioned to provide advice across a wide range of M&A advisory services globally, including sell side, buy side, joint ventures, asset sales and divestitures that are less subject to conflicts of interest arising from non-advisory services. Our global industry group model with embedded M&A capabilities brings sector-specific knowledge, experience and relationships to our clients, allowing us to provide differentiated expert advice and connect buyers on a global basis.

Our accomplishments in M&A have earned us consistent recognition throughout the industry, and over the last ten years we have consistently been one of the most active M&A advisors in the United States.

Capital Markets Advisory: We provide global financing solutions and capital-raising advisory services for a broad range of corporate and private equity clients across all industry verticals, from large, publicly-held, multinational corporations to financial sponsors to privately-held companies founded and run by entrepreneurs.

Our capital markets advisory professionals leverage a wide array of longstanding, senior-level lender and investor relationships, including with traditional and non-traditional direct capital providers (such as institutional credit funds, commercial finance companies, business development companies, insurance companies, pension funds, mutual funds, global asset managers, special situations investors and structured equity providers). As the traditional syndicated capital markets are becoming increasingly complex and more regulated, the private capital markets have developed to provide an alternative source of flexible capital that can be tailored to meet clients' needs.

We believe we excel in providing our clients with sophisticated and thoughtful advice and access to traditional and non-traditional capital providers in the private and public capital markets. Our objective is to create a capital structure that enables the client to achieve its strategic priorities on the best terms available in the market, which often involves raising more than one type of capital, sometimes from multiple capital providers. Our private capital markets advisory services may include:

- analyzing the optimal capital structure and debt capacity of the business, as well as identifying potential debt and equity capital providers;

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- developing company positioning strategy, marketing materials, financial models and key documentation for capital raising;
- providing information to potential capital providers;
- evaluating bids and advising on the strengths and weaknesses of each proposal;
- finalizing the optimal capital structure based upon feedback from potential capital providers; and
- negotiating and executing the transaction with the final capital providers.

Financial Restructuring

As of June 30, 2015, we had 175 Financial Restructuring professionals working around the globe, which we believe constitutes one of the largest restructuring groups in the investment banking industry. Since its establishment in 1988, our Financial Restructuring group has earned a reputation for being the advisor of choice for the largest and most complex restructurings, offering knowledge, experience and creativity to address challenging situations. Our Financial Restructuring group operates in all major worldwide markets as debt issuances have increased around the world. Our Financial Restructuring professionals bring to bear deep expertise and experience in restructurings in the United States, Canada, Europe, Asia, Australia, the Middle East, Latin America and Africa. Given the depth and breadth of the team's expertise and the high barriers to entry, international and multi-jurisdictional restructurings represent an attractive opportunity for our Financial Restructuring team.

The group employs an interdisciplinary approach to engagements, calling upon the expertise of our industry groups, capital markets advisory group and Financial Sponsors group, and drawing on the worldwide resources of the Financial Restructuring team as each situation may require. The Financial Restructuring group is deeply experienced in evaluating complex, highly leveraged situations. In addition to comprehensive financial restructurings, we work with distressed corporations on engagements involving changes of control, asset sales and other M&A and capital markets activities, many times involving the sale of a company or its assets quickly, and in contested or litigious settings on expedited timeframes. We advise companies undergoing financial restructuring and creditor constituencies at all levels of the capital structure, in both out-of-court negotiations and in formal bankruptcy or insolvency proceedings. Our experience, geographic diversity and size allow us to provide the immediate attention and staffing required for time-sensitive and mission-critical restructuring assignments, making us a valued partner for our clients.

Our dedicated team is active throughout business cycles. Our Financial Restructuring practice serves as a countercyclical hedge across macroeconomic cycles, with increasing levels of restructuring opportunities occurring during periods when demand for M&A and capital markets advisory services may be reduced. In robust macro-economic environments, demand for the services of our restructuring team generally continues due to opportunities arising from secular and cyclical disruptions in certain industries, recent examples of which include retail, shipping and oil and gas; and market disruptions in certain geographies. Our geographic diversity and global market leadership allows us to maintain sustained levels of activity even when the U.S. capital markets are vibrant.

We are consistently ranked as a leading global restructuring advisor, including recognition as the #1 ranked global investment banking restructuring advisor for six of the last seven years. Since 2000, we have advised on more than 1,000 restructuring transactions, including advising major parties-in-interest in 12 of the 15 largest corporate bankruptcies in the United States, such as the bankruptcies of Lehman Brothers, Worldcom, Enron, the CIT Group and General Motors. In 2013, we were recognized as Global Restructuring Advisor of the Year by IFR, Best Loan Restructuring House / Advisor by Euroweek and GlobalCapital and European Restructuring House of the Year by Financial News. We also received recognition for Deals of the Year for several complex, high-profile transactions in 2013 and 2014, including the restructuring of American Airlines.

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Financial Advisory Services

Our Financial Advisory Services practice is one of our original practices and dates back more than 40 years. As of June 30, 2015, we had 188 financial professionals and strategic consultants in this practice, making us one of the largest and most respected valuation and financial opinion practices in the United States. We are ranked as the #1 U.S. M&A fairness opinions advisor over the past ten years. We believe we are a thought-leader in the field of valuation and strategic consulting, and our professionals produce influential studies and publications which are recognized and valued throughout the financial industry. Our extensive transaction expertise and leadership in these fields inspire confidence in the financial executives, boards of directors, special committees, retained counsel, investors and business owners that we serve. We believe that our reputation for delivering an outstanding analytical product that will withstand legal or regulatory scrutiny coupled with our independence makes us the advisor of choice for clients that seek to obtain a complex valuation or transaction opinion.

Our independence, stability, integrity, technical leadership and global capabilities make us a trusted advisor for clients worldwide, across a wide range of services including:

Transaction Opinions: we provide fairness and solvency opinions, and other types of valuation opinions issued in connection with a transaction.

Portfolio Valuation: we provide valuation opinions and other services to private equity firms and hedge funds.

Tax and Financial Reporting Valuation: we provide analyses, reports and opinions to companies for financial reporting purposes.

Consulting Services: we provide financial due diligence services, dispute resolution, and strategic consulting.

We actively seek to add new services within our Financial Advisory Services practice that are consistent with our analytical strengths, that are synergistic to our other businesses and that neither compromise our independence nor create potential conflicts of interest.

Our Financial Advisory Services professionals actively generate business through relationships with law firms, private equity firms, auditors and consultants. Moreover, our Corporate Finance, Financial Restructuring and Financial Sponsors groups supplement this effort with internal referrals.

Our Market Opportunity

We believe that we are positioned for increased revenues and market share, driven by the following broader market forces:

Increasing Demand for Independent Advice In the last decade, the demand for independent advice has increased dramatically, arising in part from the global financial crisis. We believe this trend has largely been driven by increasing levels of regulatory and fiduciary scrutiny of actual or perceived conflicts of interest at bulge-bracket and accounting firms, where providing advisory and opinion services can conflict with firm interests in securities sales and trading, underwriting, lending, proprietary investing, research coverage, consulting and auditing services. We also believe that this shift will continue as bulge-bracket firms increasingly rely on capital and distribution for profits and clients seek advice and opinions free of perceived bias from non-advisory services in an ever more complex M&A and capital markets landscape. Our core strengths and reputation in providing unbiased, high-quality, respected advice and opinions in a wide variety of situations position us well to take advantage of these trends.

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Continued Growth in M&A Transactions After declining through the latest global financial crisis, U.S. M&A transaction volumes are increasing as the macroeconomic environment stabilizes and financing conditions remain favorable. Driven by strong corporate balance sheets, buoyant capital markets and increased financial sponsor activity, the market is returning to the higher levels seen in 2006 and 2007. Our Corporate Finance and Financial Advisory Services groups are well positioned to capitalize on these market trends in the United States and increase transaction volumes and related opinion work.

United States Announced M&A Transaction Count

Source: Thomson Reuters, based on calendar year

We believe a similar growth opportunity is developing in Europe and in cross-border M&A transactions, and we have continued to invest resources and grow our team in that region. As of June 30, 2015, we maintained a staff of 102 financial professionals across all of our lines of business throughout Europe, Asia and Australia, who are well positioned to take advantage of opportunities in the M&A and financing markets as they continue to rebound, supported by our established relationships and reputation in those regions as the market leader for restructuring advisory services.

Growth in Corporate Debt Issuance and Rise in Restructuring Activity As a result of persistently low interest rates, corporations globally have issued record amounts of leveraged loan and high-yield debt in recent years. By maintaining our highly experienced team of restructuring professionals through the current low-default rate environment, we believe we have the capacity to address and benefit from any uptick in restructuring activity that may occur as a result of the record amounts of leverage. Additionally, our Financial Restructuring team continues to capitalize on opportunities caused by geographic and sector dislocations that have occurred in an otherwise healthy economic climate, such as in the Middle East, Eastern Europe, Latin America, Australia and Africa, as well as the retail, oil and gas and shipping sectors. Moreover, we are well positioned in geographies where restructuring markets are just beginning to evolve, driven by increased external investment and continued development of financial and legal sophistication, such as India, China and other parts of Asia. We also believe that increased balance sheet and multi-jurisdictional complexity provides a natural opportunity for us to provide services to both debtors and creditors throughout market cycles. In addition, as the following chart illustrates, a spike in default rates often follows periods of substantial leveraged loans and high yield issuances. We have seen continued strong leveraged loans and high yield issuances for the last five years, and believe we are well positioned to the extent that default rates begin to increase which will provide increased opportunities for our Financial Restructuring group.

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Global Leveraged Loan and High-Yield Debt Issuances ($ in billions)

Source: Thomson Reuters, based on calendar year

Ongoing Talent Dislocation at Financial Institutions In the aftermath of the global financial crisis, bulge-bracket banks are facing increasing regulation, compensation pressures, capital constraints and higher operating costs, creating a more challenging environment for their financial professionals. These increased challenges have resulted in rounds of down-sizing, as well as decreasing opportunities for those professionals who remain, causing a significant and ongoing dislocation of investment banking talent. We have been able to benefit from this trend by acquiring talented professionals who have driven increased relationships and business for the firm. This ongoing dislocation continues to represent an opportunity to enhance our industry and product groups, expand our geographic reach and enrich our advisory expertise and capabilities. We expect to continue to capitalize on this compelling opportunity and selectively attract complementary talent to our unique and attractive business model.

Our Competitive Advantages

We believe that our business is most differentiated from that of our competitors in the following respects:

Strong Partnership Culture with Significant Employee Ownership and Collaboration Our people are our greatest asset. Over the years, we have invested significantly in our people and created a true team-oriented culture with an entrepreneurial spirit. This team approach and lack of "superstar" culture differentiates us from many of our competitors who rely on one or a few key bankers. In addition, because of our equity compensation model, we have approximately 279 employee shareholders who will own approximately % of our equity upon consummation of this offering, with no single employee shareholder owning greater than %. Moreover, we intend to continue our equity compensation programs after this offering is consummated. We believe this broad-based equity ownership results in a strong alignment of employee and shareholder interests, fostering a collaborative culture with a focus on making decisions that broadly increase shareholder returns. Lastly, through each financial cycle, we expand our overall product, industry and coverage capabilities as our bankers continue to stay engaged through all cycles. During periods of financial distress, we do not experience the substantial layoffs and dislocation of personnel that occur at many other investment banking firms. Our continuity in senior financial professionals through economic cycles results in greater teamwork and collaboration among our various product and industry groups.

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Leadership in All Three Business Segments and across Industry Sectors Our consistent ability to innovate new solutions tailored to our clients' financial needs has enabled us to assert our market leadership in each of our business segments, including:

#1 Most Active M&A Advisor for United States Transactions under $5 billion in 2014 and under $1 billion over the past 9 years

#1 M&A Fairness Opinions Advisor in the United States over the past 10 years

#1 Global Investment Banking Restructuring Advisor for 6 of the last 7 years

We are respected for bringing innovative product solutions to our clients to meet increasing demand in a complex, dynamic marketplace, both organically and through acquisitions. For example, in fiscal 2014 we established an Illiquid Financial Assets business to provide intermediation between counterparties for a variety of illiquid assets and expanded our practice of advising in activist investor situations, and in fiscal 2015 we acquired a strategic consulting firm.

We also have developed industry expertise and experience across the major industry sectors and more than 70 sub-sectors, resulting in deep industry knowledge and superior advice to our clients as we develop and implement financial solutions on their behalf. This deep industry capability is a key factor in the success of our Corporate Finance group and plays an important role in supporting and maintaining our strong market position in Financial Restructuring and Financial Advisory Services as well. Our success in building these capabilities has resulted in the following rankings for 2014 for all United States mid-cap transactions:

#1 M&A Advisor for Aerospace & Defense Transactions

#1 M&A Advisor for Casino & Gaming Transactions

#1 M&A Advisor for Consumer Products Transactions

#1 M&A Advisor for Food & Beverage Transactions

#1 M&A Advisor for Healthcare Transactions

#1 M&A Advisor for Industrials Transactions

#1 M&A Advisor for Specialty Finance Transactions, according to SNL Financial

#1 M&A Advisor for Telecommunications Transactions

Market Leader for Mid-Cap M&A Transactions Our leadership in M&A for mid-cap transactions sets us apart from many of our bulge-bracket and independent advisory peers, who focus on the more competitive, large-cap market segment. The mid-cap market segment has substantially higher deal volume and lower volatility in deal volume through economic cycles compared with the large-cap market, offering the potential for a more stable and diversified revenue base. Within this market segment, we also have a clear competitive advantage over regional- or industry-focused boutiques because we offer a more global platform, deep industry expertise and strong relationships with potential strategic buyers as well as financial sponsors.

Diverse Revenues Drive Strong Financial Performance across Market Cycles Our diverse lines of business have allowed us to grow revenues in both strong and more challenging economic environments. From fiscal 2007 through fiscal 2012 (through the global financial crisis), we grew our revenues from $446 million to $472 million and never delivered a pre-tax margin less than 17.8% during that time period. During fiscal 2010, we experienced overall firm revenue growth of 33% over our fiscal 2009 revenues as a result of a significant increase in revenues in our Financial Restructuring business despite the severely reduced level of M&A activity. We believe

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the cyclical hedge provided by our business mix also allows us to retain and acquire high quality talent during periods of market dislocation. Our institutional flexibility allows our financial professionals in each group to generate additional business, and work on projects that would traditionally be handled solely by professionals in other groups. For example, where there is market need, members of our restructuring team may migrate to our industry and coverage efforts and generate M&A and financing opportunities.

We have a well-diversified revenue base across a variety of clients, services and sectors. We enjoy low fee concentration, with our largest engagement contributing less than 2% of our revenues in fiscal 2015. Moreover, our business model and value proposition enable us to arrange modest retainer fees or progress fees consisting of both periodic and milestone-related payments in a majority of our engagements with clients.

Industry-Leading Financial Sponsors Platform We believe we have one of the most comprehensive financial sponsors groups on Wall Street, with dedicated senior professionals covering over 400 private equity groups, 200 hedge funds and approximately 50 family offices. We believe that our broad access to financial sponsors provides a competitive advantage to our clients seeking to raise capital from, or sell a company to, a financial sponsor, especially as financial sponsor M&A activity continues to rise. Moreover, financial sponsors value our coverage efforts as an important source of deal flow, resulting in a mutually beneficial relationship. We have accumulated years of data regarding the investment criteria and transaction behavior of many financial sponsors, and we are well-positioned to match our clients with the most appropriate capital partners, providing a critical and valuable source of business to all three of our business practices. Over the last five years, we have advised on the sale of more than 200 companies to financial sponsors, and we have sold more than 300 companies on their behalf.

Experienced Senior Leadership with Limited Key Man Risk We believe that the continuity of our senior leadership over an extended period of time has contributed to our differentiated business model and culture. The four members of the Office of the Executives have been employed by us for an average of 27 years. Our Managing Directors lead and participate in every facet of client interactions, from deal origination and evaluation to board presentations and final execution. As of June 30, 2015, we had 163 Managing Directors who had an average tenure of ten years with us. Client relationships run deep into the organization, and no single individual had more than 3% of our revenues attributed to him or her in fiscal 2015. We enjoy low employee turnover, resulting in strong continuity of client coverage and our success in building relationships is demonstrated by the loyalty of our clients and their willingness to continue to work with us year after year.

Our Growth Strategy

We seek to achieve our growth objectives through four primary strategies:

Grow Our Intellectual Capital by Adding Highly Qualified and Motivated Financial Professionals Our people are our greatest asset, and we believe that significant investment in our intellectual capital is our most promising avenue for growth. We seek to grow our business through the addition of senior financial professionals who have strong client relationships and industry expertise, in addition to the right cultural fit and a skill set that is complementary to our existing capabilities. We have steadily grown our Managing Director base from 81 as of December 31, 2007 to 163 as of June 30, 2015 and plan to selectively increase that count as opportunities arise through internal promotions, opportunistic external hiring and acquisitions.

Expand the Breadth of Our Industry Expertise and Add New Product Areas We intend to continue to expand our platform into industry and product sectors that we have identified as particularly

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attractive, both organically and through acquisitions. We have a strong track record of executing and integrating strategic acquisitions to expand our product offerings, including: the acquisition of Milestone Advisors in December 2012, which we combined with our existing financial institutions group to create a more robust platform; the acquisition of ArchPoint Partners in March 2014, which significantly increased our expertise in the technology sector; the acquisition of Bridge Strategy Group in January 2015, which allows us to add in-depth strategic consulting to our current consulting capabilities for C-suite relationships; and the acquisition of M.E.S.A. Securities, Inc. in June 2015, which increased our capabilities in the digital and traditional media and entertainment sectors. In addition, in July 2015, we announced our pending acquisition of McQueen Limited, a United Kingdom-based corporate finance advisor to the consumer, food and retail sectors.

Deepen Existing Client Relationships We continue to offer value added advice using the complementary expertise of each of our lines of business, which creates long-term successes for our clients and increases the depth of our existing relationships. We believe that this approach has allowed us to create solid relationships with our existing clients, resulting in significant repeat business for us. We believe that we can continue to increase revenues by broadening existing client relationships across our lines of business. Moreover, as our clients grow, we believe they will have an increased need for our advisory services and engage in higher value transactions, resulting in higher average fees and increased overall fees from clients.

Expand our Existing Expertise into New Geographies Given our current global footprint with 17 offices across the globe and three additional offices through our joint ventures, we expect to take a highly disciplined approach to expansion into new geographies, both organically and through acquisitions. We plan to continue broadening our geographic scope in a selective manner into regions where we believe the business environment will be receptive to the strengths of our platform or where our existing clients have or may want to develop a significant presence. In furtherance of this strategy, in July 2010, we announced an equity investment in Avista Advisory Group, which has grown to become a 36-person investment banking firm headquartered in Mumbai, India, with operations in both India and Singapore. More recently, in February 2015, we announced a joint venture in Australia where we teamed with ten employees to open an office in Sydney, Australia to pursue advisory activities across our industry groups and product lines.

Summary Risk Factors

We are subject to a number of risks, including risks that may prevent us from achieving our business objectives or that may adversely affect our business, financial condition, results of operations, cash flows and prospects. You should carefully consider the risks discussed in the section entitled "Risk Factors," including the following risks, before investing in our Class A common stock:

- our ability to retain our Managing Directors and our other senior professionals is critical to the success of 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;

- changing market conditions can adversely affect our business in many ways, including by reducing the volume of transactions involving our business, which could materially reduce our revenue;

- we are subject to reputational and legal risk arising from, among other things, actual or alleged employee misconduct, conflicts of interest, failure to meet client expectations or cybersecurity breaches or other operational failures; and

- 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.

Corporate Information and Reorganization

Houlihan Lokey, Inc. was incorporated in California on March 7, 1972. On July 24, 2015, in connection with the corporate reorganization, Houlihan Lokey, Inc. was reincorporated in the State of Delaware. Our largest office in terms of financial professionals is in New York where we had over 200 financial professionals as of June 30, 2015 and our principal executive offices are located at 10250 Constellation Blvd., 5th Floor, Los Angeles, CA 90067, and our telephone number is (310) 553 8871. Our website can be found at *www.hl.com*. Information on, or accessible through, our website is not part of this prospectus, nor is such content incorporated by reference herein.

Prior to the completion of this offering, we intend to complete an internal corporate restructuring, which we refer to in this prospectus as the corporate reorganization. The corporate reorganization is described in the section titled "Organizational Structure."

Implications of Being an Emerging Growth Company

As a company with less than $1.0 billion in revenue during our last fiscal year, we qualify as an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"). An emerging growth company may take advantage of specified reduced reporting and other requirements that are otherwise applicable generally to public companies. These provisions include:

- we are required to have only two years of audited financial statements and only two years of related Management's Discussion and Analysis of Financial Condition and Results of Operations disclosure;

- we are subject to significantly reduced executive compensation disclosure requirements;

- we are not required to engage an auditor to report on our internal controls over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act");

- we are not required to comply with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements (*i.e.*, an auditor discussion and analysis); and

- we are not required to submit certain executive compensation matters to stockholder advisory votes, such as "say-on-pay," "say-on-frequency" and "say-on-golden parachutes."

We may take advantage of these provisions until the last day of our fiscal year following the fifth anniversary of the completion of this offering or such earlier time that we are no longer an emerging growth company. We would cease to be an emerging growth company if we have more than $1.0 billion in annual revenue, have more than $700 million in market value of our Class A common stock held by non-affiliates, or issue more than $1.0 billion of non-convertible debt over a three-year period. We may choose to take advantage of some but not all of these reduced burdens. We have elected to adopt the reduced disclosure with respect to financial statements and the related Management's Discussion and Analysis of Financial Condition and Results of Operations disclosure, as well as executive compensation. As a result of this election, the information that we provide stockholders may be different than you might get from other public companies in which you hold equity.

The JOBS Act permits an emerging growth company like us to take advantage of an extended transition period to comply with new or revised accounting standards applicable to public companies. We are choosing to "opt out" of this provision and, as a result, we will comply with new or revised accounting standards as required when they are adopted. This decision to opt out of the extended transition period is irrevocable.

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The Offering

Selling stockholders	ORIX USA Corporation (through ORIX HLHZ Holding, LLC, its wholly owned subsidiary) and certain of the HL Holders. See "Principal and Selling Stockholders" for additional information.
Class A common stock offered by the selling stockholders	shares (shares if the underwriters exercise their option to purchase additional shares of Class A common stock in full).
Class A common stock to be outstanding immediately after this offering	shares (shares if the underwriters exercise their option to purchase additional shares of Class A common stock in full).
Class B common stock to be outstanding immediately after this offering	shares (shares if the underwriters exercise their option to purchase additional shares of Class A common stock in full).
Total Class A common stock and Class B common stock to be outstanding after this offering	shares.
Use of Proceeds	We will not receive any net proceeds from the sale of shares of our Class A common stock by the selling stockholders, including from any exercise by the underwriters of their option to purchase additional shares of Class A common stock. See "Use of Proceeds" for additional information.

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Voting Rights

We have two classes of authorized common stock: Class A common stock and Class B common stock. The rights of the holders of Class A common stock and Class B common stock are identical, except with respect to voting and conversion rights. Each share of Class A common stock is entitled to one vote per share, and each share of Class B common stock is entitled to ten votes per share. Following the completion of this offering, each share of Class B common stock may be converted into one share of Class A common stock at the option of its holder and will be automatically converted into one share of Class A common stock upon transfer thereof, subject to certain exceptions. In addition, upon the date on which the aggregate outstanding shares of common stock owned by (i) ORIX USA, (ii) the HL Voting Trust (as defined below) and (iii) the beneficiaries of the HL Voting Trust or certain of their transferees collectively represent less than 20% of the then aggregate outstanding shares of common stock, or on a date specified by holders of at least 66$^{2}/_{3}$% of the outstanding shares of Class B common stock, all outstanding shares of Class B common stock will convert automatically into Class A common stock. See "Description of Capital Stock" for additional information.

Holders of our Class A common stock and Class B common stock will vote together as a single class on all matters presented to our stockholders for their vote or approval, except as otherwise provided in our amended and restated certificate of incorporation or as required by applicable law. See "Description of Capital Stock Class A Common Stock and Class B Common Stock."

As a result of the corporate reorganization and after giving effect to the sale of shares of our Class A common stock in this offering:

ORIX USA will own shares of Class B common stock, representing % of the voting power and % of the economic interest in us;

The HL Holders will hold shares of Class B common stock indirectly through a new voting trust (the "HL Voting Trust") formed pursuant to a voting trust agreement (the "HL Voting Trust Agreement") under which all decisions with respect to the voting (but not the disposition) of the Class B common stock held by the HL Holders will be made by the trustees of the HL Voting Trust, in their sole and absolute discretion, without fiduciary duties of any kind to the HL Holders, representing % of the voting power and % of the economic interest in us; and

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	our public stockholders will collectively own shares of Class A common stock, representing % of the voting power and % of the economic interest in us. Immediately following this offering, ORIX USA and the HL Voting Trust will collectively hold % of the voting power in us through their ownership of our Class B common stock. We anticipate that all of the HL Holders will become party to the HL Voting Trust Agreement. See "Organizational Structure."
Lock-up	Shares of common stock held by the HL Holders indirectly through the HL Voting Trust are subject to lock-up agreements for a minimum of three years from this offering, subject to acceleration in certain circumstances. Under the terms of each lock-up agreement, each HL Holder will generally be subject to a lock-up period of three years following this offering, after which such shares will become transferable in three equal installments on each of the third, fourth and fifth anniversary of this offering. In addition, each lock-up agreement will provide that, except as may be otherwise authorized by our board of directors, notwithstanding the lock-up periods described above, shares of our common stock held by managing directors and certain senior corporate officers of the Company whose employment with us or any of our subsidiaries terminates prior to the third anniversary of this offering for reasons other than death or disability will be subject to transfer restrictions, and will be ineligible to participate in any follow-on offerings, in each case, through the seventh anniversary of this offering.
Stockholders' Agreement	In connection with the completion of this offering, we will enter into a stockholders' agreement with ORIX USA and the trustees on behalf of the HL Voting Trust (the "Stockholders' Agreement"). Under this agreement, each of ORIX USA and the HL Voting Trust will initially have the right to recommend the nomination of four of the members of our board of directors. The Stockholders' Agreement will also provide that approval of two-thirds of the board will be required for certain corporate actions for a period of time based on ORIX USA's continuing ownership level, which, based on ORIX USA's ownership percentage at the time of this offering, essentially gives the ORIX USA directors veto authority over those actions. See "Certain Relationships and Related Party Transactions New Agreements with Our Existing Stockholders Stockholders' Agreement."

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Registration Rights Agreements	In connection with the completion of this offering, we will enter into a Registration Rights Agreement with each of ORIX USA and the HL Holders. We will grant registration rights to ORIX USA and such HL Holders pursuant to which (subject to the 180-day lock-up in favor of the underwriters and the lock-up provisions applicable to the HL Holders as discussed above): the holders of registrable shares entitled to demand registration rights may request that we register all or a portion of their registrable shares for sale under the Securities Act of 1933, as amended (the "Securities Act"); if we register any shares of our common stock, the holders of all registrable shares are entitled to notice of the registration and to include all or a portion of their registrable shares in the registration; and in the event that any registration in which the holders of registrable shares participate pursuant to either Registration Rights Agreement is an underwritten public offering, the number of registrable shares to be included may be limited in specified circumstances due to market conditions. Pursuant to the Stockholders' Agreement, the Company has agreed with ORIX USA upon certain limitations with respect to underwritten offerings that occur prior to the third anniversary of this offering. See "Certain Relationships and Related Party Transactions New Agreements with Our Existing Stockholders Registration Rights Agreements" and "Certain Relationships and Related Party Transactions New Agreements with Our Existing Stockholders Stockholders' Agreement."
Controlled company	Following this offering we will be a "controlled company" within the meaning of the corporate governance rules of the New York Stock Exchange. See "Management Corporate Governance."

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Dividend policy	Following this offering and subject to applicable law, we intend to pay a quarterly cash dividend initially equal to $ per share of common stock, commencing with the quarter of fiscal 2016. Any declaration and payment of future dividends to holders of our common stock will be at the discretion of our board of directors and will depend on many factors, including our financial condition, earnings, cash flows, capital requirements, level of indebtedness, statutory and contractual restrictions applicable to the payment of dividends, including those contained in the New Revolving Credit Facility and the New Note, and other considerations that our board of directors deems relevant. Our ability to pay dividends may also be restricted by the terms of any future credit agreement or any future debt or preferred equity securities of us or of our subsidiaries. See "Dividend Policy" and "Description of Indebtedness." Prior to the consummation of this offering, we expect to make a pro rata distribution to our direct holders that will ultimately be paid to our existing owners in the amount of $ million, consisting of (i) a short-term note in the aggregate amount of $, to be repaid immediately after the consummation of this offering, funded from cash on hand, which will be allocated $ million to ORIX USA and $ million to the HL Holders, (ii) the New Note and (iii) certain of our non-operating assets (valued in the aggregate at approximately $22.8 million as of June 30, 2015 and which, together with the costs required to manage the non-operating assets, generated approximately $0.5 million of income before provision for income taxes and approximately $0.6 million of loss before provision for income taxes for income taxes for fiscal 2015 and the three months ended June 30, 2015, respectively), which will be distributed to certain of the HL Holders, in each case as described under "Organizational Structure."

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Conflict of interest	Houlihan Lokey, Inc. controls Houlihan Lokey Capital, Inc., an underwriter in this offering. In addition, certain of our employees and members of management who are offering shares of our Class A common stock in this offering are associated persons of Houlihan Lokey Capital, Inc. Therefore Houlihan Lokey Capital, Inc. is deemed to have a "conflict of interest" under Rule 5121(f)(5)(B) of the Financial Industry Regulatory Authority, Inc. ("FINRA"). In addition, affiliates and associated persons of Houlihan Lokey Capital, Inc. (a wholly-owned subsidiary of Houlihan Lokey, Inc.) will be deemed to receive more than 5% of net offering proceeds and will have a "conflict of interest" pursuant to FINRA Rule 5121(f)(5)(C)(ii). Accordingly, this offering is being made in compliance with the requirements of Rule 5121. Pursuant to that rule, the appointment of a "qualified independent underwriter" is not required in connection with this offering as the member primarily responsible for managing the public offering does not have a conflict of interest, is not an affiliate of any FINRA member that has a conflict of interest and meets the requirements of paragraph (f)(12)(E) of Rule 5121. See "Underwriting (Conflict of Interest)."
Risk factors	Investing in shares of our Class A common stock involves a high degree of risk. See "Risk Factors" beginning on page 23 of this prospectus for a discussion of factors you should carefully consider before investing in shares of our Class A common stock.
Proposed New York Stock Exchange symbol	"HLI."

The number of shares of our Class A common stock to be outstanding after this offering is based on no shares of Class A common stock and shares of Class B common stock outstanding as of , 2015 after giving effect to the corporate reorganization and excludes:

- shares of Class A common stock and Class B common stock reserved for issuance under our 2016 Incentive Award Plan (the "2016 Plan"), which will become effective prior to the completion of this offering; and

- shares of Class B common stock to be issued following the completion of this offering upon vesting of deferred stock awards outstanding as of the date of this offering (based on the midpoint of the price range listed on the cover page of this prospectus).

Unless otherwise indicated, this prospectus assumes the following:

- the consummation of the corporate reorganization described in the section titled "Organizational Structure" prior to the completion of this offering, including the making of a pro rata distribution to our direct holders that will ultimately be paid to our existing owners in the amount of $ million, consisting of (i) a short-term note in the aggregate amount of $, to be repaid immediately after the consummation of this offering, which will be allocated $ million to ORIX USA and $ million to the HL Holders, (ii) the New Note and (iii) certain of our non-operating assets (valued in the aggregate at approximately $22.8 million as of June 30, 2015 and which, together with the costs required to manage the non-operating assets, generated approximately $0.5 million of income before provision for

income taxes and approximately $0.6 million of loss before provision for income taxes for income taxes for fiscal 2015 and the three months ended June 30, 2015, respectively), which will be distributed to certain of the HL Holders, in each case as described under "Organizational Structure";

the issuance of restricted shares of Fram stock that we anticipate granting under the Fram Holdings, Inc. Second Amended and Restated 2006 Incentive Compensation Plan (the "2006 Plan") to employees in connection with this offering and the conversion of such restricted shares into restricted shares of Class B common stock, which will be subject to certain voting and lock-up arrangements;

the filing of our amended and restated certificate of incorporation and the adoption of our amended and restated bylaws, forms of which will be filed as exhibits to the registration statement of which this prospectus forms a part, which will occur prior to the closing of this offering;

an initial public offering price of $ per share of Class A common stock, which is the midpoint of the price range listed on the cover page of this prospectus; and

no exercise by the underwriters of their option to purchase additional shares of Class A common stock.

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Summary Consolidated Financial and Other Data

The following tables present the summary historical consolidated financial and other data for Houlihan Lokey, Inc. and its subsidiaries. The summary consolidated statements of operations data for each of the years in the two-year period ended March 31, 2015 and the summary consolidated balance sheet data as of March 31, 2015 are derived from the audited consolidated financial statements of Houlihan Lokey, Inc. and its subsidiaries included in this prospectus. The summary consolidated statements of operations data presented below for the year ended March 31, 2013 has been derived from the audited consolidated financial statements of Houlihan Lokey, Inc. and its subsidiaries not included in this prospectus. The summary consolidated statements of operations data for the three months ended June 30, 2014 and June 30, 2015 and the summary consolidated balance sheet data as of June 30, 2015 are derived from the unaudited condensed consolidated financial statements of Houlihan Lokey, Inc. and its subsidiaries included in this prospectus. In the opinion of our management, such unaudited financial statements reflect all adjustments consisting of normal recurring adjustments, necessary for a fair presentation of the results for those periods.

The results of operations for the periods presented below are not necessarily indicative of the results to be expected for any future period and the results for any interim period are not necessarily indicative of the results that may be expected for a full fiscal year or any future reporting period. The information set forth below should be read together with the "Selected Consolidated Financial and Other Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and the accompanying notes appearing elsewhere in this prospectus.

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($ in thousands)	Fiscal year ended March 31, 2013	March 31, 2014	March 31, 2015	Three months ended June 30, 2014	June 30, 2015
				(unaudited)	
Consolidated statements of operations data:					
Fee revenue:					
Corporate Finance	$ 214,369	$ 260,035	$ 367,632	$ 77,752	$ 78,397
Financial Restructuring	210,969	230,062	207,909	37,671	38,993
Financial Advisory Services	94,494	102,054	105,331	26,079	28,876
Total segment revenues	519,832	592,151	680,872	141,502	146,266
Corporate revenues	453	299			
Fee revenue	$ 520,285	$ 592,450	$ 680,872	$ 141,502	$ 146,266
Operating expenses					
Employee compensation and benefits	349,578	414,918	475,100	98,411	93,689
Non-compensation expenses	74,027	74,684	77,118	19,042	28,797
Total operating expenses	423,605	489,602	552,218	117,453	122,486
Operating income	96,680	102,848	128,654	24,049	23,780
Other income and expenses	1,631	2,478	3,481	577	1,321
Income before provision for income taxes	98,311	105,326	132,135	24,626	25,101
Provision for income taxes	39,381	43,898	52,196	10,269	10,030
Net income	$ 58,930	$ 61,428	$ 79,939	$ 14,357	$ 15,071
Net (income) loss attributable to noncontrolling interest	44	(108)	(58)	1	(26)
Net income attributable to Houlihan Lokey, Inc.	$ 58,974	$ 61,320	$ 79,881	$ 14,358	$ 15,045
Net income attributable to Houlihan Lokey, Inc. per share basic and diluted(1)	$ 0.10	$ 0.10	$ 0.14	$ 0.02	$ 0.03
Weighted average number of shares outstanding used in computing per share amounts basic and diluted(1)	587,866	587,866	587,866	587,866	587,866
Pro forma as adjusted net income attributable to Houlihan Lokey, Inc. per share basic and diluted (unaudited)(1)(2)					
Pro forma as adjusted weighted average number of shares outstanding (unaudited)(1)(2)					

($ in thousands)	June 30, 2015 Actual	Pro Forma(3)	Pro Forma (as Adjusted)(2)
		(unaudited)	
Consolidated balance sheet data:			
Cash and cash equivalents	$ 97,687	$	$
Total assets	1,108,895		
Total liabilities	262,021		
Total stockholder's equity	845,322		

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($ in thousands)	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015	Three months ended June 30, 2014	Three months ended June 30, 2015
				(unaudited)	
Other data:					
Number of Clients Paying a Fee Equal to or Greater than $1 million	142	174	193	37	38
Percentage of Fee Revenue from Top 10 Transactions	17%	15%	12%	30%	27%
Managing Directors in Corporate Finance (period-end)	49	55	65	62	79
Financial Professionals in Corporate Finance (period-end)	264	272	310	268	332
Managing Directors in Financial Restructuring (period-end)	38	39	40	41	41
Financial Professionals in Financial Restructuring (period-end)	168	172	173	164	175
Managing Directors in Financial Advisory Services (period-end)	23	21	32	23	35
Financial Professionals in Financial Advisory Services (period-end)	158	157	185	159	188
Number of transactions/fee events:					
Corporate Finance Completed Transactions	131	141	186	43	45
Financial Restructuring Completed Transactions	67	63	63	17	14
Financial Advisory Services Fee Events	999	997	1,046	394	402
Segment Profit:					
Corporate Finance	$ 51,128	$ 67,088	$ 101,266	$ 21,097	$ 23,426
Financial Restructuring	57,999	56,910	52,246	7,576	9,619
Financial Advisory Services	20,938	24,921	24,344	6,253	6,726
Compensation Ratio:					
Corporate Finance	63%	64%	64%	64%	58%
Financial Restructuring	63%	66%	65%	65%	64%
Financial Advisory Services	62%	63%	64%	63%	60%

(1) See Note 14 to our consolidated financial statements for an explanation of the calculations of our basic and diluted net income attributable to Houlihan Lokey, Inc. per share of common stock, and pro forma net loss per share of common stock.

(2) The pro forma as adjusted data give effect to the consummation of the proposed corporate reorganization described in the section titled "Organizational Structure," the sale by the selling stockholders of shares of Class A common stock in this offering, the repayment of the short-term note and the payment of estimated offering expenses payable by us.

(3) The pro forma statement of operations and balance sheet data reflect the consummation of the proposed corporate reorganization described in the section titled "Organizational Structure."

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RISK FACTORS

Investing in our Class A common stock involves a high degree of risk. You should carefully consider the following risks and all other information contained in this prospectus, including our financial statements and the related notes thereto, before investing in our Class A common stock. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material, also may become important factors that affect us. If any of the following risks materialize, our business, financial condition and results of operations could be materially adversely affected. In that case, the trading price of our Class A common stock could decline, and you may lose some or all of your investment.

Risks Related to Our Business

Our ability to retain our Managing Directors and our other senior financial professionals is critical to the success of our business.

We depend on the efforts and reputations of our financial professionals. Our Managing Directors' and other senior financial professionals' reputations and relationships with clients and potential clients are critical elements in the success of our business. Our future success depends to a substantial degree on our ability to retain qualified financial 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 financial professionals could jeopardize our relationships with clients and result in the loss of client engagements. For example, if our Managing Directors or other senior financial professionals, including our executive officers, or groups of financial 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. Managing Directors and other financial professionals have left Houlihan Lokey in the past and others may do so in the future, and the departure of any of these financial professionals may have an adverse impact on our business. Our compensation arrangements and post-employment restriction agreements with our Managing Directors and other financial professionals may not provide sufficient incentives or protections to prevent these financial professionals from resigning to join our competitors. In addition, some of our competitors have more resources than we do, which may allow them to attract some of our existing employees by offering superior compensation and benefits or otherwise. The departure of a number of Managing Directors or groups of financial professionals could have a material adverse effect on our business, financial condition and results of operations.

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

Our business involves the delivery of professional services and is largely dependent on the talents and efforts of highly skilled individuals. 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 financial 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 financial professionals, we will not be able to implement our growth strategy, which ultimately could materially adversely affect our financial results.

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 " We may be unable to execute on our growth initiatives, business strategies or operating plans." We may not be able to recruit and develop talent and 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. Unfavorable market or economic conditions may adversely affect our businesses; in particular where revenue generated is directly related to the volume and size of the transactions in which we are involved. For example, weak market or economic conditions may adversely affect our Corporate Finance and Financial Advisory Services groups because, in an economic downturn, the volume and size of transactions may decrease, thereby reducing the demand for our M&A, capital raising and opinion advisory services and increasing price competition among financial services companies seeking such engagements. Moreover, in the period following an economic downturn, the volume and size of transactions typically takes time to recover and lags a recovery in market and economic conditions. On the other hand, strong market or economic conditions may adversely affect our Financial Restructuring group. In a strong economic environment, the volume and size of recapitalization and restructuring transactions may decrease, thereby reducing the demand for our Financial Restructuring group and increasing price competition among financial services companies seeking such engagements. Changes in market and economic conditions are expected to impact our businesses in different ways, and we may not be able to benefit from such changes. Further, our business, financial condition and results of operations could be adversely affected by changing market or economic conditions.

Our profitability may also be adversely affected by our fixed costs because we may not be able to reduce 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.

We are subject to reputational and legal risk arising from, among other things, actual or alleged employee misconduct, conflicts of interest, failure to meet client expectations or cybersecurity breaches or other operational failures.

As a professional services firm, our ability to secure new engagements is substantially dependent on our reputation and the individual reputations of our financial professionals. Any factor that diminishes our reputation or that of our financial professionals, including not meeting client expectations or actual or alleged misconduct by our financial professionals, including misuse of confidential information, could make it substantially more difficult for us to attract new engagements and clients.

In addition, 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 by two clients as potential buyers in the same acquisition transaction. We may act for both clients if both clients agree to us doing so. In each of these situations, we face the risk that our current policies, controls and procedures may not timely identify or appropriately manage such conflicts of interest. Conflicts may also arise from investments or activities of employees outside their business activities on behalf of the Company. 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

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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.

Further, because we provide our services primarily in connection with significant or complex transactions, disputes or other matters that usually involve confidential and sensitive information or are adversarial, and because our work is the product of myriad judgments of our financial professionals and other staff operating under significant time and other pressures, we may not always perform to the standards expected by our clients. In addition, we may face reputational damage from, among other things, litigation against us, our failure to protect confidential information and/or breaches of our cybersecurity protections or other inappropriate disclosure of confidential information, including inadvertent disclosures.

There is also a risk that our employees could engage in misconduct that could adversely affect our business. If our employees were to improperly use or disclose confidential information provided by our clients, we could be subject to regulatory sanctions and legal liability and suffer serious harm to our reputation, financial position, current client relationships and ability to attract future clients. It is not always possible to deter employee misconduct, and the precautions we take to detect and prevent misconduct may not be effective in all cases. In addition, our financial professionals and other employees are responsible for the security of the information in our systems or under our control and for ensuring that private information is kept confidential. Should any employee not follow appropriate security measures, the improper release or use of confidential information could result. If our employees engage in misconduct or fail to follow appropriate security measures, we could be subject to legal liability and reputational harm, which could impair our ability to attract and retain clients and in turn materially adversely affect our business.

A substantial portion of our revenue is derived from advisory engagements in our Corporate Finance and Financial Restructuring business segments, including engagements under which our fees include a significant component based upon goals, such as the completion of a transaction. 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.

Revenue and profits derived from our Corporate Finance and Financial Restructuring business segments can be highly volatile. We derive a substantial portion of our revenue from advisory fees, which are mainly generated at key transaction milestones, such as closing, the timing of which is outside of our control. From time to time, we enter into engagement agreements under which our fees include a significant component based upon goals, such as the completion of a transaction. In many cases, for advisory engagements that do not result in the successful consummation of a transaction, we are not paid a fee other than the reimbursement of certain out-of-pocket expenses and, in some cases, a modest retainer, despite having devoted considerable resources to these transactions. The achievement of these contractually-defined goals is often impacted by factors outside of our control, such as market conditions and the decisions and actions of our clients and interested third parties. For example, a client could delay or terminate an acquisition transaction because of a failure to agree upon final terms with the counterparty, failure to obtain necessary regulatory consents or board or shareholder approvals, failure to secure necessary financing, adverse market conditions or because the target's business is experiencing unexpected financial problems. Anticipated bidders for client assets during a restructuring transaction may not materialize or our client may not be able to restructure its operations or indebtedness due to a failure to reach agreement with its principal creditors. Because these fees are contingent, revenue on such engagements, which is recognized when all revenue recognition criteria are met, is not certain and the timing of receipt is difficult to predict and may not occur evenly throughout the year.

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We expect that we will continue to rely on advisory fees, including fees based upon goals, such as the completion of a transaction, for a substantial portion of our revenue for the foreseeable future. Accordingly, a decline in our advisory engagements or the market for advisory services would adversely affect our business. In addition, our financial results will likely fluctuate from quarter to quarter based on 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. Should these fee arrangements represent a greater percentage of our business in the future, we may experience increased volatility in our working capital requirements and greater variations in our quarter-to-quarter results, which could affect the price of our Class A common stock. Because advisory revenue can be volatile and represents a significant portion of our total revenue, we may experience greater variations in our revenue and profits than other larger, more diversified competitors in the financial services industry. Fluctuations in our quarterly financial results could, in turn, lead to large adverse movements in the price of our Class A common stock or increased volatility in our stock price generally.

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 lose engagements to competitors and subject us to pricing pressures that could materially adversely affect our revenue and profitability.

The financial services industry is intensely competitive, highly fragmented and subject to rapid change, and we expect it to remain so. Our competitors are other investment banking and financial advisory firms. We compete on both a global and a regional basis, and on the basis of a number of factors, including 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. If we are unable to compete successfully with our existing competitors or with any new competitors, we will not be able to implement our growth strategy, which ultimately could materially adversely affect our business, financial condition and results of operations.

Our primary competitors include bulge-bracket institutions, many of which have far greater financial and other resources and greater name recognition than we do and have a greater range of products and services, more extensive marketing resources, larger customer bases, more managing directors to serve their clients' needs, as well as greater global reach and more established relationships with their customers than we have. These larger and better capitalized competitors may be better able to respond to changes in the investment banking market, to compete for skilled professionals, to finance acquisitions, to fund internal growth and to compete for market share generally, 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 particular, 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 revenue and earnings. We have experienced intense competition over obtaining advisory engagements 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. In particular, when making proposals for fixed-fee engagements, we estimate the costs and timing for completing the engagements. These estimates reflect our best judgment regarding the efficiencies of our methodologies and financial professionals as we plan to deploy them on engagements. Any increased or unexpected costs or unanticipated delays in connection

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with the performance of fixed-fee engagements, including delays caused by factors outside our control, could make these contracts less profitable or unprofitable, which would have an adverse effect on our profit margin.

Goodwill and other intangible assets represent a significant portion of our assets, and an impairment of these assets could have a material adverse effect on our financial condition and results of operation.

Goodwill and other intangible assets represent a significant portion of our assets. Goodwill is the excess of cost over the fair market value of net assets acquired in business combinations. We review goodwill and intangible assets at least annually for impairment. We may need to perform impairment tests more frequently if events occur or circumstances indicate that the carrying amount of these assets may not be recoverable. These events or circumstances could include a significant change in the business climate, attrition of key personnel, a prolonged decline in our stock price and market capitalization, legal factors, operating performance indicators, competition, sale or disposition of a significant portion of one of our businesses and other factors. Although during the fiscal 2014 and fiscal 2015 annual impairment reviews of indefinite lived intangible assets we determined that it is not more likely than not that the fair values of our goodwill and intangible assets were less than their carrying values, any future impairment of goodwill or other intangible assets would result in a non-cash charge against earnings, which would adversely affect our results of operations. The valuation of the reporting units requires judgment in estimating future cash flows, discount rates and other factors. In making these judgments, we evaluate the financial health of our reporting units, including such factors as market performance, changes in our client base and projected growth rates. Because these factors are ever changing, due to market and general business conditions, our goodwill and long-lived intangible assets may be impaired in future periods.

We may be unable to execute on our growth initiatives, business strategies or operating plans.

We are executing on a number of growth initiatives, strategies and operating plans designed to enhance our business. For example, we intend to continue to expand our platform into new industry and product sectors, both organically and through acquisitions, and to expand our existing expertise into new geographies. The anticipated benefits from these efforts are based on several assumptions that may prove to be inaccurate. Moreover, we may not be able to successfully complete these growth initiatives, strategies and operating plans and realize all of the benefits, including growth targets and cost savings, we expect to achieve or it may be more costly to do so than we anticipate. A variety of factors could cause us not to realize some or all of the expected benefits. These factors include, among others: delays in the anticipated timing of activities related to such growth initiatives, strategies and operating plans; difficulty in competing in certain industries, product areas and geographies in which we have less experience than others; negative attention from any failed initiatives; and increased or unexpected costs in implementing these efforts.

Moreover, our continued implementation of these programs may disrupt our operations and performance. As a result, we may not realize the expected benefits from these plans. If, for any reason, the benefits we realize are less than our estimates or the implementation of these growth initiatives, strategies and operating plans adversely affect our operations or cost more or take longer to effectuate than we expect, or if our assumptions prove inaccurate, we will not be able to implement our growth strategy, which ultimately could materially adversely affect our business, financial condition and results of operations.

Our acquisitions, joint ventures and strategic investments may result in additional risks and uncertainties in our businesses.

In addition to recruiting and organic expansion, we have grown, and intend to continue to grow, our core businesses through acquisitions, joint ventures and strategic investments.

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We regularly evaluate opportunities to acquire other businesses. Unless and until acquisitions of other businesses generate meaningful revenues, the purchase prices we pay to acquire such businesses could have a material adverse effect on our business, financial condition and results of operations. If we acquire a business, we may be unable to manage it profitably or successfully integrate its operations with our own. Moreover, we may be unable to realize the financial, operational, and other benefits we anticipate from acquisitions. Competition for future acquisition opportunities in our markets could increase the price we pay for businesses we acquire and could reduce the number of potential acquisition targets. Further, acquisitions may involve a number of special financial and business risks, including expenses related to any potential acquisition from which we may withdraw, diversion of our management's time, attention, and resources, decreased utilization during the integration process, loss of key acquired personnel, difficulties in integrating diverse corporate cultures, increased costs to improve or integrate personnel and financial, accounting, technology and other systems, including compliance with the Sarbanes-Oxley Act, dilutive issuances of equity securities, including convertible debt securities, the assumption of legal liabilities, amortization of acquired intangible assets, potential write-offs related to the impairment of goodwill and additional conflicts of interest. If we are unable to successfully manage these risks, we will not be able to implement our growth strategy, which ultimately could materially adversely affect our business, financial condition and results of operations.

In the case of joint ventures, we are subject to additional risks and uncertainties relating to governance and controls. For example, 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 and profitability.

Our management has not previously managed a public company.

Our management team has historically operated our business as a privately-owned company. The individuals who now constitute our management have not previously managed a publicly traded company. Compliance with public company requirements will place significant additional demands on our management and will require us to enhance our investor relations, legal, financial reporting, internal audit, compliance with the Sarbanes-Oxley Act 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.

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

In fiscal 2015, we earned approximately 13% of our revenue from our international operations. We intend to grow our non-United States business, including growth into new regions with which we have less familiarity and experience, and this growth is important to our overall success. In addition, many of our larger clients are non-United States entities seeking to enter into transactions involving United States businesses. Our international operations carry special financial and business risks, which could include the following:

- greater difficulties in managing and staffing foreign operations;
- 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;
- local labor conditions and regulations;
- adverse consequences or restrictions on the repatriation of earnings;

- potentially adverse tax consequences, such as trapped foreign losses;
- less stable political and economic environments;
- terrorism, political hostilities, war and other civil disturbances or other catastrophic events that reduce business activity;
- cultural and language barriers and the need to adopt different business practices in different geographic areas; and
- difficulty collecting fees.

As part of our day-to-day operations outside the United States, we are required to create compensation programs, employment policies, compliance policies and procedures and other administrative programs that comply with the laws of multiple countries. We also must communicate and monitor standards and directives across our global operations. Our failure to successfully manage and grow our geographically diverse operations could impair our ability to react quickly to changing business and market conditions and to enforce compliance with non-United States standards and procedures.

Any payment of distributions, loans or advances to and from our subsidiaries could be subject to restrictions on or taxation of, dividends or repatriation of earnings under applicable local law, monetary transfer restrictions, foreign currency exchange regulations in the jurisdictions in which our subsidiaries operate or other restrictions imposed by current or future agreements, including debt instruments, to which our non-United States subsidiaries may be a party. Our business, financial condition and/or results of operations could be adversely impacted, possibly materially, if we are unable to successfully manage these and other risks of international operations in a volatile environment. If our international business increases relative to our total business, these factors could have a more pronounced effect on our operating results or growth prospects.

In recent years, the United States Department of Justice (the "DOJ") and the United States Securities and Exchange Commission (the "SEC") have devoted greater resources to enforcement of the Foreign Corrupt Practices Act (the "FCPA"). In addition, the United Kingdom has significantly expanded the reach of its anti-bribery laws. While we have developed and implemented policies and procedures designed to ensure strict compliance by us and our personnel with the FCPA and other anti-corruption laws, such policies and procedures may not be effective in all instances to prevent violations. Any determination that we have violated the FCPA or other applicable anti-corruption laws could subject us to, among other things, civil and criminal penalties, material fines, profit disgorgement, injunctions on future conduct, securities litigation and a general loss of investor confidence, any one of which could adversely affect our business prospects, financial position or the market value of our Class A common stock.

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

Because our financial statements are denominated in United States dollars and we receive a portion of our net revenue in other currencies, we are exposed to fluctuations in foreign currencies. In addition, we pay certain of our expenses in such currencies. Fluctuations in foreign currency exchange rates led to a net loss in cash of $2.3 million for fiscal 2015, compared to a net gain in cash of $1.3 million for fiscal 2014. Fluctuations in foreign currency exchange rates led to a net gain in cash of $0.3 million for the three months ended June 30, 2015, compared to a net gain in cash of $0.1 million for the three months ended June 30, 2014. In particular, we are exposed to the Euro and the pound sterling, and the weakening of the Euro and other currencies relative to the United States dollar has had, and may continue to have, an adverse effect on our revenue. From time to time, we have entered into transactions to hedge our exposure to certain foreign currency fluctuations through the use of derivative instruments or other methods. Notwithstanding our entry into such hedge transactions, an

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appreciation or depreciation of any of the currencies to which we are exposed relative to the United States dollar could result in an adverse or beneficial impact, respectively, to our business, financial condition, results of operations and/or cash flows.

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.

Because we operate our business both in the United States and internationally, we are subject to many distinct securities, 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.

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 our debt obligations will depend on our business, financial condition and results of operation. In connection with this offering, we intend (i) to incur incremental debt through the New Note, which we will issue to ORIX USA prior to the completion of this offering as part of the distribution to our existing owners, (ii) to enter into a new revolving credit facility (the "New Revolving Credit Facility") with one or more third party lenders, which facility is expected to provide for a revolving line of credit of approximately $75.0 million, which will remain undrawn at the completion of this offering, and (iii) to assume Fram's obligations with respect to promissory notes held by former employees (as described under "Capitalization"). See "Description of Indebtedness." 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, our indebtedness. If our cash flows and capital resources are insufficient to fund our 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 revenue in any given period is dependent on the number of fee-paying clients in such period and the size of transactions on which we are advising, 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 and the size of transactions on which we are advising. We had 174, 193 and 38 clients that generated fees equal to or greater than $1 million in fiscal 2014, fiscal 2015, and the three months ended June 30, 2015, respectively. We may lose clients as a result of the sale or merger of a client, a change in a client's senior management, competition from other financial advisors and financial institutions and other causes. A significant reduction in the number of fee-paying clients in any given period could reduce our revenue and adversely affect our operating results in such period.

Our clients may be unable to pay us for our services.

We face the risk that certain clients may not have the financial resources to pay our agreed-upon advisory fees, including in the bankruptcy or insolvency context. Our clients include some companies that may from time to time encounter financial difficulties. If a client's financial difficulties become severe, the client may be unwilling or unable to pay our invoices in the ordinary course of business, which could adversely affect collections of both our accounts receivable and unbilled services. On

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occasion, some of our clients have entered bankruptcy, which has prevented us from collecting amounts owed to us. The bankruptcy of a number of our clients that, in the aggregate, owe us substantial accounts receivable could have a material adverse effect on our business, financial condition and results of operations. In addition, if a number of clients declare bankruptcy after paying us certain invoices, courts may determine that we are not properly entitled to those payments and may require repayment of some or all of the amounts we received, which could adversely affect our business, financial condition and results of operations. In addition, some fees earned from certain activities in our Financial Restructuring business segment are subject to approval by the United States Bankruptcy Courts and other interested parties, including United States Trustees, have the ability to challenge the payment of those fees. Fees earned and reflected in our revenue may from time to time be subject to successful challenges, which could result in a reduction of revenue. Finally, 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. In each of fiscal 2014 and fiscal 2015, we incurred bad debt expense of $2.5 million and $2.0 million related to uncollectible or doubtful accounts receivable, respectively. The total amount of unpaid fees represents approximately 15% and 15% of total fees earned for fiscal 2014 and fiscal 2015, respectively.

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 services. However, while we have no current plans to do so, we may grow our business by entering into new lines of business other than advisory services. 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 a 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 revenue or if we are unable to efficiently manage our expanded operations, our business, financial condition and results of operations could be materially adversely affected.

We are subject to operational risks.

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. Although we have yet to suffer any significant losses or other damages as a result of operational risks, 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. The incidence and severity of catastrophes and other disasters are inherently unpredictable, 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.

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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 United States 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 United States 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 (the "Dodd-Frank Act")) effected in connection with, and as a result of, such extraordinary disruption and volatility is uncertain, both as to the financial markets and participants in general, and as to us in particular.

Our ability to conduct business and our operating results, including compliance costs, may be adversely affected as a result of any new requirements imposed by the SEC, FINRA or other United States 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 United States and international regulations. Our expenses incurred in complying with these regulatory requirements, including legal fees and fees paid to the SEC, FINRA and United States or foreign governmental regulatory authorities or self-regulatory organizations, have increased in recent years. We maintain an internal team that works full-time to develop and implement regulatory compliance policies and procedures, monitor business activities to ensure compliance with such policies and procedures and reports to senior management. This team also uses various software tracking and reporting systems and confers regularly with internal and outside legal counsel in the performance of its responsibilities. 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 any required registration of us or any of our subsidiaries and could impair executive retention or recruitment. In addition, any changes in the regulatory framework under which we operate 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 business, financial condition and results of operations 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.

We face substantial litigation risks.

Our role as advisor to our clients involves complex analysis and the exercise of professional judgment, including rendering fairness opinions in connection with mergers and other transactions. Our activities, and particularly those of our Financial Advisory Services group, 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

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increasing. Although we are not currently party to any material litigation, litigation alleging that we performed below our agreed standard of care or breached any other obligations to a client could expose us to significant legal liabilities, particularly with respect to our Financial Advisory Services group, and, regardless of outcome, is often very costly, could distract our management and could damage our reputation. 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 we perform below our agreed standard of care or 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, or insurance coverage may not be available on commercial terms or at all. Substantial legal liability or significant regulatory action against us could have material adverse financial effects or cause significant reputational harm to us, which could seriously harm our business prospects.

Cyber-attacks or other security breaches could have a material adverse effect on our business.

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 professional staff, clients, alliance partners and vendors. We may be subject to attempted security breaches and cyber-attacks and, while none have had a material impact to date, a successful breach could lead to shutdowns or disruptions of our systems or third-party systems on which we rely and potential unauthorized disclosure of sensitive or confidential information. Breaches of our security system 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 Company. If our systems or third-party systems on which we rely are compromised, do not operate properly or are disabled, we could suffer a disruption of our business, financial losses, liability to clients, regulatory sanctions and damage to our reputation.

We will be subject to continuing contingent tax liabilities of ORIX USA following the offering.

After the completion of the corporate reorganization, certain tax liabilities of ORIX USA may become our obligations. Under the Internal Revenue Code of 1986, as amended (the "Code"), and the related rules and regulations, each corporation that was a member of the ORIX USA consolidated United States federal income tax reporting group during any taxable period or portion of any taxable period ending on or before the completion of the corporate reorganization is jointly and severally liable for the United States federal income tax liability of the entire ORIX USA consolidated tax reporting group for that taxable period. In connection with this offering, we intend to agree with ORIX USA to allocate the responsibility for prior period taxes of the ORIX USA consolidated tax reporting group between us and ORIX USA. Thus, in the event that ORIX USA were to be assessed for taxes attributable to our business for any period, we would be required to compensate ORIX USA for such liability. In addition, if ORIX USA is unable to pay any prior period taxes for which it is responsible, we could be required to pay the entire amount of such taxes.

As a result of our continued arrangements with ORIX USA and its affiliates following this offering, our business, financial condition and liquidity could be materially adversely affected by operational or financial difficulties experienced by ORIX USA or its affiliates.

Following this offering, we will have significant continued exposure to ORIX USA and its affiliates and will depend on the management, accounting and regulatory services provided by or under the direction of ORIX USA under the Transition Services Agreement (as defined herein). In addition, we intend to replace our existing cash management arrangements with ORIX Global Capital Ltd., a U.K. subsidiary of ORIX Corporation ("OGC"), with a new cash management agreement with OGC (as discussed under "Certain Relationships and Related Party Transactions"). As a result of these arrangements, we will be dependent, to a certain extent, on the creditworthiness of ORIX USA and its affiliates, including OGC, and their ability to effectively manage their operations. In the event that ORIX USA or its affiliate is unwilling or unable to fulfill its obligations under these respective arrangements, we may incur a financial loss or a disruption in our operations, which could have a material adverse effect on our business, financial condition and liquidity.

Risks Related to Our Class A Common Stock and This Offering

If you purchase shares of Class A common stock in this offering, you will incur immediate and substantial dilution.

Dilution is the difference between the offering price per share and the pro forma net tangible book value per share of our Class A common stock immediately after this offering. The price you pay for shares of our Class A common stock sold in this offering is substantially higher than our pro forma net tangible book value per share immediately after this offering. If you purchase shares of Class A common stock in this offering, you will incur immediate and substantial dilution in the amount of $ per share based upon an assumed initial public offering price of $ per share, which is the midpoint of the price range listed on the cover page of this prospectus. In addition, you may also experience additional dilution, or potential dilution, upon future equity issuances to investors, or to our employees, consultants and directors under our 2016 Plan and/or any other equity incentive plans we may adopt. As a result of this dilution, investors purchasing shares of Class A common stock in this offering may receive significantly less than the full purchase price that they paid for the stock purchased in this offering in the event of liquidation. See "Dilution."

While we currently intend to pay a quarterly cash dividend to our stockholders, we may change our dividend policy at any time and we may not continue to declare cash dividends.

Although we currently intend to pay a quarterly cash dividend to our stockholders, we have no obligation to do so, and our dividend policy may change at any time. Returns on stockholders' investments will primarily depend on the appreciation, if any, in the price of our Class A common stock. The amount and timing of dividends, if any, 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 applicable laws and any other contractual agreements limiting our ability to pay dividends. Under the New Revolving Credit Facility and the New Note, we will be restricted from paying cash dividends in certain circumstances, and we expect these restrictions to continue in the future. Our ability to pay dividends may also be restricted by the terms of any future credit agreement or any future debt or preferred equity securities of ours or of our subsidiaries. See "Dividend Policy" and "Description of Indebtedness." 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.

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Our dividend payments may change from time to time, and we may not 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.

The dual class structure of our common stock and the existing ownership of our Class B common stock by ORIX USA and the HL Holders through the HL Voting Trust have the effect of concentrating voting control with ORIX USA and the HL Voting Trust for the foreseeable future, which will limit your ability to influence corporate matters. We are controlled by ORIX USA and the HL Voting Trust, whose interests may differ from those of our public stockholders.

Each share of our Class B common stock is entitled to ten votes per share, and each share of our Class A common stock, which is the stock the selling stockholders are offering in this offering, is entitled to one vote per share. Given the greater number of votes per share attributed to our Class B common stock, our existing owners, ORIX USA and the HL Holders through the HL Voting Trust, which each hold shares of Class B common stock, will collectively beneficially own   shares of Class B common stock representing approximately   % of the economic interest and   % of the voting power of our outstanding capital stock following the completion of this offering. ORIX USA and the HL Voting Trust will, for the foreseeable future, have significant influence over our corporate management and affairs, and will be able to control virtually all matters requiring stockholder approval. ORIX USA and the HL Voting Trust are collectively able to, subject to applicable law and to the voting arrangements described in "Certain Relationships and Related Party Transactions," elect a majority of the members of our board of directors and control actions to be taken by us and our board of directors, including amendments to our amended and restated certificate of incorporation and bylaws and approval of significant corporate transactions, including mergers and sales of substantially all of our assets. The directors so elected will have the authority, subject to the terms of our indebtedness and applicable rules and regulations, to issue additional stock, implement stock repurchase programs, declare dividends and make other decisions. The Stockholders' Agreement also provides that approval of two-thirds of the board will be required for certain corporate actions for a period of time based on ORIX USA's continuing ownership level, which, based on ORIX USA's ownership percentage at the time of this offering, essentially gives the ORIX USA directors veto authority over those actions. This concentrated control will limit your ability to influence corporate matters for the foreseeable future and may materially adversely affect the market price of our Class A common stock. It is possible that the interests of ORIX USA and the HL Voting Trust may in some circumstances conflict with our interests and the interests of our other stockholders, including you. For example, ORIX USA and the HL Voting Trust may have different tax positions or other differing incentives from other stockholders that could influence their decisions regarding whether and when to cause us to dispose of assets, incur new or refinance existing indebtedness or take other actions. Additionally, the holders of our Class B common stock may cause us to make strategic decisions or pursue acquisitions that could involve risks to you or may not be aligned with your interests.

The holders of our Class B common stock will also be entitled to a separate vote in the event we seek to amend our amended and restated certificate of incorporation to increase or decrease the par value of a class of our common stock or in a manner that alters or changes the powers, preferences or special rights of the Class B common stock in a manner that affects its holders adversely. Future transfers by holders of Class B common stock will generally result in those shares converting on a one-for-one basis to Class A common stock, which will have the effect, over time, of increasing the relative voting power of those holders of Class B common stock who retain their shares in the long-term.

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

After this offering, ORIX USA and the HL Voting Trust will continue to control a majority of the voting power of our outstanding common stock. As a result, we will qualify as a "controlled company" within the meaning of the corporate governance standards of the New York Stock Exchange. Under these rules, a listed company of which more than 50% of the voting power 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 requirement that a majority of the board of directors consist of independent directors, the requirement that we have a nominating and corporate governance committee that is composed entirely of independent directors and the requirement that we have a compensation committee that is composed entirely of independent directors.

Following this offering, we intend to rely on some or all of these exemptions. As a result, we will not have a majority of independent directors and our compensation and nominating and corporate governance committees will not consist entirely of independent directors. Accordingly, you will not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of the New York Stock Exchange.

We do not know whether a market will develop for our Class A common stock or what the market price of our Class A common stock will be and as a result it may be difficult for you to sell your shares of our Class A common stock.

Before this offering, there was no public trading market for our Class A common stock. If a market for our Class A common stock does not develop or is not sustained, it may be difficult for you to sell your shares of Class A common stock at an attractive price or at all. We cannot predict the prices at which our Class A common stock will trade. It is possible that in one or more future periods our results of operations may be below the expectations of public market analysts and investors and, as a result of these and other factors, the price of our Class A common stock may fall.

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

The trading market for our Class A common stock will rely in part on the research and reports that industry or financial analysts publish about us or our business. We do not currently have and may never obtain research coverage by industry or financial analysts. If no or few analysts commence coverage of us, the trading price of our stock would likely decrease. Even if we do obtain analyst coverage, if one or more of the analysts covering our business downgrade their evaluations of our stock, the price of our Class A common stock could decline. If one or more of these analysts cease to cover our Class A common stock, we could lose visibility in the market for our stock, which in turn could cause our Class A common stock price to decline.

Our Class A common stock may be volatile or may decline regardless of our operating performance and you may not be able to resell your shares at or above the initial public offering price.

After this offering, the market price for our Class A common stock is likely to be volatile, in part because our shares have not been traded publicly. In addition, the market price of our Class A common stock may fluctuate significantly in response to a number of factors, most of which we cannot control, including:

- our operating and financial performance and prospectus;

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- our quarterly or annual earnings or those of other companies in our industry;
- the public's reaction to our press releases, our other public announcements and our filings with the SEC;
- quarterly variations in our operating results compared to market expectations;
- changes in, or failure to meet, earnings estimates or recommendations by research analysts who track our common shares or the stock of other companies in our industry;
- adverse publicity about us, the industries we participate in or individual scandals;
- announcements of new offerings by us or our competitors;
- stock price performance of our competitors;
- the failure of research analysts to cover our common shares;
- fluctuations in stock market prices and volumes;
- default on our indebtedness;
- actions by competitors;
- changes in senior management or key personnel;
- changes in financial estimates by securities analysts;
- the market's reaction to our reduced disclosure as a result of being an "emerging growth company" under the JOBS Act;
- the market's reaction to our status as a "controlled company";
- negative earnings or other announcements by us or other financial services companies;
- downgrades in our credit ratings or the credit ratings of our competitors;
- incurrence of indebtedness or issuances of capital stock;

global economic, legal and regulatory factors unrelated to our performance; and

the other factors listed in this "Risk Factors" section.

The initial public offering price of our Class A common stock will be determined by negotiations between us, the selling stockholders and the underwriters based upon a number of factors and may not be indicative of prices that will prevail following the closing of this offering. Volatility in the market price of our common stock may prevent investors from being able to sell their Class A common stock at or above the initial public offering price. As a result, you may suffer a loss on your investment.

In addition, stock markets have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies in our industry. In the past, stockholders have instituted securities class action litigation following periods of market volatility. If we were involved in securities litigation, we could incur substantial costs and our resources and the attention of management could be diverted from our business.

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

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 after this offering 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.

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All of our executive officers, directors and holders of substantially all of our outstanding capital stock, including ORIX USA and the HL Holders who have deposited their shares into the HL Voting Trust, are subject to lock-up agreements that restrict their ability to transfer shares of our capital stock for 180 days from the date of this prospectus without the consent of the representatives of the underwriters. In addition, shares of common stock held by HL Holders indirectly through the HL Voting Trust are subject to lock-up agreements that restrict their ability to transfer shares of our capital stock for a minimum of three years from this offering, subject to acceleration in certain circumstances. After this period, shares of common stock held by HL Holders indirectly through the HL Voting Trust will become transferable in three equal installments on each of the third, fourth and fifth anniversary of this offering. In addition, shares of our common stock held by managing directors and certain senior corporate officers of the Company whose employment with the Company or a subsidiary thereof terminates (other than due to a death or disability) before the third anniversary of this offering will be subject to transfer restrictions for seven years following this offering. After the expiration of the 180-day lock-up period, shares of our Class A common stock issuable upon conversion of outstanding Class B common stock will become eligible for sale, subject to the restrictions under the lock-up agreements described above, and subject to certain restrictions under the Securities Act. Stockholders who are subject to any of the lock-up agreements described above may be permitted to sell shares prior to the expiration of the applicable lock-up agreement in certain circumstances, including as the result of the waiver or termination of such lock-up agreement.

Taking advantage of the reduced disclosure requirements applicable to "emerging growth companies" may make our Class A common stock less attractive to investors.

The JOBS Act provides that, so long as a company qualifies as an "emerging growth company," it will, among other things:

- be exempt from the provisions of Section 404(b) of the Sarbanes-Oxley Act requiring that its independent registered public accounting firm provide an attestation report on the effectiveness of its internal control over financial reporting;
- be exempt from the "say on pay" and "say on golden parachute" advisory vote requirements of the Dodd-Frank Act;
- be exempt from certain disclosure requirements of the Dodd-Frank Act relating to compensation of its executive officers and be permitted to omit the detailed compensation discussion and analysis from proxy statements and reports filed under the Securities Exchange Act of 1934, as amended (the "Exchange Act"); and
- be exempt from any rules that may be adopted by the Public Company Accounting Oversight Board requiring mandatory audit firm rotations or a supplement to the auditor's report on the financial statements.

We currently intend to take advantage of each of the exemptions described above. We have irrevocably elected not to take advantage of the extension of time to comply with new or revised financial accounting standards available under Section 107(b) of the JOBS Act. We could be an emerging growth company for up to five years after this offering. We cannot predict if investors will find our Class A common stock less attractive if we elect to rely on these exemptions, or if taking advantage of these exemptions would result in less active trading or more volatility in the price of our Class A common stock.

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We will incur increased costs as a result of becoming a public company and in the administration of our organizational structure.

As a public company, we will incur significant legal, accounting, insurance and other expenses that we have not incurred as a private company, including costs associated with public company reporting requirements. We also have incurred and will incur costs associated with the Sarbanes-Oxley Act and related rules implemented by the SEC. Following the completion of this offering, we will incur ongoing periodic expenses in connection with the administration of our organizational structure. The expenses incurred by public companies generally for reporting and corporate governance purposes have been increasing. We expect these rules and regulations to increase our legal and financial compliance costs and to make some activities more time-consuming and costly, although we are currently unable to estimate these costs with any degree of certainty. In estimating these costs, we took into account expenses related to insurance, legal, accounting, and compliance activities, as well as other expenses not currently incurred. These laws and regulations could also make it more difficult or costly for us to obtain certain types of insurance, including director and officer liability insurance, and we may be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. These laws and regulations could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors, our board committees or as our executive officers. Furthermore, if we are unable to satisfy our obligations as a public company, we could be subject to delisting of our common stock, fines, sanctions and other regulatory action and potentially civil litigation.

The historical financial information in this prospectus for the periods presented herein do 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. 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 "Selected Consolidated Financial and Other Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the historical financial statements included elsewhere in this prospectus.

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

We are not currently required to comply with the rules of the SEC implementing Section 404 of the Sarbanes-Oxley Act and are therefore not required to make a formal assessment of the effectiveness of our internal control over financial reporting for that purpose. Upon becoming a public company, we will be required to comply with the SEC's rules implementing Sections 302 and 404 of the Sarbanes-Oxley Act, which will require management to certify financial and other information in our quarterly and annual reports and provide an annual management report on the effectiveness of controls over financial reporting. Though we will be required to disclose changes made in our internal controls and procedures on a quarterly basis, we will not be required to make our first annual assessment of our internal controls over financial reporting pursuant to Section 404 until the year following our first annual report required to be filed with the SEC. 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 controls over financial reporting pursuant to Section 404 until the later of the year following our first annual report required to be filed with the SEC or the date we are no longer an emerging growth company. At such time, our independent registered public accounting firm may issue a report that is adverse in the event it is not satisfied with the level at which our controls are documented, designed or operating.

To comply with the requirements of being a public company, we have undertaken various actions, and may need to take additional actions, such as implementing new internal controls and procedures

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and hiring additional accounting or internal audit staff. Testing and maintaining internal controls can divert our management's attention from other matters that are important to the operation of our business. A material weakness is a deficiency, or combination of deficiencies, in internal controls, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal controls that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. Although we have not identified a material weakness or significant deficiency in the past two fiscal years, in the future when evaluating our internal control over financial reporting, we may identify material weaknesses or significant deficiencies that we may not be able to remediate in time to meet the applicable deadline imposed upon us for compliance with the requirements of Section 404. If we identify any material weaknesses or significant deficiencies in our internal control over financial reporting or are unable to comply with the requirements of Section 404 in a timely manner or assert that our internal control over financial reporting is effective, or if our independent registered public accounting firm is unable to express an opinion as to the effectiveness of our internal control over financial reporting once we are no longer an emerging growth company, investors may lose confidence in the accuracy and completeness of our financial reports and the market price of our Class A common stock could be negatively affected, and we could become subject to investigations by the stock exchange on which our securities will be listed, the SEC or other regulatory authorities, which could require additional financial and management resources and could lead to a decline in our stock price.

Our anti-takeover provisions could prevent or delay a change in control of our company, even if such change in control would be beneficial to our stockholders.

Provisions of our amended and restated certificate of incorporation and amended and restated bylaws, as they will be in effect upon completion of this offering, as well as provisions of Delaware law could discourage, delay or prevent a merger, acquisition or other change in control of our company, even if such change in control would be beneficial to our stockholders. Certain provisions of our amended and restated certificate of incorporation and our amended and restated bylaws, as they will be in effect upon the completion of this offering, that could prevent or delay a change in control of our company include:

- the ability to issue "blank check" preferred stock, which could increase the number of outstanding shares and thwart a takeover attempt;
- a classified board of directors so that not all members of our board of directors are elected at one time;
- the ability to remove directors only for cause;
- no use of cumulative voting for the election of directors;
- no ability of stockholders to call special meetings;
- supermajority voting provisions for stockholder approval of amendments to our certificate of incorporation and by-laws;
- the requirement that, to the fullest extent permitted by law and unless we agree otherwise, certain proceedings against or involving us or our directors, officers or employees be brought exclusively in the Court of Chancery in the State of Delaware;
- the ability of stockholders to take action by written consent; and
- advance notice and duration of ownership requirements for nominations for election to the board of directors or for proposing matters that can be acted upon by stockholders at stockholder meetings.

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These provisions could also discourage proxy contests and make it more difficult for you and other stockholders to elect directors of your choosing and cause us to take other corporate actions you desire. In addition, because our board of directors is responsible for appointing the members of our management team, these provisions could in turn affect any attempt by our stockholders to replace current members of our management team.

In addition, the General Corporation Law of the State of Delaware (the "DGCL"), to which we are subject, prohibits us, except under specified circumstances, from engaging in any mergers, significant sales of stock or assets or business combinations with any stockholder or group of stockholders who owns at least 15% of our common stock.

We may issue shares of preferred stock in the future, which could make it difficult for another company to acquire us or could otherwise adversely affect holders of our Class A common stock, which could depress the price of our Class A common stock.

Our amended and restated certificate of incorporation authorizes us to issue one or more series of preferred stock. Our board of directors has the authority to determine the preferences, limitations and relative rights of the shares of preferred stock and to fix the number of shares constituting any series and the designation of such series, without any further vote or action by our stockholders. Our preferred stock could be issued with voting, liquidation, dividend and other rights superior to the rights of our Class A common stock. The potential issuance of preferred stock may delay or prevent a change in control of us, discourage bids for our Class A common stock at a premium to the market price, and materially and adversely affect the market price and the voting and other rights of the holders of our Class A common stock.

The provision of our amended and restated certificate of incorporation requiring exclusive venue in the Court of Chancery in the State of Delaware for certain types of lawsuits may have the effect of discouraging lawsuits against our directors, officers and stockholders.

Our amended and restated certificate of incorporation requires, to the fullest extent permitted by law, that (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or stockholders to us or our stockholders, (iii) any action asserting a claim arising pursuant to any provision of the DGCL or as to which the DGCL confers jurisdiction in the Court of Chancery of the State of Delaware or (iv) any action asserting a claim governed by the internal affairs doctrine will have to be brought only in the Court of Chancery in the State of Delaware, unless we agree otherwise. Although we believe this provision benefits us by providing increased consistency in the application of Delaware law in the types of lawsuits to which it applies, the provision may have the effect of discouraging lawsuits against our directors, officers and stockholders.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements. All statements other than statements of historical facts contained in this prospectus may be forward-looking statements. Statements regarding our future results of operations and financial position, business strategy and plans and objectives of management for future operations are forward-looking statements. In some cases, you can identify forward-looking statements by terms such as "may," "will," "should," "expects," "plans," "anticipates," "could," "intends," "targets," "projects," "contemplates," "believes," "estimates," "predicts," "potential" or "continue" or the negative of these terms or other similar expressions.

Forward-looking statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. We believe that these factors include, but are not limited to, the following:

- our ability to retain our Managing Directors and our other senior financial professionals;
- our ability to successfully identify, recruit and develop talent;
- changing market conditions;
- reputational risk;
- our highly volatile revenue and profits on a quarterly basis;
- strong competition from other financial advisory and investment banking firms;
- potential impairment of goodwill and other intangible assets, which represent a significant portion of our assets;
- our ability to execute on our growth initiatives, business strategies or operating plans;
- risks associated with our acquisitions, joint ventures and strategic investments;
- our management not having previously managed a public company;
- risks associated with our international operations;
- fluctuations in foreign currency exchange rates;
- costs of compliance associated with international broker-dealer, employment, labor, benefits and tax regulations;
- our ability to generate sufficient cash in the future to service our indebtedness;

our dependence on fee-paying clients;

our clients' ability to pay us for our services;

our potential to offer new products within our existing lines of business or enter into new lines of business, which may result in additional risks and uncertainties in our business;

operational risks;

extensive and evolving regulation of our business and the business of our clients;

substantial litigation risks;

cybersecurity and other security risks;

continuing contingent tax liabilities of ORIX USA following the offering;

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- the amount of the costs, fees, expenses and charges related to this offering and the related costs of being a public company;
- the HL Voting Trust's and ORIX USA's ability to control our company immediately following this offering;
- other factors disclosed in this prospectus;
- any statements of belief and any statements of assumptions underlying any of the foregoing; and
- other factors beyond our control.

We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition and results of operations. Because forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified, you should not rely on these forward-looking statements as predictions of future events. The events and circumstances reflected in our forward-looking statements may not be achieved or occur and actual results could differ materially from those projected in the forward-looking statements.

These forward-looking statements speak only as of the date of this prospectus. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained in this prospectus after we distribute this prospectus, whether as a result of any new information, future events or otherwise.

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ORGANIZATIONAL STRUCTURE

The diagram below depicts our organizational structure prior to the corporate reorganization.

(1) Fram Holdings, Inc. indirectly owns Houlihan Lokey, Inc. through its wholly owned subsidiary, HLHZ Holding Company, LLC. As part of the corporate reorganization, HLHZ Holding Company, LLC will be removed from the corporate structure.

The diagram below depicts our organizational structure following the corporate reorganization and this offering.

Corporate Reorganization

Prior to the completion of this offering, we intend to complete an internal corporate restructuring, which we refer to in this prospectus as the corporate reorganization. The purpose of the corporate reorganization is to separate the Houlihan Lokey business from other assets (the "OCC business") which have been separately managed and controlled by our majority shareholder ORIX USA but historically held within the consolidated corporate ownership structure of our indirect parent, Fram.

Our business is currently indirectly controlled by ORIX USA. Currently, ORIX USA has the right, but not the obligation, to purchase shares to maintain its majority effective ownership of the Company.

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Historically, ORIX USA has exercised this right. As a result of the corporate reorganization, ORIX USA will no longer have the right to maintain its majority effective ownership of the Company.

Prior to this offering, ORIX USA and the HL Holders held their interests in Houlihan Lokey indirectly through their ownership of Fram. Houlihan Lokey, Inc., a California corporation ("HL CA"), was historically owned by HLHZ Holding Company, LLC, a Delaware limited liability company ("HLHZ"), which is owned by Fram. On July 24, 2015, HL CA merged with and into Houlihan Lokey, Inc., a Delaware corporation ("HL DE"), with HL DE as the surviving entity. References to Houlihan Lokey mean, prior to the corporate reorganization, HL CA, and, following the corporate reorganization, HL DE. HL DE had not engaged in any business or other activities except in connection with its incorporation and its merger with HL CA.

In connection with this offering, the HL Holders will deposit their common stock in Houlihan Lokey to the HL Voting Trust and own such common stock through the HL Voting Trust as previously described. Prior to the completion of this offering, Fram and HLHZ will be separated from Houlihan Lokey, and as a result, common stock in Houlihan Lokey will be held directly by ORIX USA and by the HL Voting Trust, for the benefit of the HL Holders. We anticipate that all of the HL Holders will become party to the HL Voting Trust Agreement. To effect the corporate reorganization, HL Transitory Merger Company, Inc. ("NewCo"), was incorporated in the state of Delaware on June 1, 2015. NewCo has not engaged in any business or other activities except in connection with its incorporation and this offering and currently holds no assets and has no subsidiaries.

In connection with the corporate reorganization, the following transactions will occur:

Prior to the consummation of this offering, we expect to make a pro rata distribution to our direct holders that will ultimately be paid to our existing owners in the amount of $ million, consisting of (i) a short-term note in the aggregate amount of $, to be repaid immediately after the consummation of this offering, which will be allocated $ million to ORIX USA and $ million to the HL Holders, (ii) the New Note and (iii) certain of our non-operating assets (consisting of non-marketable minority equity interests in four separate businesses that range in carrying value from $2.5 million to $11.0 million as of June 30, 2015 and valued in the aggregate at approximately $22.8 million as of June 30, 2015 and which, together with the costs required to manage the non-operating assets, generated approximately $0.5 million of income before provision for income taxes and approximately $0.6 million of loss before provision for income taxes for income taxes for fiscal 2015 and the three months ended June 30, 2015, respectively), which will be distributed to certain of the HL Holders.

ORIX USA and the HL Holders will enter into a contribution and exchange agreement with NewCo (the "NewCo Exchange Agreement") to transfer 100% of their shares in Fram to NewCo in exchange for shares in NewCo in accordance with their relative ownership interests in Fram (the "NewCo Exchange"). In the NewCo Exchange, each share of each series of Fram common stock will be exchanged for a share of an identical series of NewCo common stock and each share of Fram preferred stock will be exchanged for a share of NewCo preferred stock having rights, preferences and privileges identical to those of the Fram preferred stock. In connection with the NewCo Exchange, ORIX USA is exercising the drag-along rights it has under the current Fram Stockholders' Agreement and all Fram stock owned by the HL Holders will be dragged along into the NewCo Exchange. Following such exchange, Fram will convert from a corporation to a limited liability company ("Fram LLC").

HLHZ will distribute to Fram LLC all of the stock of Houlihan Lokey, and Fram LLC will in turn distribute all of the stock of Houlihan Lokey to NewCo. As a result, NewCo will directly hold all of the stock of Houlihan Lokey.

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NewCo will distribute the membership interests in Fram LLC to ORIX USA to repurchase a portion of ORIX USA's stock in NewCo. As a result, Fram LLC will be a wholly owned subsidiary of ORIX USA. ORIX USA will be responsible for all liabilities attributable to the OCC business, including any taxes incurred on the extraction thereof, and we will be responsible for all liabilities attributable to our business for any period.

Following the distribution of Fram LLC to ORIX USA, NewCo will have no assets other than the stock of Houlihan Lokey. Thereafter, NewCo will merge into Houlihan Lokey and the NewCo shares will be exchanged, through the merger, for shares of Class B common stock of Houlihan Lokey having an aggregate value equivalent to the value of the underlying Fram/NewCo shares. The NewCo Exchange will result in the termination of the Voting Trust Agreements among Fram and the holders of its Series A, Series B and Series E Common Stock (the "Fram Voting Trust Agreements") and the current Fram Stockholders' Agreement. The HL Voting Trust Agreement will replace the Fram Voting Trust Agreements. The HL Voting Trust and the individual lock-ups will apply to the Houlihan Lokey stock received in such merger.

In connection with the merger with NewCo, the certificate of incorporation of Houlihan Lokey will be amended and restated, such that the capital stock of Houlihan Lokey will consist of three classes of stock (i) Class A common stock, entitled to one vote per share on all matters submitted to a vote of stockholders; (ii) Class B common stock, entitled to ten votes per share on all matters submitted to a vote of stockholders and (iii) undesignated and unissued preferred stock. See "Description of Capital Stock" for additional information. ORIX USA and the HL Holders will receive shares of Class B common stock in the merger. We also anticipate granting restricted shares of Fram under the 2006 Plan to employees in connection with this offering, which will convert into restricted shares of Class B common stock and will be subject to the provisions of the HL Voting Trust Agreement and lock-up agreements. ORIX USA and the HL Holders will sell a portion of their shares of Class B common stock in this offering, which will convert into shares of Class A common stock. All shares sold in this offering will be shares of our Class A common stock.

Effect of the Corporate Reorganization and this Offering

As a result of the corporate reorganization described above and after giving effect to the sale of shares of our Class A common stock in this offering:

ORIX USA will own shares of Class B common stock, representing % of the voting power and % of the economic interest in us;

the HL Holders through the HL Voting Trust will own shares of Class B common stock, representing % of the voting power and % of the economic interest in us; and

our public stockholders will collectively own shares of Class A common stock, representing % of the voting power and % of the economic interest in us.

ORIX USA and the HL Voting Trust will collectively hold % of the voting power in us through their ownership of our Class B common stock.

USE OF PROCEEDS

All of the shares of Class A common stock offered pursuant to this prospectus are being sold by the selling stockholders, ORIX USA and certain of the HL Holders. We will not receive any of the proceeds from the sale of shares of Class A common stock by the selling stockholders in this offering, including from any exercise by the underwriters of their option to purchase additional shares of Class A common stock. For more information about the selling stockholders, see "Principal and Selling Stockholders."

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CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of June 30, 2015, as follows:

- on an actual basis;
- on a pro forma basis, giving effect to the corporate reorganization, including the making of a pro rata distribution to our direct holders that will ultimately be paid to our existing owners in the amount of $ million, consisting of (i) a short-term note in the aggregate amount of $, to be repaid immediately after the consummation of this offering, which will be allocated $ million to ORIX USA and $ million to the HL Holders, (ii) the New Note and (iii) certain of our non-operating assets (valued in the aggregate at approximately $22.8 million as of June 30, 2015 and which, together with the costs required to manage the non-operating assets, generated approximately $0.5 million of income before provision for income taxes and approximately $0.6 million of loss before provision for income taxes for income taxes for fiscal 2015 and the three months ended June 30, 2015, respectively), which will be distributed to certain of the HL Holders, in each case as described under "Organizational Structure"; and
- on a pro forma as adjusted basis, giving effect to the pro forma adjustments and the sale by the selling stockholders of shares of Class A common stock in this offering, the repayment of the short-term note and the payment of estimated offering expenses payable by us.

	As of June 30, 2015		
(in thousands, except share and per share data)	**Actual**	**Pro Forma**	**Pro Forma as Adjusted**
		(unaudited)	
Cash and cash equivalents	$ 97,687	$	$
Receivable from affiliates(1)	196,669		
Debt:			
New Revolving Credit Facility			
New Note		45,000	45,000
Existing promissory notes due to former employees(2)		18,494	18,494
Short-term note(3)			
Redeemable noncontrolling interest	1,552		
Total equity:			
Stockholders' equity			
Common stock, par value $0.10 per share; 2,500,000 shares authorized, 587,866 shares issued and outstanding, actual; no shares authorized, issued and outstanding pro forma and pro forma as adjusted	59		
Class A common stock, par value $0.001 per share; no shares authorized, issued and outstanding, actual; shares authorized, no shares issued and outstanding, pro forma; shares authorized and shares issued and outstanding, pro forma as adjusted			
Class B common stock, par value $0.001 per share; no shares authorized, issued and outstanding, actual; shares authorized, shares issued and outstanding, pro forma; shares authorized, shares issued and outstanding, pro forma as adjusted			
Preferred stock, par value $0.001 per share; no shares authorized, issued and outstanding, actual and pro forma; shares authorized, no shares issued and outstanding, pro forma as adjusted			
Additional paid-in capital	675,100		
Retained earnings	185,974		

Accumulated other comprehensive loss	(10,931)		
Stock subscriptions receivable	(6,715)		
Total stockholders' equity	843,487		
Noncontrolling interest	1,835		
Total capitalization	$ 845,322	$	$

(1)
Receivable from affiliates primarily consists of two notes payable on demand owed by affiliates of ORIX USA in connection with cash management services provided to us by ORIX USA. Such notes will be replaced in connection with the offering by a single new Cash Management Agreement (as defined herein) with an affiliate of ORIX USA. The initial amount lent (and payable on demand) under the Cash Management Agreement is expected to be equal to the amount of the existing note owed by such affiliate of ORIX USA as of the closing date of this offering. See "Management's Discussion and Analysis of Financial Condition and Result of Operations Liquidity and Capital Resources."

(2)
Historically, in connection with the periodic separation of certain of our former employees, and pursuant to the existing Fram Stockholders' Agreement, Fram repurchased shares held by such persons in exchange for promissory notes. As of June 30, 2015, the aggregate principal amount of the various promissory notes is approximately $18.5 million. As part of the corporate reorganization, we will assume Fram's obligations with respect to the promissory notes in exchange for an increase in like amount under our existing cash management arrangement with ORIX Corporate Capital, Inc., a subsidiary of ORIX USA ("OCC"). As described herein, upon the closing of the corporate reorganization, OCC will repay to us all amounts outstanding under the existing cash management arrangement (including the amount incurred in connection with our assumption of Fram's obligations under the promissory notes). For additional information on the promissory notes, see "Description of Indebtedness."

(3)
The short-term note is to be repaid immediately after the consummation of this offering.

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DIVIDEND POLICY

Following this offering and subject to applicable law, we intend to pay a quarterly cash dividend initially equal to $ per share of our common stock, commencing with the quarter of fiscal 2016. Any declaration and payment of future dividends to holders of our common stock will be at the discretion of our board of directors and will depend on many factors, including our financial condition, earnings, cash flows, capital requirements, level of indebtedness, statutory and contractual restrictions applicable to the payment of dividends and other considerations that our board of directors deems relevant. Under the New Revolving Credit Facility and the New Note, we will be restricted from paying cash dividends in certain circumstances, and we expect these restrictions to continue in the future. Our ability to pay dividends may also be restricted by the terms of any future credit agreement or any future debt or preferred equity securities of ours or of our subsidiaries. See "Risk Factors Risks Related to Our Class A Common Stock and This Offering While we currently intend to pay a quarterly cash dividend to our stockholders, we may change our dividend policy at any time and we may not continue to declare cash dividends" and "Description of Indebtedness." Prior to the consummation of this offering, we expect to make a pro rata distribution to our direct holders that will ultimately be paid to our existing owners in the amount of $ million, consisting of (i) a short-term note in the aggregate amount of $, to be repaid immediately after the consummation of this offering, which will be allocated $ million to ORIX USA and $ million to the HL Holders, (ii) the New Note and (iii) certain of our non-operating assets (valued in the aggregate at approximately $22.8 million as of June 30, 2015 and which, together with the costs required to manage the non-operating assets, generated approximately $0.5 million of income before provision for income taxes and approximately $0.6 million of loss before provision for income taxes for income taxes for fiscal 2015 and the three months ended June 30, 2015, respectively), which will be distributed to certain of the HL Holders, in each case as described under "Organizational Structure."

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DILUTION

If you invest in our Class A common stock in this offering, your ownership interest will be immediately diluted to the extent of the difference between the initial public offering price per share and the pro forma as adjusted net tangible book value per share of our common stock after this offering. Pro forma net tangible book value per share represents our total tangible assets reduced by the amount of our total liabilities, divided by the total number of shares of our common stock outstanding after giving effect to the corporate reorganization.

After giving effect to the sale of shares of Class A common stock in this offering, and the issuance of restricted shares of Fram stock that we anticipate granting under the 2006 Plan to employees in connection with this offering and the conversion of such restricted shares into restricted shares of Class B common stock, and after the payment of estimated offering expenses payable by us, our pro forma as adjusted net tangible book value as of June 30, 2015 would have been approximately $ million, or approximately $ per share. This amount represents an immediate dilution in pro forma as adjusted net tangible book value of approximately $ per share to new investors purchasing shares of Class A common stock in this offering. We determine dilution by subtracting the pro forma as adjusted net tangible book value per share after this offering from the amount of cash that a new investor paid for a share of Class A common stock.

The following table illustrates this dilution on a per share basis assuming the underwriters do not exercise their option to purchase additional shares of Class A common stock:

Assumed initial public offering price per share	$
Pro forma as adjusted net tangible book value per share as of June 30, 2015 after this offering	
Dilution in net tangible book value per share to new investors	$

The following table summarizes, on a pro forma as adjusted basis as of June 30, 2015, the differences between the number of shares purchased, the total consideration paid in cash and the average price per share that existing owners and new investors paid. The calculation below is based on an assumed initial public offering price of $ per share, which is the midpoint of the price range listed on the cover page of this prospectus, before deducting the estimated underwriting discount and estimated offering expenses payable by us:

	Shares purchased		Total consideration		Average price
	Number	**Percent**	**Amount**	**Percent**	**per share**
Existing shareholders		%	$	%	$
New investors					
Total		100%	$	100%	$

A $1.00 increase (decrease) in the assumed initial offering price would increase (decrease) total consideration paid by new investors, total consideration paid by all stockholders and average price per share paid by all stockholders by $ million, $ million and $ per share, respectively. An increase (decrease) of 1.0 million in the number of shares offered by the selling stockholders would increase (decrease) total consideration paid by new investors, total consideration paid by all stockholders and average price per share paid by all stockholders by $ million, $ million and $ per share, respectively.

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SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA

The following table presents the selected consolidated financial data for Houlihan Lokey, Inc. and its subsidiaries. The selected statements of operations data for each of the years in the two-year period ended March 31, 2015 and the selected consolidated balance sheet data as of March 31, 2014 and March 31, 2015 are derived from the audited consolidated financial statements of Houlihan Lokey, Inc. and its subsidiaries contained herein. The selected consolidated statements of operations data presented below for the year ended March 31, 2013 has been derived from the audited consolidated financial statements of Houlihan Lokey, Inc. and its subsidiaries not included in this prospectus. The selected consolidated statements of operations data for the three months ended June 30, 2014 and June 30, 2015, and the selected consolidated balance sheet data as of June 30, 2015 are derived from the unaudited condensed consolidated financial statements of Houlihan Lokey, Inc. and its subsidiaries included in this prospectus. In the opinion of our management, such unaudited financial statements reflect all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of the results for those periods.

The results of operations for the periods presented below are not necessarily indicative of the results to be expected for any future period and the results for any interim period are not necessarily indicative of the results that may be expected for a full fiscal year or any future reporting period. The information set forth below should be read together with the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section and the consolidated financial statements and the accompanying notes included elsewhere in this prospectus.

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($ in thousands)	March 31, 2013	Fiscal year ended March 31, 2014	March 31, 2015	Three months ended June 30, 2014	June 30, 2015
				(unaudited)	
Consolidated statements of operations data:					
Fee revenue:					
Corporate Finance	$ 214,369	$ 260,035	$ 367,632	$ 77,752	$ 78,397
Financial Restructuring	210,969	230,062	207,909	37,671	38,993
Financial Advisory Services	94,494	102,054	105,331	26,079	28,876
Total segment revenues	519,832	592,151	680,872	141,502	146,266
Corporate revenues	453	299			
Fee revenue	$ 520,285	$ 592,450	$ 680,872	$ 141,502	$ 146,266
Operating expenses					
Employee compensation and benefits	349,578	414,918	475,100	98,411	93,689
Non-compensation expenses	74,027	74,684	77,118	19,042	28,797
Total operating expenses	423,605	489,602	552,218	117,453	122,486
Operating income	96,680	102,848	128,654	24,049	23,780
Other income and expenses	1,631	2,478	3,481	577	1,321
Income before provision for income taxes	98,311	105,326	132,135	24,626	25,101
Provision for income taxes	39,381	43,898	52,196	10,269	10,030
Net income	$ 58,930	$ 61,428	$ 79,939	$ 14,357	$ 15,071
Net (income) loss attributable to noncontrolling interest	44	(108)	(58)	1	(26)
Net income attributable to Houlihan Lokey, Inc.	$ 58,974	$ 61,320	$ 79,881	$ 14,358	$ 15,045
Net income attributable to Houlihan Lokey, Inc. per share basic and diluted(1)	$ 0.10	$ 0.10	$ 0.14	$ 0.02	$ 0.03
Weighted average number of shares outstanding used in computing per share amounts basic and diluted(1)	587,866	587,866	587,866	587,866	587,866
Pro forma as adjusted net income attributable to Houlihan Lokey, Inc. per share basic and diluted (unaudited)(1)(2)					
Pro forma as adjusted weighted average number of shares outstanding (unaudited)(1)(2)					

($ in thousands)	March 31, 2014	As of March 31, 2015	June 30, 2015
			(unaudited)
Consolidated balance sheet data:			
Cash and cash equivalents	$ 109,420	$ 88,662	$ 97,687
Total assets	1,061,226	1,229,848	1,108,895
Total liabilities	346,288	403,960	262,021
Total stockholder's equity	713,689	824,506	845,322

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($ in thousands)	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014	Fiscal year ended March 31, 2015	Three months ended June 30, 2014 (unaudited)	Three months ended June 30, 2015 (unaudited)
Other data:					
Number of Clients Paying a Fee Equal to or Greater than $1 million	142	174	193	37	38
Percentage of Fee Revenue from Top 10 Transactions	17%	15%	12%	30%	27%
Managing Directors in Corporate Finance (period-end)	49	55	65	62	79
Financial Professionals in Corporate Finance (period-end)	264	272	310	268	332
Managing Directors in Financial Restructuring (period-end)	38	39	40	41	41
Financial Professionals in Financial Restructuring (period-end)	168	172	173	164	175
Managing Directors in Financial Advisory Services (period-end)	23	21	32	23	35
Financial Professionals in Financial Advisory Services (period-end)	158	157	185	159	188
Number of transactions/fee events:					
Corporate Finance Completed Transactions	131	141	186	43	45
Financial Restructuring Completed Transactions	67	63	63	17	14
Financial Advisory Services Fee Events	999	997	1,046	394	402
Segment Profit:					
Corporate Finance	$ 51,128	$ 67,088	$ 101,266	$ 21,097	$ 23,426
Financial Restructuring	57,999	56,910	52,246	7,576	9,619
Financial Advisory Services	20,938	24,921	24,344	6,253	6,726
Compensation Ratio:					
Corporate Finance	63%	64%	64%	64%	58%
Financial Restructuring	63%	66%	65%	65%	64%
Financial Advisory Services	62%	63%	64%	63%	60%

(1) See Note 14 to our consolidated financial statements for an explanation of the calculations of our basic and diluted net income attributable to Houlihan Lokey, Inc. per share of common stock, and pro forma net loss per share of common stock.

(2) The pro forma as adjusted data give effect to the consummation of the proposed corporate reorganization described in the section titled "Organizational Structure," the sale by the selling stockholders of shares of Class A common stock in this offering, the repayment of the short-term note and the payment of estimated offering expenses payable by us.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our "Selected Consolidated Financial and Other Data" and our historical financial statements and related notes included elsewhere in this prospectus. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from the forward-looking statements below. Factors that could cause or contribute to such differences include, but are not limited to, those identified below, those discussed in the section entitled "Risk Factors" and those found elsewhere in this prospectus.

Executive Overview

Established in 1972, Houlihan Lokey is a leading global independent investment bank with expertise in M&A, financings, financial restructurings, and financial advisory services. Through our 17 offices in the United States, Europe and Asia and three offices through our joint ventures in Australia, Singapore and India, we serve a diverse set of clients worldwide including corporations, financial sponsors, and government agencies. We advise our clients on critical strategic and financial decisions employing a rigorous analytical approach coupled with deep product and industry expertise.

We operate in three segments: Corporate Finance, Financial Restructuring and Financial Advisory Services. In our Corporate Finance business segment, we are an established leader in M&A and capital markets advisory services. Through our Financial Restructuring business segment, we advise on some of the largest and most complex restructurings around the world. Our Financial Advisory Services business segment is one of the largest and most respected valuation and financial opinion, and financial and strategic consulting practices in the United States.

As of June 30, 2015, we served our clients globally with 695 financial professionals, including 163 Managing Directors. We plan to continue to grow our firm across industry sectors, geographies and products to deliver quality advice and innovative solutions to our clients, both organically and through acquisitions. Recent acquisitions include: Milestone Advisors in December 2012, which we combined with our existing financial institutions group to create a more robust platform; ArchPoint Partners in March 2014, which significantly increased our expertise in the technology sector; Bridge Strategy Group in January 2015, which added strategic consulting to our current consulting capabilities for C-suite relationships; and M.E.S.A. Securities, Inc. in June 2015, which increased our capabilities in the digital and traditional media and entertainment sectors.

We generate revenues primarily from providing advisory services on transactions that are subject to individually negotiated engagement letters that set forth our fees. A significant portion of our engagements include Progress Fees (as defined herein) consisting of both periodic and milestone-related payments. The timing of milestone-related payments, such as upon the closing of a transaction, is generally not within our control. Accordingly, fee revenue 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.

Corporate revenues were primarily generated by an immaterial ancillary business involving professional networking that was sold in December 2013. Corporate expenses represent expenses that are not allocated to individual business segments such as Office of the Executives, accounting, information technology, compliance, legal, marketing and human resources, including related compensation expense for corporate employees.

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Business Environment and Outlook

Economic and global financial conditions can materially affect our operational and financial performance. See "Risk Factors" for a discussion of some of the factors that can affect our performance.

Our fiscal year ends on March 31 of each year. For the year ended March 31, 2015, we earned fee revenue of $680.9 million, or an increase of 15% from the $592.5 million earned during the year ended March 31, 2014. For fiscal 2015 and fiscal 2014, we earned fee revenue of $85.8 million and $84.3 million, respectively, from our international operations. For the three months ended June 30, 2015, we earned fee revenue of $146.3 million, or an increase of 3% from the $141.5 million earned during the three months ended June 30, 2014. For the three months ended June 30, 2015 and 2014, we earned fee revenue of $11.0 million and $9.8 million, respectively, from our international operations.

Based on historical experience, we believe the current economic condition (high corporate cash balances, healthy capital markets and low interest rates) provides a solid foundation for M&A and capital markets activities. In the United States, our dialogue with clients who are evaluating strategic alternatives remains robust and financing continues to be readily available at historically low cost, which has the potential to fuel continued growth in M&A. In addition, in the current economic environment, companies and financial sponsors globally are pursuing M&A in order to drive greater efficiencies by reducing costs and increasing cash flows.

At the same time, we continue to experience demand for our Financial Restructuring services due to opportunities arising as a result of dislocations in certain geographies and industries, such as retail, oil and gas and shipping. In the current economic environment, geographic and industry specific dislocations can result in substantial restructuring activity worldwide. In addition, we are well positioned to identify attractive opportunities in geographies where restructuring markets are just beginning to evolve, driven by increased external investment and continued development of financial and legal sophistication, such as India, China and other parts of Asia.

We intend to leverage our existing infrastructure to capitalize on any global macroeconomic recovery, positive momentum in the M&A cycle, and strength of the global equity markets through deploying our intellectual capital to generate new revenue.

Key Financial Measures

Fee Revenue

Fee revenue reflects revenues from our Corporate Finance, Financial Restructuring and Financial Advisory Services business segments that substantially consist of fees for advisory services.

Revenue for all three business segments is recognized when earned and realizable. The amount and timing of the fees paid vary by the type of engagement. In general, advisory fees are paid at the time an engagement letter is signed (Retainer Fees), during the course of the engagement (Progress Fees) or upon the successful completion of a transaction or of an engagement (Completion Fees). Retainer Fees and Progress Fees are recognized based on management's estimates of the relative proportion of services provided through the financial reporting date to the total services required to be performed. Completion Fees are recognized only upon substantial completion of the conditions stipulated by the engagement agreement. In some cases, approval of our fees is required from the courts or other regulatory authority; in these circumstances, the recognition of revenue is often deferred until approval is granted. However, if the fee that is going to be collected from the client is fixed and determinable, and the collectability of the fee is reasonably assured, there are instances when revenue recognition prior to such approval is appropriate under GAAP. In instances when the revenue recognized on a specific engagement exceeds the amounts billed, unbilled work in process is recorded. Billed receivables are recorded as accounts receivable in the statement of financial condition. See

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" Critical Accounting Policies and Estimates Recognition of Revenue" for a more detailed discussion.

Corporate Finance. Our Corporate Finance business segment earns fees from our clients for providing general financial advisory services in addition to advice on M&A and capital markets advisory offerings. We advise public and private institutions on a wide variety of situations, including buy side and sell side transactions as well as leveraged loans, private mezzanine debt, high-yield debt, initial public offerings, follow-ons, convertibles, equity private placements, private equity and liability management transactions, and advise financial sponsors on all types of transactions. The majority of our Corporate Finance revenues consists of Completion Fees. A Corporate Finance transaction can fail to be completed for many reasons that are outside of our control. In these instances, our fees are generally limited to the initial Retainer Fee and in some cases Progress Fees that may have been earned.

Financial Restructuring. Our Financial Restructuring business segment earns fees from our clients for providing advice to debtors and creditors in connection with recapitalization/deleveraging transactions implemented both through bankruptcy proceedings and though out-of-court exchanges, consent solicitations or other mechanisms, as well as in distressed mergers and acquisitions and capital markets activities. As part of these engagements, our Financial Restructuring business segment offers a wide range of advisory services to our clients, including: the structuring, negotiation, and confirmation of plans of reorganization; structuring and analysis of exchange offers; corporate viability assessment; dispute resolution and expert testimony; and procuring debtor in possession financing. The majority of our Financial Restructuring revenues consists of Completion Fees. Although atypical, a Financial Restructuring transaction can fail to be completed for many reasons that are outside of our control. In these instances, our fees are generally limited to the initial Retainer Fees and/or Progress Fees.

Financial Advisory Services. Our Financial Advisory Services business segment earns fees from our clients for providing valuations of various assets including: companies, illiquid debt and equity securities, and intellectual property (among other assets and liabilities). These valuations are used for financial reporting, tax reporting, and other purposes. In addition, our Financial Advisory Services business segment renders fairness opinions in connection with mergers and acquisitions and other transactions, solvency opinions in connection with corporate spin-offs and dividend recapitalizations, and other types of financial opinions in connection with other transactions. Lastly, Financial Advisory Services provides dispute resolution services to clients where fees are usually based on the hourly rates of our financial professionals. Unlike our Corporate Finance or Financial Restructuring practices, the fees generated in our Financial Advisory Services practice are generally not contingent on the successful completion of a transaction.

Operating Expenses

Our operating expenses are classified as employee compensation and benefits expenses and non-compensation expenses; headcount is the primary driver of our operating expenses. Expenses are recorded on the combined statements of operations, net of any expenses reimbursed by clients.

Employee Compensation and Benefits Expenses. Our employee compensation and benefits expenses, which account for the majority of our operating expenses, are determined by management based on revenues earned, headcount, the competitiveness of the prevailing labor market and anticipated compensation requirements for our employees. These factors may fluctuate and as a result, our employee compensation and benefits expenses may fluctuate materially in any particular period. Accordingly, the amount of employee compensation and benefits expenses recognized in any particular period may not be consistent with prior periods or indicative of future periods.

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Our employee compensation and benefits expenses consist of base salary, payroll taxes, benefits, annual incentive compensation payable as cash bonus awards, deferred cash bonus awards, and the amortization of equity-based bonus awards for employees. Base salary and benefits are paid ratably throughout the year. Our annual equity based bonus awards include fixed share compensation awards and fixed dollar awards as a component of the annual bonus awards for certain employees. These equity awards are generally subject to annual vesting requirements over a three or four-year period beginning at the date of grant, which occurs in the first quarter of each year; accordingly, the expense is amortized over the stated vesting period. The unvested portion of these awards is subject to forfeitures should the employee depart from the Company. Cash bonuses, which are accrued each quarter, are discretionary and dependent upon a number of factors including company performance and are generally paid in April of each year with respect to prior year performance. Generally, a portion of the cash bonus is also deferred and paid in the third quarter of the next fiscal year.

Under our existing arrangement with our affiliate, ORIX USA, which will terminate in connection with this offering, our employee compensation and benefits expense to fee revenue ("Compensation Ratio") has been higher than what we intend to target in the future. We have not historically targeted a specific Compensation Ratio, which results in the Compensation Ratio varying by both revenues and segment profitability when comparing across periods. Following the completion of this offering, in managing employee compensation and benefits expense, we intend to focus on the ratio of our awarded employee compensation, which is cash employee compensation and benefits plus deferred incentive employee compensation with respect to the applicable year, to fee revenue ("Awarded Compensation Ratio"). We believe awarded employee compensation reflects the actual compensation cost more accurately than the GAAP measure of compensation cost, which includes applicable-period cash compensation and the amortization of deferred incentive compensation principally attributable to prior periods' deferred compensation. We believe that by managing our business using awarded employee compensation with a consistent deferral policy, we can better manage our compensation costs. We plan to target an Awarded Compensation Ratio of approximately 65% to 66%, excluding certain equity grants awarded in connection with this offering. This Awarded Compensation Ratio will include all of the costs included in our employee compensation and benefits expense as described in the paragraph above. However, if we identify opportunities to grow fee revenue through significant expansion, to position our business during challenging market conditions for future growth or for other reasons, our Awarded Compensation Ratio may increase to a level in excess of this target.

Non-Compensation Expenses. The balance of our operating expenses includes costs for travel and related expenses, marketing, rent, information technology services, professional fees, communications, depreciation and amortization, acquisition and transaction costs and other operating expenses. We refer to all of these expenses as non-compensation expenses. The majority of our non-compensation expenses, including travel and related expenses, marketing, rent, information technology services, professional fees and communications, fluctuate in response to changes in headcount. Reimbursed client expenses are netted against non-compensation expenses.

Other Income and Expenses

Other income and expenses includes (i) interest income earned on non-marketable securities, cash and cash equivalents, loans receivable from affiliates and employee loans, (ii) interest expense associated with our Existing Revolving Credit Facility established with ORIX USA and (iii) equity income from funds and partnership interests where we have more than a minor ownership interest or more than minor influence over operations but do not have a controlling interest and are not the primary beneficiary.

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Net Income Attributable to Noncontrolling Interest

Net income attributable to noncontrolling interest primarily represents the income associated with persons other than Houlihan Lokey that are our co-investors in a consolidated subsidiary that holds an equity method investment in an unconsolidated entity.

Provision for Income Taxes

Our affiliate, ORIX USA, files consolidated federal income tax returns and separate returns in state and local jurisdictions. We report income tax expense as if it filed separate returns in all jurisdictions.

We account for income taxes in accordance with ASC 740, "*Income Taxes*," which requires the recognition of tax benefits or expenses on temporary differences between the financial reporting and tax basis of our assets and liabilities. Deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial reporting basis and the tax basis of our assets and liabilities. The measurement of the deferred items is based on enacted tax laws and applicable tax rates. A valuation allowance related to a deferred tax asset is recorded if it is more likely than not that some portion or all of the deferred tax asset will not be realized.

Results of Consolidated Operations

The following is a discussion of our results of operations for the years ended March 31, 2014 and 2015 and the three months ended June 30, 2014 and 2015. For a more detailed discussion of the factors that affected the revenues and the operating expenses of our Corporate Finance, Financial Restructuring and Financial Advisory Services business segments in these periods, see " Business Segments" below.

	Year Ended March 31,			Three Months Ended June 30,		
($ in thousands)	**2014**	**2015**	**Change**	**2014**	**2015**	**Change**
Fee revenue	$ 592,450	$ 680,872	15%	$ 141,502	$ 146,266	3%
Operating expenses:						
Employee compensation and benefits	414,918	475,100	15%	98,411	93,689	(5)%
Non-compensation expenses	74,684	77,118	3%	19,042	28,797	51%
Total operating expenses	489,602	552,218	13%	117,453	122,486	4%
Operating income	102,848	128,654	25%	24,049	23,780	(1)%
Other income and expenses	2,478	3,481	40%	577	1,321	129%
Income before provision for income taxes	105,326	132,135	25%	24,626	25,101	2%
Provision for income taxes	43,898	52,196	19%	10,269	10,030	(2)%
Net income	$ 61,428	$ 79,939	30%	$ 14,357	$ 15,071	5%
Net income attributable to noncontrolling interest	(108)	(58)	(46)%	1	(26)	N/M
Net income attributable to Houlihan Lokey, Inc.	$ 61,320	$ 79,881	30%	$ 14,358	$ 15,045	5%

N/M = Not meaningful

As of March 31, 2014 and 2015, we employed 871 and 953 people, respectively, worldwide. As of June 30, 2014 and 2015, we employed 856 and 981 people, respectively, worldwide.

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Year Ended March 31, 2015 versus March 31, 2014

Fee revenue was $680.9 million for the year ended March 31, 2015 compared with $592.5 million for the year ended March 31, 2014, representing an increase of 15%. The year-over-year increase in fee revenue was primarily attributable to increased revenues in our Corporate Finance business segment. Corporate Finance revenues increased 41%, Financial Restructuring revenues decreased 10% and Financial Advisory Services revenues increased 3% compared with the year ended March 31, 2014.

Operating expenses were $552.2 million for the year ended March 31, 2015 compared with $489.6 million for the year ended March 31, 2014, an increase of 13%. Employee compensation and benefits expenses, as a component of operating expenses, were $475.1 million for the year ended March 31, 2015 compared with $414.9 million for the year ended March 31, 2014, an increase of 15%. The increase was primarily due to increased compensation costs resulting from an increase in fee revenue because we utilize a performance-based compensation model, as well as an increase in employee headcount during the year. The Compensation Ratio was 70% for each of the years ended March 31, 2015 and 2014. Non-compensation expenses, as a component of operating expenses, were $77.1 million for the year ended March 31, 2015 compared with $74.7 million for the year ended March 31, 2014, an increase of 3%. Acquisition expenses and acquisition related amortization of intangible assets are a component of non-compensation expenses and were $2.6 million for the year ended March 31, 2015 and $2.2 million for the year ended March 31, 2014.

Other income and expenses were $3.5 million for the year ended March 31, 2015 compared with $2.5 million for the year ended March 31, 2014, an increase of 40%. The increase was primarily as a result of interest income earned on a receivable from an affiliate which arises from cumulative cash transferred by the Company to ORIX USA or affiliates of ORIX USA for cash management purposes.

The provision for income taxes for the year ended March 31, 2015 was $52.2 million, which reflected an effective tax rate of 39.5%. The provision for income taxes for the year ended March 31, 2014 was $43.9 million, which reflected an effective tax rate of 41.7%.

Three Months Ended June 30, 2015 versus June 30, 2014

Fee revenue was $146.3 million for the three months ended June 30, 2015 compared with $141.5 million for the three months ended June 30, 2014, representing an increase of 3%. The quarter over quarter increase in fee revenue was primarily attributable to increased revenues in all three of our business segments. Corporate Finance revenues increased 1%, Financial Restructuring revenues increased 4% and Financial Advisory Services revenues increased 11% compared with the three months ended June 30, 2014.

Operating expenses were $122.5 million for the three months ended June 30, 2015 compared with $117.5 million for the three months ended June 30, 2014, an increase of 4%. Employee compensation and benefits expenses, as a component of operating expenses, were $93.7 million for the three months ended June 30, 2015 compared with $98.4 million for the three months ended June 30, 2014, a decrease of 5%. The decrease in employee compensation costs was primarily due to an increase in non-compensation expenses, which reduced the compensation available to employees under our current agreement with ORIX USA. The Compensation Ratio was 64.1% for the three months ended June 30, 2015 compared with 69.6% for the three months ended June 30, 2014. Non compensation expenses, as a component of operating expenses, were $28.8 million for the three months ended June 30, 2015 compared with $19.0 million for the three months ended June 30, 2014, an increase of 51%. The increase was primarily due to outside professional service expenses of $6.0 million associated with our initial public offering, corporate reorganization and related activities, an increase in placement fees associated with new hires and an increase in bad debt expense for the three months ended June 30, 2015. Acquisition expenses and acquisition-related amortization of intangible assets are a component of

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non-compensation expense and were $0.5 million for the three months ended June 30, 2015 and $0.2 million for the three months ended June 30, 2014.

Other income and expenses were $1.3 million for the three months ended June 30, 2015 compared with $0.6 million for the three months ended June 30, 2014, an increase of 129%. The increase was primarily a result of interest income earned on a receivable from an affiliate which arises from cumulative cash transferred by the Company to ORIX USA or affiliates of ORIX USA for cash management purposes.

The provision for income taxes for the three months ended June 30, 2015 was $10.0 million, which reflected an effective tax rate of 40.0%. The provision for income taxes for the three months ended June 30, 2014 was $10.3 million, which reflected an effective tax rate of 41.7%.

Business Segments

The following table presents revenues, expenses and contributions from our continuing operations by business segment. The revenues by segment represents each segment's revenues, and the profit by segment represents profit for each segment before corporate expenses, other income and expenses, and income taxes.

($ in thousands)	Year Ended March 31, 2014	Year Ended March 31, 2015	Change	Three Months Ended June 30, 2014	Three Months Ended June 30, 2015	Change
Revenues by Segment						
Corporate Finance	$ 260,035	$ 367,632	41%	$ 77,752	$ 78,397	1%
Financial Restructuring	230,062	207,909	(10)%	37,671	38,993	4%
Financial Advisory Services	102,054	105,331	3%	26,079	28,876	11%
Total Segment Revenues	592,151	680,872	15%	141,502	146,266	3%
Corporate Revenues(1)	299		N/M			
Total Revenues	$ 592,450	$ 680,872	15%	$ 141,502	$ 146,266	3%
Segment Profit(2)						
Corporate Finance	$ 67,088	$ 101,266	51%	$ 21,097	$ 23,426	11%
Financial Restructuring	56,910	52,246	(8)%	7,576	9,619	27%
Financial Advisory Services	24,921	24,344	(2)%	6,253	6,726	8%
Total Segment Profit	148,919	177,856	19%	34,926	39,771	14%
Corporate Expenses(1)	(46,071)	(50,403)	9%	(10,877)	(15,782)	45%
Other Income and Expense	2,478	4,682	89%	577	1,112	93%
Income Before Provision for Income Taxes	$ 105,326	$ 132,135	25%	$ 24,626	$ 25,101	2%

N/M = Not meaningful

(1) Corporate revenues were primarily generated by an immaterial ancillary business that was sold in December 2013. Corporate expenses represent expenses that are not allocated to individual business segments such as Office of the Executives, accounting, information technology, compliance, legal, marketing and human resources.

(2) We adjust the compensation expense for a business segment in situations where an employee assigned to one business segment is performing work in another business segment and we want to adequately reflect the compensation expense in the business segment

where the revenue is being booked.

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Corporate Finance

Revenue trends in our Corporate Finance business segment are generally correlated to the total volume of U.S. M&A transactions completed. However, deviations from this trend can occur in any given year for a number of reasons including but not limited to changes in our market share or the ability of our clients to close certain transactions which can cause our revenue results to diverge from the level of overall volume of U.S. M&A transactions completed. The information in the table below on the U.S. M&A market and the M&A transaction information that is specific to Houlihan Lokey is based on Thomson Reuters reporting. Announced and completed Houlihan Lokey M&A transactions are those in which we were one of the advisors in the transaction. Not all Houlihan Lokey transactions are announced and therefore reports by Thomson Reuters do not include the full number of our transactions. Houlihan Lokey and other M&A advisors provide advisory services in connection with a number of transactions each year that are not reported to the public and are therefore not included in the information below.

	Year Ended March 31,			Three Months Ended June 30,		
	2014	2015	Change	2014	2015	Change
Number of U.S. M&A Transactions Announced	9,798	10,320	5%	2,569	2,561	
Number of U.S. M&A Transactions Completed	8,134	8,615	6%	2,103	2,084	(1)%
Number of Global M&A Transactions Announced	40,917	44,223	8%	10,914	11,428	5%
Number of Global M&A Transactions Completed	28,742	31,147	8%	7,793	7,408	(5)%
Number of Houlihan Lokey M&A Transactions Announced	149	189	27%	57	38	(33)%
Number of Houlihan Lokey M&A Transactions Completed	139	188	35%	51	46	(10)%

Source: Thomson Reuters, based on fiscal year

According to Thomson Reuters, for the year ended March 31, 2015, the number of U.S. M&A transactions announced and completed increased 5% and 6%, respectively, compared with the year ended March 31, 2014, while the number of U.S. M&A transactions announced and completed for the three months ended June 30, 2015 represented no change and a decrease of 1%, respectively, compared with the three months ended June 30, 2014.

According to Thomson Reuters, for the year ended March 31, 2015, the number of Houlihan Lokey U.S. M&A transactions announced and completed increased 27% and 35%, respectively, compared with the year ended March 31, 2014, while the number of Houlihan Lokey U.S. M&A transactions announced and completed for the three months ended June 30, 2015 decreased 33% and 10%, respectively, compared with the three months ended June 30, 2014.

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The following table summarizes the results of our Corporate Finance business segment:

($ in thousands)	Year Ended March 31, 2014	Year Ended March 31, 2015	Change	Three Months Ended June 30, 2014	Three Months Ended June 30, 2015	Change
Revenues	$ 260,035	$ 367,632	41%	$ 77,752	$ 78,397	1%
Expenses:						
Employee compensation and benefits(1)	165,259	235,237	42%	49,450	45,473	(8)%
Non-compensation expenses	27,688	31,129	12%	7,205	9,498	32%
Total expenses	192,947	266,366	38%	56,655	54,971	(3)%
Segment profit	$ 67,088	$ 101,266	51%	$ 21,097	$ 23,426	11%

(1) We adjust the compensation expense for a business segment in situations where an employee assigned to one business segment is performing work in another business segment and we want to adequately reflect the compensation expense in the business segment where the revenue is being booked.

Year Ended March 31, 2015 versus March 31, 2014

Revenues for Corporate Finance were $367.6 million for the year ended March 31, 2015 compared with $260.0 million for the year ended March 31, 2014, representing an increase of 41%. This result compares favorably with the 6% growth in the number of completed U.S. M&A transactions. The increase in revenues is primarily a result of (i) our increasing market share of publicly reported M&A transactions, as the growth in the number of completed U.S. M&A transactions on which we provided advisory services was 35% as compared to 6% for the growth in the overall market for completed U.S. M&A transactions and (ii) an increase in our average fee for our closed Corporate Finance transactions for the year ended March 31, 2015 as compared to the year ended March 31, 2014.

Total expenses were $266.4 million for the year ended March 31, 2015, compared with $192.9 million for the year ended March 31, 2014, an increase of 38%. Employee compensation and benefits expenses were $235.2 million for the year ended March 31, 2015 compared with $165.3 million for the year ended March 31, 2014, an increase of 42%. The increase in employee compensation and benefits expenses is primarily a result of (i) revenue growth in Corporate Finance resulting in higher absolute compensation to financial professionals, and (ii) a 14% increase in the number of financial professionals in Corporate Finance from March 31, 2014 to March 31, 2015. The Compensation Ratio was 64% for the years ended March 31, 2015 and 2014. Non-compensation expenses were $31.1 million for the year ended March 31, 2015 compared with $27.7 million for the year ended March 31, 2014, an increase of 12%. Non-compensation expenses increased primarily as a result of higher on-line subscription fees and recruitment fees for our senior bankers.

Three Months Ended June 30, 2015 versus June 30, 2014

Revenues for Corporate Finance were $78.4 million for the three months ended June 30, 2015 compared with $77.8 million for the three months ended June 30, 2014, representing an increase of 1%. This result is slightly better than the 1% decline in the number of completed U.S. M&A transactions.

Total expenses were $55.0 million for the three months ended June 30, 2015, compared with $56.7 million for the three months ended June 30, 2014, a decrease of 3%. Employee compensation and benefits expenses were $45.5 million for the three months ended June 30, 2015 compared with $49.5 million for the three months ended June 30, 2014, a decrease of 8%. The decrease in employee compensation is primarily a result of an increase in non-compensation expenses which reduced the compensation available to employees under our current agreement with ORIX. The Compensation

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Ratio was 58% for the three months ended June 30, 2015 compared with 64% for the three months ended June 30, 2014. Non-compensation expenses were $9.5 million for the three months ended June 30, 2015 compared with $7.2 million for the three months ended June 30, 2014, an increase of 32%. Non-compensation expenses increased primarily as a result of higher bad debt expense, higher travel related expenses and higher recruitment fees for our senior bankers.

Financial Restructuring

Revenues trends in our Financial Restructuring business segment are generally correlated to high-yield and leveraged loan default rates, the level of overall leverage in the economy and other trends related to the financial health of the overall economy.

The following table summarizes the results of the Financial Restructuring business segment:

($ in thousands)	Year Ended March 31, 2014	Year Ended March 31, 2015	Change	Three Months Ended June 30, 2014	Three Months Ended June 30, 2015	Change
Revenues	$ 230,062	$ 207,909	(10)%	37,671	38,993	4%
Expenses:						
Employee compensation and benefits(1)	151,428	134,712	(11)%	24,507	24,950	2%
Non-compensation expenses	21,724	20,951	(4)%	5,588	4,424	(21)%
Total expenses	173,152	155,663	(10)%	30,095	29,374	(2)%
Segment profit	$ 56,910	$ 52,246	(8)%	$ 7,576	$ 9,619	27%

(1) We adjust the compensation expense for a business segment in situations where an employee assigned to one business segment is performing work in another business segment and we want to adequately reflect the compensation expense in the business segment where the revenue is being booked.

Year Ended March 31, 2015 versus March 31, 2014

Revenues for Financial Restructuring were $207.9 million for the year ended March 31, 2015 compared with $230.1 million for the year ended March 31, 2014, representing a decrease of 10%. The decrease in revenues is primarily a result of continued strong U.S. capital markets resulting in fewer U.S. restructuring engagements.

Total expenses were $155.7 million for the year ended March 31, 2015, compared with $173.2 million for the year ended March 31, 2014, a decrease of 10%. Employee compensation and benefits expenses were $134.7 million for the year ended March 31, 2015 compared with $151.4 million for the year ended March 31, 2014, a decrease of 11%. The decrease in employee compensation and benefits expenses is primarily a result of a decline in revenue resulting in lower absolute compensation to financial professionals. The Compensation Ratio was 65% for the year ended March 31, 2015 compared with 66% for the year ended March 31, 2014. Non-compensation expenses were $21.0 million for the year ended March 31, 2015 compared with $21.7 million for the year ended March 31, 2014, a decrease of 4%. Non-compensation expenses decreased compared with the year ended March 31, 2014 primarily as a result of lower recruitment, marketing and other operating expenses.

Three Months Ended June 30, 2015 versus June 30, 2014

Revenues for Financial Restructuring were $39.0 million for the three months ended June 30, 2015 compared with $37.7 million for the three months ended June 30, 2014, representing an increase of 4%. The increase in revenues is primarily a result of a continued stable global restructuring market.

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Total expenses were $29.4 million for the three months ended June 30, 2015, compared with $30.1 million for the three months ended June 30, 2014, a decrease of 2%. Employee compensation and benefits expenses were $25.0 million for the three months ended June 30, 2015 compared with $24.5 million for the three months ended June 30, 2014, an increase of 2%. The increase in employee compensation and benefits expenses is primarily a result of growth in revenues for Financial Restructuring resulting in higher absolute compensation to financial professionals and a decrease in non-compensation expenses which increased the compensation available to employees under our current agreement with ORIX. The Compensation Ratio was 64% for the three months ended June 30, 2015 compared with 65% for the three months ended June 30, 2014. Non-compensation expenses were $4.4 million for the three months ended June 30, 2015 compared with $5.6 million for the three months ended June 30, 2014, a decrease of 21%. Non-compensation expenses decreased compared with the year ended June 30, 2014 primarily as a result of lower travel related expenses and other operating expenses.

Financial Advisory Services

Revenues trends in our Financial Advisory Services business segment can be categorized into two primary components: transaction based services and non-transaction based services. The transaction based services are primarily influenced by the overall market for United States announced M&A and financing transactions in a given year. Non-transaction based services are not necessarily correlated with either M&A or financing volume and tend to occur regardless of the health of the M&A environment or the capital markets. Transaction based services include fairness opinions, solvency opinions, purchase price allocations, and other transaction based opinions and advisory services.

The following table summarizes the results of the Financial Advisory Services business segment.

	Year Ended March 31,			Three Months Ended June 30,		
($ in thousands)	**2014**	**2015**	**Change**	**2014**	**2015**	**Change**
Revenues	$ 102,054	$ 105,331	3%	$ 26,079	$ 28,876	11%
Expenses:						
Employee compensation and benefits(1)	64,770	66,981	3%	16,475	17,368	5%
Non-compensation expenses	12,363	14,006	13%	3,351	4,782	43%
Total expenses	77,133	80,987	5%	19,826	22,150	12%
Segment profit	$ 24,921	$ 24,344	(2)%	$ 6,253	$ 6,726	8%

(1) We adjust the compensation expense for a business segment in situations where an employee assigned to one business segment is performing work in another business segment and we want to adequately reflect the compensation expense in the business segment where the revenue is being booked.

Year Ended March 31, 2015 versus March 31, 2014

Revenues for Financial Advisory Services were $105.3 million for the year ended March 31, 2015 compared with $102.1 million for the year ended March 31, 2014, representing an increase of 3%. The increase in revenues is primarily a result of continued growth in the overall market for U.S. M&A transactions for the same period.

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Total expenses were $81.0 million for the year ended March 31, 2015, compared with $77.1 million for the year ended March 31, 2014, an increase of 5%. Employee compensation and benefits expenses were $67.0 million for the year ended March 31, 2015 compared with $64.8 million for the year ended March 31, 2014, an increase of 3%. The increase in employee compensation and benefits expenses is primarily a result of revenue growth in Financial Advisory Services resulting in higher absolute compensation to financial professionals. The Compensation Ratio was 64% for the year ended March 31, 2015 compared with 63% for the year ended March 31, 2014. The non-compensation expenses were $14.0 million for the year ended March 31, 2015 compared with $12.4 million for the year ended March 31, 2014, an increase of 13%. Non-compensation expenses increased compared with the year ended March 31, 2014 primarily as a result of higher recruitment fees, marketing and travel expenses.

Three Months Ended June 30, 2015 versus June 30, 2014

Revenues for Financial Advisory Services were $28.9 million for the three months ended June 30, 2015 compared with $26.1 million for the three months ended June 30, 2014, representing an increase of 11%. The increase in revenues is primarily a result of the inclusion of revenues from our strategic consulting business in the quarter ended June 30, 2015, which we acquired in January 2015, where there were no revenues from strategic consulting in the quarter ended June 30, 2014.

Total expenses were $22.2 million for the three months ended June 30, 2015, compared with $19.8 million for the three months ended June 30, 2014, an increase of 12%. Employee compensation and benefits expenses were $17.4 million for the three months ended June 30, 2015 compared with $16.5 million for the three months ended June 30, 2014, an increase of 5%. The increase in employee compensation and benefits expenses is primarily a result of revenue growth in Financial Advisory Services, resulting in higher absolute compensation to financial professionals offset by higher non-compensation expenses, which reduced the compensation available to employees under our current agreement with ORIX USA. The Compensation Ratio was 60% for the three months ended June 30, 2015 compared with 63% for the three months ended June 30, 2014. The non compensation expenses were $4.8 million for the three months ended June 30, 2015 compared with $3.4 million for the three months ended June 30, 2014, an increase of 43%. Non compensation expenses increased compared with the three months ended June 30, 2014 primarily as a result of higher recruitment fees, travel related expenses and other professional services.

Corporate Revenues and Expenses

Year Ended March 31, 2015 versus March 31, 2014

There were no corporate revenues for the year ended March 31, 2015 compared with $0.3 million for the year ended March 31, 2014. Corporate revenues were primarily generated by an immaterial ancillary business that was sold in December 2013. Corporate expenses were $50.4 million for the year ended March 31, 2015 compared with $46.1 million for the year ended March 31, 2014, representing an increase of 9%. Corporate expenses include expenses that are not allocated to individual business segments such as Office of the Executives, accounting, information technology, compliance, legal, marketing and human resources, including related employee benefit and compensation expense for corporate employees. The increase in corporate expenses is primarily a result of increased compensation costs to corporate employees.

Three Months Ended June 30, 2015 versus June 30, 2014

There were no corporate revenues for the three months ended June 30, 2015 or for the three months ended June 30, 2014. Corporate expenses were $15.8 million for the three months ended June 30, 2015 compared with $10.9 million for three months ended June 30, 2014, representing an

increase of 45%. The increase in corporate expenses is primarily a result of outside professional service expenses associated with our initial public offering, corporate reorganization and related activities.

Liquidity and Capital Resources

Our current assets have historically comprised cash, a loan receivable from an affiliate and receivables related to fees earned from providing advisory services. Our current liabilities include accrued expenses, including accrued employee compensation and benefit expense.

Our cash and cash equivalents include cash held at banks. We have not experienced any losses in our cash accounts. We maintain certain minimum levels of cash on hand in support of regulatory requirements for our registered broker/dealer. Excess cash on hand is generally maintained in a receivable owed by OCC, for which we receive interest income and which is repayable on demand. In addition, ORIX USA periodically reduces the loan for quarterly tax settlements and certain allocated corporate overhead costs. We also maintain a receivable owed by OGC.

In connection with this offering, we intend to enter into a new cash management loan agreement (the "Cash Management Agreement") between a U.K. subsidiary of ours and OGC. Under the Cash Management Agreement, we will have the ability to lend excess cash to OGC and all amounts lent are payable on demand. OGC will pay interest to us under the Cash Management Agreement at a rate of LIBOR plus 165 basis points, calculated and payable monthly. The Cash Management Agreement will have a maximum commitment of $150 million. Pursuant to a guarantee agreement with ORIX USA, ORIX USA will guarantee the obligations of OGC under the Cash Management Agreement that arise during the term of such agreement.

We pay a significant portion of our incentive compensation during November and April of each fiscal year. Therefore, levels of cash generally decline during the first quarter of each year and again in November of each fiscal year after incentive compensation is paid to our employees and then cash and the loan to affiliates gradually increase over the remainder of the year. We generally expect these cash management patterns to continue.

In fiscal 2015 and fiscal 2014, we paid dividends in the amounts of $2.2 million and $1.1 million, respectively. Following this offering and subject to applicable law, we intend to pay a quarterly cash dividend initially equal to $ per share of common stock, commencing with the quarter of fiscal 2016. See "Dividend Policy."

As of March 31, 2015 and March 31, 2014 our cash equivalents were $88.7 million and $109.4 million, respectively, and our loan receivable from ORIX USA and other affiliates was $327.9 million and $171.4 million, respectively.

As of June 30, 2015 and June 30, 2014, our cash equivalents were $97.7 million and $72.2 million, respectively, and our loan receivable from ORIX USA and other affiliates was $196.7 million and $139.9 million, respectively. Our liquidity is highly dependent upon cash receipts from clients which in turn 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 March 31, 2015 and March 31, 2014 accounts receivable were $57.5 million and $50.6 million, respectively. As of June 30, 2015 and June 30, 2014, accounts receivable were $52.6 million and $36.3 million, respectively.

We maintain a revolving line of credit pursuant to a loan agreement, dated as of April 1, 2009 (the "Existing Revolving Credit Facility"), by and among Houlihan, Lokey, Howard & Zukin, Inc. (now Houlihan Lokey, Inc.) and our affiliate, ORIX USA, in the amount of $100.0 million which has never been drawn and expires on the earlier of (i) January 1, 2016 and (ii) one year after a change of control event. For a description of the terms of the Existing Revolving Credit Facility, see "Description of Indebtedness." Prior to this offering, we intend to replace the Existing Revolving Credit Facility with the New Revolving Credit Facility.

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Cash Flows

Our operating cash flows are primarily influenced by the amount and timing of receipt of advisory fees and the payment of operating expenses, including payments of incentive compensation to our employees. We pay a significant portion of our incentive compensation during November and April of each fiscal year. Therefore, levels of cash generally decline during the first quarter of each fiscal year and again in the third quarter of each fiscal year after incentive compensation is paid to our employees and then cash and the loan to affiliates gradually increase over the remainder of the year. We expect the timing of these cash flows to be similar going forward.

A summary of our operating, investing and financing cash flows is as follows:

	Year Ended March 31,			Three Months Ended June 30,		
($ in thousands)	**2014**	**2015**	**Change**	**2014**	**2015**	**Change**
Cash provided by (used in)						
Operating activities:						
Net income	$ 61,428	$ 79,939	30%	$ 14,357	$ 15,071	5%
Non-cash charges	22,983	24,110	5%	9,703	10,145	5%
Other operating activities	80,600	92,458	15%	(90,774)	(131,705)	45%
Total operating activities	165,011	196,507	19%	(66,714)	(106,489)	60%
Investing activities	(121,984)	(213,464)	75%	30,718	115,665	277%
Financing activities	(3,264)	(1,531)	(53)%	(1,321)	(495)	(63)%
Effect of exchange rate changes	1,271	(2,270)	N/M	111	344	210%
Net increase (decrease) in cash and cash equivalents	41,034	(20,758)	N/M	(37,206)	9,025	N/M
Cash and cash equivalents beginning of year	68,386	109,420	60%	109,420	88,662	(19)%
Cash and cash equivalents end of year	$ 109,420	$ 88,662	(19)%	$ 72,214	$ 97,687	35%

N/M = Not meaningful

Year Ended March 31, 2015

Operating activities resulted in a net inflow of $196.5 million. Investing activities resulted in a net outflow of $213.5 million primarily attributable to an increase in receivables to affiliates. Financing activities resulted in a net outflow of $1.5 million primarily related to dividend distributions.

Year Ended March 31, 2014

Operating activities resulted in a net inflow of $165.0 million. Investing activities resulted in a net outflow of $122.0 million primarily attributable to an increase in receivables to affiliates. Financing activities resulted in a net outflow of $3.3 million primarily related to dividend distributions.

Three Months Ended June 30, 2015

Operating activities resulted in a net outflow of $106.5 million primarily attributable to annual bonuses paid in April 2015. Investing activities resulted in a net inflow of $115.7 million primarily attributable to a decrease in receivables from affiliates. Financing activities resulted in a net outflow of $0.5 million primarily related to dividend distributions.

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Three Months Ended June 30, 2014

Operating activities resulted in a net outflow of $66.7 million. Investing activities resulted in a net inflow of $30.7 million primarily attributable to a decrease in receivables from affiliates. Financing activities resulted in a net outflow of $1.3 million primarily related to dividend distributions.

Contractual Obligations

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

	Payment Due by Period				
($ in thousands)	**Total**	**Less than 1 Year**	**2 - 3 Years**	**4 - 5 Years**	**More than 5 Years**
Operating Leases	$ 111,442	$ 16,096	$ 31,840	$ 27,366	$ 36,140
Total	$ 111,442	$ 16,096	$ 31,840	$ 27,366	$ 36,140

In conjunction with an acquisition in December 2012, the purchase agreement provided for certain earnout rights to the selling group. These rights stipulate that additional payments in the form of cash and stock will be made on March 31, 2015 and 2016 should certain revenue thresholds be met by certain individuals employed by the seller at the date of the acquisition. These obligations were capitalized as a liability as a component of the purchase price allocation of the acquired entity and are reduced by payments made and adjusted periodically to fair value, which was $2.8 million as of March 31, 2015.

In conjunction with an acquisition in March 2014, we granted certain put rights to the selling group which provides for the sale of the remaining minority interest in the 120-day period beginning on December 31, 2017. These rights were booked as a redeemable non-controlling interest as of the acquisition date and are adjusted periodically to fair value which was $1.4 million as of March 31, 2015.

In conjunction with an acquisition in January 2015, the purchase agreement provided for certain deferred consideration payments which are payable in the form of cash and stock on June 30, 2015, 2016 and 2017. These obligations were capitalized as a liability as a component of the purchase price allocation of the acquired entity and are adjusted periodically to fair value, which was $3.3 million as of March 31, 2015. In addition, the purchase agreement provided for certain earnout rights to the selling group. These rights stipulate that additional payments in the form of cash will be made on January 1, 2019 and 2020 should certain revenue thresholds be met by certain individuals employed by the seller at the date of the acquisition. These obligations were capitalized as a liability as a component of the purchase price allocation of the acquired entity and are adjusted periodically to fair value, which was $2.3 million as of March 31, 2015.

We maintain certain stand-by letters of credit and bank guarantees with Bank of America in support of various office leases totaling approximately $2.0 million.

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 generally do not issue debt or invest in derivative instruments. 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 is maintained in United States and non-United States bank accounts. We have exposure to a foreign exchange risks through our London (GBP) entity. However, we believe our cash is not subject to any material interest rate risk, equity price risk, credit risk or other market risk. Our cash is managed by our affiliate, ORIX USA, and is subject to demand notes in our favor. Following the consummation of this offering, consistent with our past practice, we expect to maintain our cash in bank accounts or highly liquid securities, including a demand note from OGC under the Cash Management Agreement.

Exchange Rate Risk

We are exposed to the risk that the exchange rate of the United States dollar relative to other currencies may have an adverse effect on the reported value of our non-United States dollar denominated or based assets and liabilities. In addition, the reported amounts of our revenues may be affected by movements in the rate of exchange between the currencies in the countries in which we operate and the United States dollar, in which our financial statements are denominated. For the years ended March 31, 2015 and March 31, 2014 respectively, the net impact of the fluctuation of foreign currencies in other comprehensive income within the audited consolidated statements of comprehensive income was $(2.4) million and $1.3 million, respectively. For the three months ended June 30, 2015 and 2014, respectively, the net impact of the fluctuation of foreign currencies in other comprehensive income within the unaudited consolidated statements of comprehensive income was $0.4 million and $0.1 million, respectively. From time to time, we have entered into transactions to hedge our exposure to certain foreign currency fluctuations through the use of derivative instruments or other methods.

Credit Risk

We regularly review our accounts receivable and allowance for doubtful accounts by considering factors such as historical experience, credit quality, age of the accounts receivable and recoverable expense balances, and the current economic conditions that may affect a customer's ability to pay such amounts owed to us. 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 and Estimates Accounts Receivable and Unbilled Work in Progress."

Critical Accounting Policies and Estimates

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 subjective and complex judgment. For a discussion of these and other critical accounting policies and their impact on our consolidated financial statements, see Note 2 Summary of Significant Accounting Policies to our audited consolidated financial statements included elsewhere in this prospectus.

The preparation of consolidated financial statements and related disclosures in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual

results may 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.

Historically, and until the closing of this offering, certain expenses have been allocated from ORIX USA to Houlihan Lokey based on an allocation of incurred corporate level support services. For the fiscal year ended March 31, 2015 and the three months ended June 30, 2015, the allocation from ORIX USA to Houlihan Lokey was $2.5 million and $0.4 million, respectively. After this offering, this allocation will be replaced with a services agreement with ORIX USA, whereby ORIX USA will provide certain administrative services to Houlihan Lokey for a fee. See "Certain Relationships and Related Party Transactions" for further information.

Recognition of Revenue

We earn fees from our clients for providing advisory services on mergers, acquisitions, divestitures, leveraged buyouts, financings, restructurings and similar corporate finance matters. It is our accounting policy to recognize revenue when (i) there is persuasive evidence of an arrangement with a client, (ii) fees are fixed or determinable, (iii) the agreed-upon services have been completed and delivered to the client or the transaction or events contemplated in the engagement letter are determined to be substantially completed and (iv) collectability is reasonably assured. We record revenue on the Consolidated Statements of Operations as follows:

In general, advisory fees are paid at the time we sign an engagement letter (Retainer Fees), during the course of the engagement (Progress Fees) or upon the successful completion of a transaction or of an engagement (Completion Fees). Retainer Fees and Progress Fees are recognized based on management's estimates of the relative proportion of services provided through the financial reporting date to the total services required to be performed. Completion Fees are recognized only upon substantial completion of the conditions stipulated by the engagement agreement. In some circumstances, and as a function of the terms of an engagement letter, we may receive Retainer Fees for advisory services concurrently with, or soon after, the execution of the engagement letter where the engagement letter will specify a future service period associated with that fee. In such circumstances, these Retainer Fees are initially recorded as deferred revenue, which is recorded within Other Current Liabilities on the Consolidated Statements of Financial Condition, and subsequently recognized as revenue during the applicable time period within which the service is rendered.

Revenues related to fairness or valuation opinions are recognized when the opinion has been rendered and delivered to the client and all other requirements for revenue recognition are satisfied. Completion Fees for advisory services, such as M&A advice, are recognized when the transaction(s) or event(s) are determined to be completed or substantially completed and all other requirements for revenue recognition are satisfied. In the event the Company were to receive a fee for an opinion or a Completion Fee in advance of the completion conditions noted above, such fee would initially be recorded as deferred revenue and subsequently recognized as advisory fee revenue when the conditions of completion have been satisfied. Revenues under fixed fee contracts are recognized based on management's determination of the milestone or stage achieved for each engagement (e.g., retained, performance of analysis, delivery of work product, etc.) to which standardized percentages of completion of the total services required to be performed have been assigned by the accounting function in collaboration with management. In some cases, approval of our fees is required from the courts or other regulatory authority; in these circumstances, the recognition of revenue is often deferred until approval is granted. However, if the fee that is going to be collected from the client is fixed and determinable, and the collectability of the fee is reasonably assured, there are instances when revenue recognition prior to such approval is appropriate under GAAP. In instances when the revenue recognized on a specific engagement exceeds the amounts billed, unbilled work in process is recorded. Billed receivables are recorded as accounts receivable in the statement of financial condition. Taxes, including value added taxes, collected from customers and remitted to governmental authorities are

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accounted for on a net basis and therefore are excluded from revenue in our consolidated statements of comprehensive income.

Operating Expenses

The majority of our operating expenses relates to compensation and benefits for employees, which includes the amortization of the relevant portion of our share-based incentive plans. We account for share-based payments in accordance with Financial Accounting Standards Board issued ASC 718, "*Compensation Stock Compensation*" ("ASC 718"). We grant employees performance-based awards that vest upon the occurrence of certain performance criteria being achieved. Employee compensation and benefit expense is accrued if it is probable that the performance condition will be achieved and is not accrued if it is not probable that the performance condition will be achieved. Significant judgment is required in determining the probability that the performance criteria will be achieved. The fair value of awards that vest from one to five years are amortized over the vesting period or requisite substantive service period, as required by ASC 718. See Note 10 Employee Benefit Plans to our audited consolidated financial statements included elsewhere in this prospectus for more information.

Other examples of operating expenses include: travel, meals and entertainment; rent; depreciation and amortization, professional fees, which relate primarily to outside legal and consulting fees and employee training costs; office expenses, which include such items as repairs and maintenance; information, technology and communication costs; office supplies; postage and delivery costs; and other operating expenses, which include such items as business license and registration fees, non-income-related taxes, and charitable contributions. Reimbursements received from customers for out-of-pocket expenses we incur are presented net against the related expenses in the accompanying consolidated statements of comprehensive income.

Accounts Receivable

The allowance for doubtful accounts on receivables reflects management's best estimate of probable inherent losses determined principally on the basis of historical experience and review of uncollected revenues and is recorded through bad debt expense in the accompanying consolidated statements of comprehensive income. Amounts deemed to be uncollectible are written off against the allowance for doubtful accounts.

Provision for Income Taxes

ORIX USA and its subsidiaries, including the Company, file consolidated federal income tax returns and separate returns in state and local jurisdictions. We report income tax expense as if we filed separate returns in all jurisdictions.

Deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial reporting basis and the tax basis of our assets and liabilities. The measurement of the deferred items is based on enacted tax laws and applicable tax rates. A valuation allowance related to a deferred tax asset is recorded if it is more likely than not that some portion or all of the deferred tax asset will not be realized.

Goodwill and Intangible Assets

Goodwill represents an acquired company's acquisition cost over the fair value of acquired net tangible and intangible assets. Goodwill is the net asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. Intangible assets identified and accounted for include trade names and marks, backlog, developed technologies, and customer relationships. Those intangible assets with finite lives, including backlog and customer relationships, are amortized over their estimated useful lives. We have

a deferred tax liability in the amount of approximately $77 million as of June 30, 2015 related to trade names.

During 2015 and 2014, goodwill was reviewed for impairment in accordance with Accounting Standards Update (ASU) No. 2011-08, *Testing Goodwill for Impairment*, which permits us to make a qualitative assessment of whether it is more likely than not that one of our reporting unit's fair value is less than its carrying amount before applying the two-step goodwill impairment test. If we conclude that it is not more likely than not that the fair value of the reporting unit is less than its carrying amount, then we would not be required to perform the two-step impairment test for that reporting unit. If the assessment indicates that it is more likely than not that the reporting unit's fair value is less than its carrying value, we must test further for impairment utilizing a two-step process. Step 1 compares the estimated fair value of the reporting unit with its carrying value, including goodwill. If the carrying value of the reporting unit exceeds the estimated fair value, an impairment exists and is measured in Step 2 as the excess of the recorded amount of goodwill over the implied fair value of goodwill resulting from the valuation of the reporting unit. Impairment testing of goodwill requires a significant amount of judgment in assessing qualitative factors and estimating the fair value of the reporting unit, if necessary. The fair value is determined using an estimated market value approach, which considers estimates of future after tax cash flows, including a terminal value based on market earnings multiples, discounted at an appropriate market rate. During the 2015 and 2014 annual impairment reviews, management concluded that it is not more likely than not that our fair value is less than its carrying amount and no further impairment testing was considered necessary.

During 2015 and 2014, indefinite lived intangible assets were reviewed for impairment in accordance with ASU 2012-02, *Testing Indefinite-lived Intangible Assets for Impairment*, which provides us the option to perform a qualitative assessment. If it is more likely than not that the asset is impaired, the amount that the carrying value exceeds the fair value is recorded as an impairment expense. During the 2015 and 2014 annual impairment review of indefinite lived intangible assets, we determined that it is not more likely than not that the fair values were less than the carrying values.

Intangible assets subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset or asset group (inclusive of other long-lived assets) be tested for possible impairment, we first compare undiscounted cash flows expected to be generated by that asset or asset group to its carrying amount. If the carrying amount of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent that the carrying amount exceeds its fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values and third-party independent appraisals, as considered necessary. During 2015 and 2014, no events or changes in circumstances were identified that indicated that the carrying amount of the finite-lived intangible assets were not recoverable.

Recent Accounting Developments

For a discussion of recently issued accounting developments and their impact or potential impact on our consolidated financial statements, see Note 2 Summary of Significant Accounting Policies to our audited consolidated financial statements included elsewhere in this prospectus.

BUSINESS

Overview

Established in 1972, Houlihan Lokey is a leading global independent investment bank with expertise in M&A, financings, financial restructurings and financial advisory services. Through our offices in the United States, Europe, Asia and Australia, we serve a diverse set of clients worldwide including corporations, financial sponsors and government agencies. We provide our financial professionals with an integrated platform that enables them to deliver meaningful and differentiated advice to our clients. We advise our clients on critical strategic and financial decisions employing a rigorous analytical approach coupled with deep product and industry expertise. We market our services through our product areas, our industry groups and our Financial Sponsors group, serving our clients in three primary business practices: Corporate Finance (encompassing M&A and capital markets advisory), Financial Restructuring (both out-of-court and in formal bankruptcy or insolvency proceedings) and Financial Advisory Services (including financial opinions and a variety of valuation and financial consulting services).

As of June 30, 2015, we had a team of 695 financial professionals across 17 offices globally and an additional three offices through our joint ventures, serving approximately 800 clients annually over the past several years, ranging from closely held companies to Fortune Global 500 corporations. Our Corporate Finance group is the leading M&A and capital markets advisor for mid-cap transactions. We were ranked the #1 M&A advisor for United States transactions under $5 billion in 2014 and we have been the #1 M&A advisor for United States mid-cap transactions every year for the last nine years (2006-2014). We also have one of the largest, most experienced restructuring practices globally, having advised on more than 1,000 restructuring transactions, including 12 of the 15 largest United States bankruptcies, since 2000. In 2014, we were ranked as the #1 global financial restructuring advisor and in 2013, we were recognized as the Global Restructuring Advisor of the Year by the IFR and European Restructuring House of the Year by Financial News, in addition to receiving recognition for our roles on seminal and complex United States and cross-border M&A transactions in 2013 and 2014. Finally, we are a respected market leader in Financial Advisory Services, as we have been ranked as the #1 U.S. M&A fairness opinions advisor over the past ten years.

We are committed to a set of principles that serve as the backbone to our success. Independent advice and intellectual rigor, combined with consistent senior-level involvement, are hallmarks of our commitment to client service. Our entrepreneurial culture engenders the flexibility to collaborate across our business practices to provide world-class solutions for our clients. Our broad based employee ownership serves to align the interests of employees and shareholders and further encourages a collaborative environment where our Corporate Finance, Financial Restructuring and Financial Advisory Services groups work together productively and creatively to solve our clients' most critical financial issues. We enter into businesses or offer services where we believe we can excel based on our expertise, analytical sophistication, industry focus and competitive dynamics. Finally, we remain independent and specialized, focusing on advisory products and market segments where our expertise is both differentiating and less subject to conflicts of interest arising from non-advisory services, and where we believe we can be a market leader in a particular segment. We do not lend or engage in any securities sales and trading operations or research which might conflict with our clients' interests.

We believe that the continuity of our senior leadership over an extended period of time has contributed to our differentiated business model and unique culture. The four members of our Office of the Executives have been employed by us for an average of 27 years. In addition, we have experienced very low turnover across our Managing Director ranks, with the tenure of our Managing Directors averaging ten years. We believe this continuity of leadership and partnership culture is unique in the investment banking industry and results in increased collaboration across our product and industry groups.

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Due to our diversified business mix, our Corporate Finance and Financial Restructuring practices have historically acted as natural balances to each other, helping us grow our revenues and profitability throughout economic cycles. Our institutional flexibility and product mix provide our bankers with opportunities to advise their clients in almost any market conditions, thereby reducing our historical need to make significant downward adjustments to our employee base in challenging market conditions. From fiscal 2000 to fiscal 2015, our revenues grew from $144.1 million to $680.9 million, and our net income during the same period grew from $15.6 million to $79.9 million.

Shown below are select transactions across our industry groups and product lines:

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* Represents total debt at time of restructuring.

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Our Services

We provide our financial professionals with an integrated platform that enables them to deliver meaningful and differentiated advice to our clients. We market our services through our product areas, our industry groups and our Financial Sponsors group, who then work collaboratively with our product bankers to deliver comprehensive solutions and seamless execution for our clients. This marketing effort is combined with an extensive network of referral relationships with law firms, consulting firms, accounting firms and other professional services firms that have been developed by our Financial Advisory Services professionals who maintain those relationships as potential referral sources and direct clients across all of our product lines. Our global reach and local on-the-ground presence, with 695 financial professionals in 17 offices worldwide in major and emerging financial centers and an additional three offices through our joint ventures as of June 30, 2015, is an attractive feature for our client base.

We have a diversified financial advisory platform. Our business features low revenue concentration and low client concentration: our largest client fee in fiscal 2015 represented less than 2% of our revenues, and each of our business segments enjoys a large and diversified client base; in particular, our Corporate Finance group closed 186 transactions in fiscal 2015, our Financial Restructuring group closed 63 transactions in fiscal 2015 and our Financial Advisory Services group had over 1,000 fee events in fiscal 2015.

Corporate Finance

As of June 30, 2015, we had 332 Corporate Finance professionals utilizing a collaborative, interdisciplinary approach in order to provide our clients with extensive industry experience, product expertise and global reach in a wide variety of M&A and financing transactions. We compete with boutique firms focused on particular industries or geographies as well as other independent investment banks and bulge-bracket firms. A majority of our engagements represent mid-cap transactions, which we believe is an attractive segment that is underserved by bulge-bracket investment banks. We believe that our deep sector expertise, significant senior banker involvement and attention, strong financial sponsor relationships and global platform provide a compelling value for our clients, engendering long-term relationships and making it difficult for our peers to compete against us in this segment of the market.

We believe that executing transactions in both the mid-cap and large-cap markets results in less volatile revenues, driven by a significantly larger number of transactions in the mid-cap segment. In 2014, Thomson Reuters reported that 92% of the M&A transactions in the United States where the value of the transaction was disclosed were mid-cap transactions. Moreover, the number of mid-cap transactions has been meaningfully less volatile year-over-year than the corresponding number for large-cap transactions. We believe that having the flexibility to execute in both markets provides a competitive advantage over bulge-bracket firms that focus almost exclusively on large-cap transactions. Finally, we believe that mid-cap companies tend to have a greater need for financial advice when they consider corporate transactions, as they often lack robust, dedicated internal resources for corporate development and financing.

We believe that through our industry groups we have a meaningful presence in every major industry segment, including aerospace & defense; business services; consumer, food & retail; energy; financial institutions; healthcare; industrials; real estate; and technology, media & telecommunications. We continue to expand and deepen our specialized industry capabilities, most recently with the acquisitions of Milestone Advisors, a specialized financial institutions-focused advisory firm, in December 2012, of ArchPoint Partners, a technology-focused advisory firm, in March 2014, and of M.E.S.A. Securities, Inc., a digital media and entertainment-focused advisory firm, in June 2015. In addition, in July 2015, we announced our pending acquisition of McQueen Limited, a United

Kingdom-based corporate finance advisor to the consumer, food and retail sectors. While the majority of our engagements are in the United States, we continue to enhance our M&A presence in other geographies, including Europe, Asia and Australia, and we believe there will be more opportunities to acquire similar specialized advisors.

Our industry groups are complemented by our Financial Sponsors group, one of the most extensive dedicated coverage groups for private equity and hedge fund institutions in the industry, consisting of senior financial professionals covering more than 400 private equity firms, 200 hedge funds and approximately 50 family offices. As financial sponsors have continued to grow in importance, our commitment to covering this client base has become an important advantage in growing and maintaining our market share.

We receive a Retainer Fee on the majority of our Corporate Finance engagements, in addition to a Completion Fee. In fiscal 2015, we advised on 186 Corporate Finance transactions that closed during the fiscal year.

Our Corporate Finance activities comprise two significant categories:

Mergers & Acquisitions: We have extensive expertise in mergers, acquisitions, divestitures, activist shareholder and takeover defense and other related advisory services for a broad range of United States and international clients. Our Corporate Finance professionals have relationships with thousands of companies and financial sponsors, providing us with valuable insights into a wide variety of relevant markets.

Our M&A business consists primarily of sell side and buy side engagements. In particular, we have developed a reputation in the marketplace as one of the most prolific sell side advisors, consistently selling more companies under $1 billion than any competitor. We offer our advice to a diverse set of parties, including public and private company executives, boards of directors, special committees and financial sponsors.

We believe our team of experienced and talented financial professionals is well positioned to provide advice across a wide range of M&A advisory services globally, including sell side, buy side, joint ventures, asset sales and divestitures that are less subject to conflicts of interest arising from non-advisory services. Our global industry group model with embedded M&A capabilities brings sector-specific knowledge, experience and relationships to our clients, allowing us to provide differentiated expert advice and connect buyers on a global basis.

Our accomplishments in M&A have earned us consistent recognition throughout the industry, and over the last ten years we have consistently been one of the most active M&A advisors in the United States.

We bring a deep set of expertise when we advise clients on the sale of a company, a business, or a portfolio of assets. Our sell side services may include:

- advising on the appropriate timing and structure of a potential sale or alternative liquidity event;
- advising on the appropriate sale process in relation to the client's financial and strategic priorities;
- advising on the potential valuation from strategic buyers and financial sponsors;
- identifying, prioritizing and providing insights on a set of potential buyers and managing communication with buyers;
- developing company positioning and key documents for potential buyers;

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- coordinating, assisting and acting as a liaison between clients and buyers during due diligence;
- evaluating buyer proposals and advising clients on transaction terms including governance, financial structuring and timing;
- negotiating and facilitating the execution of transactions; and
- providing a fairness opinion to assess the terms of the sale, when requested.

We also advise clients on the potential acquisition of a company, a business, or a portfolio of assets. Our buy side services may include:

- advising on a variety of acquisition or growth strategies;
- identifying, prioritizing and providing insights on a set of potential targets;
- advising on the potential valuation of the business and our client's ability to pay;
- advising on transaction terms including governance, structuring and timing;
- analyzing potential financing alternatives;
- assisting in the due diligence process;
- negotiating and facilitating the execution of transactions; and
- providing a fairness opinion to assess the terms of the purchase, when requested.

Capital Markets Advisory: We provide global financing solutions and capital-raising advisory services for a broad range of corporate and private equity clients across all industry verticals, from large, publicly-held, multinational corporations to financial sponsors to privately-held companies founded and run by entrepreneurs.

Our capital markets advisory professionals leverage a wide array of longstanding, senior-level lender and investor relationships, including with traditional and non-traditional direct capital providers (such as institutional credit funds, commercial finance companies, business development companies, insurance companies, pension funds, mutual funds, global asset managers, special situations investors and structured equity providers). As the traditional syndicated capital markets are becoming increasingly complex and more regulated, the private capital markets have developed to provide an alternative source of flexible capital that can be tailored to meet clients' needs.

We believe we excel in providing our clients with sophisticated and thoughtful advice and access to traditional and non-traditional capital providers in the private and public capital markets. Our objective is to create a capital structure that enables the client to achieve its strategic priorities on the best terms available in the market, which often involves raising more than one type of capital, sometimes from multiple capital providers. Our private capital markets advisory services may include:

- analyzing the optimal capital structure and debt capacity of the business, as well as identifying potential debt and equity capital providers;
- developing company positioning strategy, marketing materials, financial models and key documentation for capital raising;
- providing information to potential capital providers;
- evaluating bids and advising on the strengths and weaknesses of each proposal;
- finalizing the optimal capital structure based upon feedback from potential capital providers; and

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- negotiating and executing the transaction with the final capital providers.

In addition, we also advise clients who are accessing capital in larger, syndicated markets such as the leveraged loan market and the public debt and equity markets. Our services in this segment of the capital markets may include:

- assisting issuers in selecting and negotiating with lead arrangers or lead underwriters;
- developing positioning and marketing strategies for capital raising;
- identifying potential investors;
- marketing the financing to potential investors;
- assisting clients with the credit ratings process; and
- participating in the underwriting syndicate as a co-manager.

Our Corporate Finance practice also includes Illiquid Financial Assets ("IFA") and Activist Shareholder Advice ("ASA") services. Our professionals work closely with banks, insurance companies, hedge funds, family offices, specialty finance companies, special situation funds, asset managers, pension plans, sovereign wealth funds, endowments and public vehicles to advise on liquidity solutions for portfolios of financial assets. Drawing upon the Company's extensive expertise in M&A, financial restructuring, capital markets and valuation, the IFA team operates in three core areas: asset sales and financings; fund advisory and restructurings; and bespoke transactions. Two key differentiators of the IFA practice include the breadth of assets with which the team has had experience and the depth of relationship the team maintains with global specialist investor groups.

Our ASA professionals have substantial expertise in advising parties in a variety of activist situations, such as advising corporations and their boards on preparing for and reacting to activist shareholder activity and developing takeover defenses. Our ASA team has a strong understanding of the activist space and helps corporations and activists evaluate strategies and develop an appropriate course of action.

Financial Restructuring

As of June 30, 2015, we had 175 Financial Restructuring professionals working around the globe, which we believe constitutes one of the largest restructuring groups in the investment banking industry. Since its establishment in 1988, our Financial Restructuring group has earned a reputation for being the advisor of choice for the largest and most complex restructurings, offering knowledge, experience and creativity to address challenging situations. Our Financial Restructuring group operates in all major worldwide markets as debt issuances have increased around the world. Our Financial Restructuring professionals bring to bear deep expertise and experience in restructurings in the United States, Canada, Europe, Asia, Australia, the Middle East, Latin America and Africa. Given the depth and breadth of the team's expertise and the high barriers to entry, international and multi-jurisdictional restructurings represent an attractive opportunity for our Financial Restructuring team.

The group employs an interdisciplinary approach to engagements, calling upon the expertise of our industry groups, capital markets advisory group and Financial Sponsors group, and drawing on the worldwide resources of the Financial Restructuring team as each situation may require. The Financial Restructuring group is deeply experienced in evaluating complex, highly leveraged situations. In addition to comprehensive financial restructurings, we work with distressed corporations on engagements involving changes of control, asset sales and other M&A and capital markets activities, many times involving the sale of a company or its assets quickly, and in contested or litigious settings on expedited timeframes. We advise companies undergoing financial restructuring and creditor constituencies at all levels of the capital structure, in both out-of-court negotiations and in formal

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bankruptcy or insolvency proceedings. Our experience, geographic diversity and size allow us to provide the immediate attention and staffing required for time-sensitive and mission-critical restructuring assignments, making us a valued partner for our clients.

Our dedicated team is active throughout business cycles. Our Financial Restructuring practice serves as a countercyclical hedge across macroeconomic cycles, with increasing levels of restructuring opportunities occurring during periods when demand for M&A and capital markets advisory services may be reduced. In robust macro-economic environments, demand for the services of our restructuring team generally continues due to opportunities arising from secular and cyclical disruptions in certain industries, recent examples of which include retail, shipping and oil and gas; and market disruptions in certain geographies. Our geographic diversity and global market leadership allow us to maintain sustained levels of activity even when the U.S. capital markets are vibrant.

We are consistently ranked as a leading global restructuring advisor, including recognition as the #1 ranked global investment banking restructuring advisor for six of the last seven years. Since 2000, we have advised on more than 1,000 restructuring transactions, including advising major parties-in-interest in 12 of the 15 largest corporate bankruptcies in the United States, such as the bankruptcies of Lehman Brothers, Worldcom, Enron, the CIT Group and General Motors. In 2013, we were recognized as Global Restructuring Advisor of the Year by IFR, Best Loan Restructuring House / Advisor by Euroweek and GlobalCapital and European Restructuring House of the Year by Financial News. We also received recognition for Deals of the Year for several complex, high-profile transactions in 2013 and 2014, including the restructuring of American Airlines.

Our broad base of clients and our extensive experience allow us to understand the dynamics of each restructuring situation and strengthen our negotiating strategies by providing us insight into the needs, attitudes and positions of all parties-in-interest. Our clients include companies, bondholder groups, financial institutions, banks and other secured creditor groups, trade creditors, official Chapter 11 creditors' committees, equity holders, acquirers, equity sponsors and other parties-in-interest involved with financially challenged companies.

Our Financial Restructuring professionals work closely with our Corporate Finance and Financial Advisory Services professionals to provide holistic advice. In financial restructuring assignments, our team may represent the company, the creditors or other stakeholders. In fiscal 2015, we advised on 63 restructurings that closed during the fiscal year. Our services include:

- assessing the financial condition of a company and analyzing its optimal capital structure;
- providing a comprehensive view of the company's challenges and strategic alternatives, such as sale of the entire business, portions of the business or specific assets, and in-court and out-of-court alternatives for the restructuring process;
- evaluating availability and terms of potential financing if needed;
- providing valuation of the company and its component parts in the context of potential restructuring;
- developing a comprehensive course of action for the restructuring or recapitalization plan;
- assisting in the implementation of a specific course of action, which may involve drafting exchange offers, restructuring of bank and other credit agreements, design of new securities, assisting in the development of stock options and incentive plans and in management and corporate governance issues;
- preparing presentations and conducting and participating in negotiations with various constituencies of creditors and other stakeholders;
- structuring and negotiating terms for new debt and equity investments;

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providing expert testimony when required and appropriate;

analyzing the impact of modifications to terms and conditions of an existing debt;

assessing the impact of sales or M&A transactions on the value of debt or securities;

analyzing the reorganization plan and providing advice to maximize the recovery value;

participating in negotiations among the various parties; and

providing expert testimony where necessary to assist in the confirmation and implementation of the plan of reorganization.

Financial Advisory Services

Our Financial Advisory Services practice is one of our original practices and dates back more than 40 years. As of June 30, 2015, we had 188 financial professionals and strategic consultants in this practice, making us one of the largest and most respected valuation and financial opinion practices in the United States. We are ranked as the #1 U.S. M&A fairness opinions advisor over the past ten years. We believe we are a thought-leader in the field of valuation and strategic consulting, and our professionals produce influential studies and publications which are recognized and valued throughout the financial industry. Our extensive transaction expertise and leadership in these fields inspire confidence in the financial executives, boards of directors, special committees, retained counsel, investors and business owners that we serve. We believe that our reputation for delivering an outstanding analytical product that will withstand legal or regulatory scrutiny coupled with our independence makes us the advisor of choice for clients that seek to obtain a complex valuation or transaction opinion.

Unlike our other business segments, Financial Advisory Services assignments typically have a four to six week time frame and the fees paid are generally milestone-driven rather than success-driven. Moreover, due to the recurring nature of certain services within the segment such as Portfolio Valuation and Tax and Financial Reporting Valuation (with the exception of Transaction Opinions), our revenue from these services is stable. In fiscal 2015, we had over 1,000 fee events on engagements.

Our core competencies in our Financial Advisory Services practice are our ability to analyze and value companies, security interests, and different types of assets, including intellectual property and liabilities, as well as our ability to analyze the financial aspects of transactions. We are organized around different service areas as each area has different areas of regulatory or compliance specializations, different valuation guidelines as well as different marketing channels. As such, our Financial Advisory Services practice falls into four general categories, described below.

Transaction Opinions: includes fairness and solvency opinions, and other opinions issued in connection with a transaction. Our client base includes boards of directors, company management, retained counsel, lenders, trustees and other fiduciaries for consideration in their determination of important decisions they make in the context of a transaction. These opinions may address the financial fairness of the consideration to be received or paid, the capital adequacy of a company pre- or post-transaction, and the reasonableness of various financial terms in a transaction, among other types of opinions. Key growth drivers include a heightened level of scrutiny by regulatory and judicial bodies on the process decision makers undergo in a transaction.

Portfolio Valuation: provides periodic, ongoing valuation services of illiquid securities to predominantly institutional clients for financial reporting purposes. Our client base includes hedge funds, private equity funds, business development companies, banks, insurance companies and other institutional investors. Our team provides advisory services both in traditional valuations of corporate debt and equity securities and in a variety of structured, derivative and other complex investments. The business model is one of generally recurring revenues from a relatively stable client base as our clients

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tend to stay with the same valuation provider for an extended time period. Key growth drivers include increasing regulatory and accounting requirements for financial reporting and increasing demand from institutional investors and regulators for independence in the valuation process.

Tax and Financial Reporting Valuation: provides valuations related to Tax and Financial Reporting. Tax-related valuations include the valuation of private company stock and equity-based grants (public and private companies), purchase price allocations, valuation of intangible assets and fixed assets in acquisitions, goodwill impairment analyses, and derivatives and liability valuations. Financial reporting-related valuations include jurisdictional reorganizations of legal entities, conversions of corporate structure (C-Corp from or to pass-through entity), private company valuations and support for intercompany transactions. Many Tax and Financial Reporting projects recur annually and sometimes more frequently based on client need. Key growth drivers include the M&A market and tax reorganizations for multinational companies.

Consulting Services: Our Financial Advisory Services practice provides a variety of other consulting services:

- Due Diligence Services: provides accounting, financial, tax (diligence and structuring) and commercial due diligence provided on the buy side or sell side of a transaction to better assess the quality of earnings, normalized cash flow and financial condition of an entity

- Dispute Consulting: provides opinions on value, economic damages and various financial and accounting matters dealing with fact and quantum related to some form of dispute, which are typically used with respect to shareholder disputes, disputes with or inquiries by governmental, regulatory and tax agencies and commercial litigation

- Strategic Consulting: provides business expertise and in-depth knowledge in the areas of strategy development, operations and organization and performance improvements to serve our large-cap and mid-cap corporate clients and financial sponsors

We actively seek to add new services within our Financial Advisory Services practice that are consistent with our analytical strengths, that are synergistic to our other businesses and that neither compromise our independence nor create potential conflicts of interest.

Our Financial Advisory Services professionals actively generate business through relationships with law firms, private equity firms, auditors and consultants. Moreover, our Corporate Finance and Financial Restructuring groups and our Financial Sponsors group supplement this effort with internal referrals.

Our Market Opportunity

We believe that we are positioned for increased revenues and market share, driven by the following broader market forces:

- ***Increasing Demand for Independent Advice*** In the last decade, the demand for independent advice has increased dramatically, arising in part from the global financial crisis. We believe this trend has largely been driven by increasing levels of regulatory and fiduciary scrutiny of actual or perceived conflicts of interest at bulge-bracket and accounting firms, where providing advisory and opinion services can conflict with firm interests in securities sales and trading, underwriting, lending, proprietary investing, research coverage, consulting and auditing services. We also believe that this shift will continue as bulge-bracket firms increasingly rely on capital and distribution for profits and clients seek advice and opinions free of perceived bias from non-advisory services in an ever more complex M&A and capital markets landscape. Our core strengths and reputation in providing unbiased, high-quality, respected advice and opinions in a wide variety of situations position us well to take advantage of these trends.

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Continued Growth in M&A Transactions After declining through the latest global financial crisis, U.S. M&A transaction volumes are increasing as the macroeconomic environment stabilizes and financing conditions remain favorable. Driven by strong corporate balance sheets, buoyant capital markets and increased financial sponsor activity, the market is returning to the higher levels seen in 2006 and 2007. Our Corporate Finance and Financial Advisory Services groups are well positioned to capitalize on these market trends in the United States and increase transaction volumes and related opinion work.

United States Announced M&A Transaction Count

Source: Thomson Reuters, based on calendar year

We believe a similar growth opportunity is developing in Europe and in cross-border M&A transactions, and we have continued to invest resources and grow our team in that region. As of June 30, 2015, we maintained a staff of 102 financial professionals across all of our lines of business throughout Europe, Asia and Australia, who are well positioned to take advantage of opportunities in the M&A and financing markets as they continue to rebound, supported by our established relationships and reputation in those regions as the market leader for restructuring advisory services.

Growth in Corporate Debt Issuance and Rise in Restructuring Activity As a result of persistently low interest rates, corporations globally have issued record amounts of leveraged loan and high-yield debt in recent years. By maintaining our highly experienced team of restructuring professionals through the current low-default rate environment, we believe we have the capacity to address and benefit from any uptick in restructuring activity that may occur as a result of the record amounts of leverage. Additionally, our Financial Restructuring team continues to capitalize on opportunities caused by geographic and sector dislocations that have occurred in an otherwise healthy economic climate, such as in the Middle East, Eastern Europe, Latin America, Australia and Africa, as well as the retail, oil and gas and shipping sectors. Moreover, we are well positioned in geographies where restructuring markets are just beginning to evolve, driven by increased external investment and continued development of financial and legal sophistication, such as India, China and other parts of Asia. We also believe that increased balance sheet and multi-jurisdictional complexity provides a natural opportunity for us to provide services to both debtors and creditors throughout market cycles. In addition, as the following chart illustrates, a spike in default rates often follows periods of substantial leveraged loans and high yield issuances. We have seen continued strong leveraged loans and high yield issuances for the last five years, and believe we are well positioned to the extent that default rates begin to increase which will provide increased opportunities for our Financial Restructuring group.

Global Leveraged Loan and High-Yield Debt Issuances ($ in billions)

Source: Thomson Reuters, based on calendar year

Ongoing Talent Dislocation at Financial Institutions In the aftermath of the global financial crisis, bulge-bracket banks are facing increasing regulation, compensation pressures, capital constraints and higher operating costs, creating a more challenging environment for their financial professionals. These increased challenges have resulted in rounds of down-sizing, as well as decreasing opportunities for those professionals who remain, causing a significant and ongoing dislocation of investment banking talent. We have been able to benefit from this trend by acquiring talented professionals who have driven increased relationships and business for the firm. This ongoing dislocation continues to represent an opportunity to enhance our industry and product groups, expand our geographic reach and enrich our advisory expertise and capabilities. We expect to continue to capitalize on this compelling opportunity and selectively attract complementary talent to our unique and attractive business model.

Our Competitive Advantages

We believe that our business is most differentiated from that of our competitors in the following respects:

Strong Partnership Culture with Significant Employee Ownership and Collaboration Our people are our greatest asset. Over the years, we have invested significantly in our people and created a true team-oriented culture with an entrepreneurial spirit. This team approach and lack of "superstar" culture differentiates us from many of our competitors who rely on one or a few key bankers. In addition, because of our equity compensation model, we have approximately 279 employee shareholders who will own approximately % of our equity upon consummation of this offering, with no single employee shareholder owning greater than %. Moreover, we intend to continue our equity compensation programs after this offering is consummated. We believe this broad-based equity ownership results in a strong alignment of employee and shareholder interests, fostering a collaborative culture with a focus on making decisions that broadly increase shareholder returns. Lastly, through each financial cycle, we expand our overall product, industry and coverage capabilities as our bankers continue to stay engaged through all cycles. During periods of financial distress, we do not experience the substantial layoffs and dislocation of personnel that occur at many other investment banking firms. Our continuity in senior financial professionals through economic cycles results in greater teamwork and collaboration among our various product and industry groups.

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Leadership in All Three Business Segments and across Industry Sectors Our consistent ability to innovate new solutions tailored to our clients' financial needs has enabled us to assert our market leadership in each of our business segments, including:

- #1 Most Active M&A Advisor for United States Transactions under $5 billion in 2014 and under $1 billion over the past 9 years
- #1 M&A Fairness Opinions Advisor in the United States over the past 10 years
- #1 Global Investment Banking Restructuring Advisor for 6 of the last 7 years

We are respected for bringing innovative product solutions to our clients to meet increasing demand in a complex, dynamic marketplace, both organically and through acquisitions. For example, in fiscal 2014 we established an Illiquid Financial Assets business to provide intermediation between counterparties for a variety of illiquid assets and expanded our practice of advising in activist investor situations, and in fiscal 2015 we acquired a strategic consulting firm.

We also have developed industry expertise and experience across the major industry sectors and more than 70 sub-sectors, resulting in deep industry knowledge and superior advice to our clients as we develop and implement financial solutions on their behalf. This deep industry capability is a key factor in the success of our Corporate Finance group and plays an important role in supporting and maintaining our strong market position in Financial Restructuring and Financial Advisory Services as well. Our success in building these capabilities has resulted in the following rankings for 2014 for all United States mid-cap transactions:

- #1 M&A Advisor for Aerospace & Defense Transactions
- #1 M&A Advisor for Casino & Gaming Transactions
- #1 M&A Advisor for Consumer Products Transactions
- #1 M&A Advisor for Food & Beverage Transactions
- #1 M&A Advisor for Healthcare Transactions
- #1 M&A Advisor for Industrials Transactions
- #1 M&A Advisor for Specialty Finance Transactions, according to SNL Financial
- #1 M&A Advisor for Telecommunications Transactions

Market Leader for Mid-Cap M&A Transactions Our leadership in M&A for mid-cap transactions sets us apart from many of our bulge-bracket and independent advisory peers, who focus on the more competitive, large-cap market segment. The mid-cap market segment has substantially higher deal volume and lower volatility in deal volume through economic cycles compared with the large-cap market, offering the potential for a more stable and diversified revenue base. Within this market segment, we also have a clear competitive advantage over regional- or industry-focused boutiques because we offer a more global platform, deep industry expertise and strong relationships with potential strategic buyers as well as financial sponsors.

Diverse Revenues Drive Strong Financial Performance across Market Cycles Our diverse lines of business have allowed us to grow revenues in both strong and more challenging economic environments. From fiscal 2007 through fiscal 2012 (through the global financial crisis), we grew our revenues from $446 million to $472 million and never delivered a pre-tax margin less than 17.8% during that time period. During fiscal 2010, we experienced overall firm revenue growth of 33% over our fiscal 2009 revenues as a result of a significant increase in revenues in our Financial Restructuring business despite the severely reduced level of M&A activity. We believe

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the cyclical hedge provided by our business mix also allows us to retain and acquire high quality talent during periods of market dislocation. Our institutional flexibility allows our financial professionals in each group to generate additional business, and work on projects that would traditionally be handled solely by professionals in other groups. For example, where there is market need, members of our restructuring team may migrate to our industry and coverage efforts and generate M&A and financing opportunities.

We have a well-diversified revenue base across a variety of clients, services and sectors. We enjoy low fee concentration, with our largest engagement contributing less than 2% of our revenues in fiscal 2015. Moreover, our business model and value proposition enable us to arrange modest Retainer Fees or Progress Fees consisting of both periodic and milestone-related payments in a majority of our engagements with clients.

Industry-Leading Financial Sponsors Platform We believe we have one of the most comprehensive financial sponsors groups on Wall Street, with dedicated senior professionals covering over 400 private equity groups, 200 hedge funds and approximately 50 family offices. We believe that our broad access to financial sponsors provides a competitive advantage to our clients seeking to raise capital from, or sell a company to, a financial sponsor, especially as financial sponsor M&A activity continues to rise. Moreover, financial sponsors value our coverage efforts as an important source of deal flow, resulting in a mutually beneficial relationship. We have accumulated years of data regarding the investment criteria and transaction behavior of many financial sponsors, and we are well-positioned to match our clients with the most appropriate capital partners, providing a critical and valuable source of business to all three of our business practices. Over the last five years, we have advised on the sale of more than 200 companies to financial sponsors, and we have sold more than 300 companies on their behalf.

Experienced Senior Leadership with Limited Key Man Risk We believe that the continuity of our senior leadership over an extended period of time has contributed to our differentiated business model and culture. The four members of the Office of the Executives have been employed by us for an average of 27 years. Our Managing Directors lead and participate in every facet of client interactions, from deal origination and evaluation to board presentations and final execution. As of June 30, 2015, we had 163 Managing Directors who had an average tenure of ten years with us. Client relationships run deep into the organization, and no single individual had more than 3% of our revenues attributed to him or her in fiscal 2015. We enjoy low employee turnover, resulting in strong continuity of client coverage and our success in building relationships is demonstrated by the loyalty of our clients and their willingness to continue to work with us year after year.

Our Growth Strategy

We seek to achieve our growth objectives through four primary strategies:

Grow Our Intellectual Capital by Adding Highly Qualified and Motivated Financial Professionals Our people are our greatest asset, and we believe that significant investment in our intellectual capital is our most promising avenue for growth. We seek to grow our business through the addition of senior financial professionals who have strong client relationships and industry expertise, in addition to the right cultural fit and a skill set that is complementary to our existing capabilities. We have steadily grown our Managing Director base from 81 as of December 31, 2007 to 163 as of June 30, 2015 and plan to selectively increase that count as opportunities arise through internal promotions, opportunistic external hiring and acquisitions.

Expand the Breadth of Our Industry Expertise and Add New Product Areas We intend to continue to expand our platform into industry and product sectors that we have identified as particularly

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attractive, both organically and through acquisitions. We have a strong track record of executing and integrating strategic acquisitions to expand our product offerings, including: the acquisition of Milestone Advisors in December 2012, which we combined with our existing financial institutions group to create a more robust platform; the acquisition of ArchPoint Partners in March 2014, which significantly increased our expertise in the technology sector; the acquisition of Bridge Strategy Group in January 2015, which allows us to add in-depth strategic consulting to our current consulting capabilities for C-suite relationships; and the acquisition of M.E.S.A. Securities, Inc. in June 2015, which increased our capabilities in the digital and traditional media and entertainment sectors. In addition, in July 2015, we announced our pending acquisition of McQueen Limited, a United Kingdom-based corporate finance advisor to the consumer, food and retail sectors.

Deepen Existing Client Relationships We continue to offer value added advice using the complementary expertise of each of our lines of business, which creates long-term successes for our clients and increases the depth of our existing relationships. We believe that this approach has allowed us to create solid relationships with our existing clients, resulting in significant repeat business for us. We believe that we can continue to increase revenues by broadening existing client relationships across our lines of business. Moreover, as our clients grow, we believe they will have an increased need for our advisory services and engage in higher value transactions, resulting in higher average fees and increased overall fees from clients.

Expand our Existing Expertise into New Geographies Given our current global footprint with 17 offices across the globe and three additional offices through our joint ventures, we expect to take a highly disciplined approach to expansion into new geographies, both organically and through acquisitions. We plan to continue broadening our geographic scope in a selective manner into regions where we believe the business environment will be receptive to the strengths of our platform or where our existing clients have or may want to develop a significant presence. In furtherance of this strategy, in July 2010, we announced an equity investment in Avista Advisory Group, which has grown to become a 36-person investment banking firm headquartered in Mumbai, India, with operations in both India and Singapore. More recently, in February 2015, we announced a joint venture in Australia where we teamed with ten employees to open an office in Sydney, Australia to pursue advisory activities across our industry groups and product lines.

Our People

Our goal is to attract, develop and retain the best talent in our industry across all levels. We believe our compensation programs are competitive, offering a portion of compensation in deferred cash and a portion in deferred stock awards to provide incentives for our employees to remain with us. In addition, we strive to foster a collaborative environment to attract and retain employees, and we seek individuals who fit our culture of entrepreneurship, integrity, creativity and caring for our clients. For over 20 years we have emphasized broad employee ownership as a way to align the incentives of our employees and shareholders. We intend to adopt the 2016 Plan in order to facilitate the grant of cash and equity incentives to directors, employees (including our named executive officers) and consultants of our company and certain of its affiliates and to enable our company and its affiliates to obtain and retain services of these individuals, which is essential to our long-term success. Upon consummation of this offering, we have approximately 279 employee shareholders who will own in aggregate approximately % of our equity. No single employee will own more than % of our equity upon consummation of this offering. We believe that a strong emphasis on cultural fit during our recruiting process combined with broad employee ownership results in high retention rates evidenced by an average tenure of more than 10 years for our Managing Directors across all our business practices. Moreover, we believe that becoming a public company will allow us to better attract and

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retain people through increased firm visibility and the use of a publicly traded security for equity compensation.

Our Managing Directors are compensated based on their ability to deliver profitable revenues on a consistent basis to the firm, the quality of advice and execution provided to our clients, and their collaboration with their colleagues across industries, products and regions. We do not compensate on a commission-based pay model. Our compensation structure for junior financial professionals is based on a system of meritocracy whereby bankers are rewarded for past performance and expectation of future development, and compensation levels are tested against prevailing market compensation for bankers at similar levels.

The primary sources of recruitment for our junior financial professionals are leading undergraduate and graduate programs around the world. Over the last five years, our dedicated campus recruiting effort has resulted in the hiring of over 250 Financial Analysts from undergraduate institutions and over 45 Associates from graduate programs throughout the world as of March 31, 2015. Our consistent hiring practices year-after-year have created partnerships with these prestigious institutions, and resulted in a steady and high quality pipeline of junior financial professionals. To supplement this annual class of new hires, we opportunistically and strategically hire professionals with experience and backgrounds relevant to our various businesses. Regardless of title, we place a high degree of emphasis on cultural fit, technical capability and individual character. When we hire junior financial professionals, we hire them directly into one of our product lines to enable them to begin to develop their relevant skill set from day one.

Across the firm, we devote significant time and resources to training and mentoring our employees to ensure every person achieves their highest possible potential. We strive to identify and cultivate future leaders within the firm, and are committed to developing our brightest and most ambitious junior professionals into Managing Directors. This philosophy of investing in our people has been and will continue to be core to our culture and organization, with 86 of our current Managing Directors reaching their respective positions through internal promotion.

Competition

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 industry knowledge, transaction execution skills, strength of client relationship, reputation and price. We believe our primary competitors vary by product and industry expertise and would include the following: for our Corporate Finance practice, Harris Williams & Co., Jefferies LLC, Lazard Ltd, Moelis & Company, N M Rothschild & Sons Limited, Piper Jaffray Companies, Robert W. Baird & Co. Incorporated, William Blair & Company, L.L.C. and the bulge-bracket investment banking firms; for our Financial Restructuring practice, The Blackstone Group L.P., Lazard Ltd, Moelis & Company and N M Rothschild & Sons Limited; and for our Financial Advisory Services practice, Duff & Phelps Corp. and the "big four" accounting firms.

We compete with all of the above as well as with regional and industry-focused boutique firms 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 our existing employees. We may be at a competitive disadvantage in certain situations with regard to certain of our competitors who are able to, and regularly do, provide financing or market making services that are often instrumental in effecting transactions.

Regulation

Our business, as well as the financial services industry generally, is subject to extensive regulation in the United States and across the globe. As a matter of public policy, regulatory bodies in the United

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States 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 United States, the SEC is the federal agency responsible for the administration of the federal securities laws. Houlihan Lokey Capital, Inc. ("Houlihan Lokey Capital"), our wholly owned subsidiary through which we conduct our Corporate Finance, Financial Restructuring and transaction opinion businesses in the United States, is registered as a broker-dealer with the SEC. Houlihan Lokey Capital is subject to regulation and oversight by the SEC. In addition, FINRA, a self-regulatory organization that is subject to oversight by the SEC, adopts and enforces rules governing the conduct, and examines the activities, of its broker-dealer member firms, including Houlihan Lokey Capital. State securities regulators also have regulatory or oversight authority over Houlihan Lokey Capital in those states in which it does business.

Broker-dealers are subject to regulations that cover all aspects of the securities business, including sales methods, trade practices, the financing of customers' purchases, 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.

Houlihan Lokey Financial Advisors, Inc. ("HLFA"), our wholly owned subsidiary and a registered investment adviser with the SEC, receives compensation for providing investment management services to private investment funds that are exempt from registration under the Investment Company Act of 1940, as amended. As a registered investment adviser, HLFA is subject to the SEC's regulatory oversight, rules and examination. Therefore, among other things, HLFA is required to adopt and implement written policies and procedures designed to prevent, detect, and correct violations of the Investment Advisers Act of 1940, as amended, prepare and file certain reports on both an annual and ongoing basis with the SEC, adopt a code of ethics that governs certain of its employees' conduct in order to both meet its fiduciary obligations to its advisory clients and comply with federal securities laws, and maintain regular books and records relating to its investment advisory business.

HLFA's advisory, administrative and financial services to its clients include (i) advising with respect to the acquisition, management, financing, monitoring and disposition of investments, (ii) representing the funds in their day-to-day dealings with accountants, attorneys, custodians, insurers and banks, among others, and (iii) regularly monitoring and supervising service providers. In addition to its investment management services, HLFA also provides valuation services and related financial analyses of various businesses and types of assets which are used by clients in connection with mergers and acquisitions, divestitures, corporation redemptions, dispute analysis, and estate, gift and income tax support. In rendering such analyses, HLFA does not: (1) make recommendations or provide advice with respect to the merits of any security or transaction, the suitability of transacting in any security, or any investment decision with respect to any security, or (2) manage or hold client accounts, securities or funds.

Certain parts of our business are subject to compliance with laws and regulations of United States federal and state governments, non-United States 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.

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Europe

Houlihan Lokey (Europe) Limited, our wholly owned subsidiary with offices in each of the United Kingdom, France, Germany and Spain, through which we conduct our European advisory business, is authorized and regulated by the United Kingdom's Financial Conduct Authority. The current UK regulatory regime is based upon the Financial Services and Markets Act 2000 (the "FSMA"), together with secondary legislation and other rules made under the FSMA. These rules govern our corporate finance advisory business in the United Kingdom, including carrying on regulated activities, record keeping, approval standards for individuals, anti-money laundering and periodic reporting.

Houlihan Lokey (Europe) Limited has exercised the appropriate European financial services passport rights to provide cross-border services into all other members of the European Economic Area (the "EEA") from the United Kingdom and branch services into France, Germany and Spain. These "passport" rights derive from the pan-European regime established by the EU Markets in Financial Instruments Directive, which regulates the provision of investment services and activities throughout the EEA.

Hong Kong

In Hong Kong, the Securities and Futures Commission (the "SFC") regulates our subsidiary, Houlihan Lokey (China) Limited. The compliance requirements of the SFC include, among other things, net capital requirements and stockholders' equity requirements. The SFC regulates the activities of the officers, directors, employees and other persons affiliated with Houlihan Lokey (China) Limited, and require the registration of such persons.

Australia

Houlihan Lokey (Australia) Pty Limited, our wholly owned Australian subsidiary, is licensed and subject to regulation by the Australian Securities & Investments Commission and must also comply with applicable provisions of the Corporations Act 2001 and other Australian legal and regulatory requirements, including capital adequacy rules, customer protection rules, and compliance with other applicable trading and investment banking regulations.

Other

The United States and non-United States 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 United States 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 United States foreign policy and national security goals, the Treasury Department's Office of Foreign Assets Control ("OFAC") publishes a list of individuals and companies owned or controlled by, or acting for or on behalf of, targeted countries. It also lists individuals, groups and entities, such as terrorists and narcotics traffickers, designated under programs that are not country-specific. Collectively, such individuals and companies are called "Specially Designated Nationals" ("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 FCPA and the UK 2010 Bribery Act prohibit the payment of bribes to foreign government officials and political figures. The FCPA has a broad reach, covering all United States 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.

Facilities

Our largest office in terms of financial professionals is in New York where we had over 200 financial professionals as of June 30, 2015, and our headquarters is located in leased office space at 10250 Constellation Boulevard, Los Angeles, CA 90067. We lease the space in the United States for our offices in Atlanta, Chicago, Dallas, Minneapolis, Miami, New York, Newport Beach, San Francisco and Tysons Corner; and internationally in Beijing, Frankfurt, Hong Kong, London, Madrid, Paris, Sydney and Tokyo.

We do not own any real property. We consider these arrangements to be adequate for our present and future needs.

Employees

As of June 30, 2015, we had 981 employees, including 695 financial professionals.

Legal Proceedings

From time to time, we may be subject to legal proceedings and claims in the ordinary course of business. We are not currently a party to any material litigation.

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MANAGEMENT

Below is a list of the names and ages, as of July 27, 2015, of our directors and executive officers and a description of the business experience of each of them.

Name	Age	Position
Scott L. Beiser	55	Chief Executive Officer and Director
Irwin N. Gold	58	Executive Chairman and Director
Scott J. Adelson	54	Co-President and Director Nominee(1)
David A. Preiser	58	Co-President and Director Nominee(1)
J. Lindsey Alley	48	Chief Financial Officer
Christopher M. Crain	54	General Counsel
Hideto Nishitani	55	Director
Ron K. Barger	60	Director Nominee(1)
Paul E. Wilson	46	Director
Robert J.B. Lenhardt	52	Director Nominee(1)

(1) The noted individual has agreed to become a director and such individual will be appointed to the board effective upon the listing of our Class A common stock on the New York Stock Exchange.

Executive Officers and Directors

Scott L. Beiser has served as our Chief Executive Officer since 2003 and on our board of directors since 1991. His responsibilities include managing Houlihan Lokey's operations, identifying and developing new strategic opportunities, and pursuing and managing new and existing client relationships. Mr. Beiser previously led Houlihan Lokey's Infrastructure Services and Materials practice and has specialized expertise in investment banking services for engineering and construction businesses, including ownership and management transition programs, corporate acquisitions, divestitures, leveraged recapitalizations, and ESOP transactions. Mr. Beiser serves on the board of directors of FNF Construction and is an advisor to several boards and executives in the engineering and construction industry. Mr. Beiser earned both a B.S. and an M.S. in Finance from the College of Business and Economics at California State University, Northridge. Mr. Beiser was chosen to be on our board of directors because of his leadership in our development and growth and his particular knowledge and experience in strategic planning and leadership of complex organizations. Mr. Beiser has been with Houlihan Lokey for more than 31 years.

Irwin N. Gold has served as our Executive Chairman since 2013 and on our board of directors since 1994. Mr. Gold is one of Houlihan Lokey's senior executives responsible for strategic planning, client relations and business development and manages the firm in conjunction with the other three members of the Office of the Executives. Mr. Gold co-founded the Company's industry-leading Financial Restructuring practice and was the Global Co-Head of Financial Restructuring from 1988 until 2012. In that role, Mr. Gold has led many of the Company's largest and most complex Financial Restructuring engagements, both in bankruptcy and out-of-court. Mr. Gold has previously served on the boards of directors of Cole National Group, Inc., Advantica Restaurant Group, Inc. and The Bibb Company. Mr. Gold earned a B.A. in Economics, summa cum laude and Phi Beta Kappa, from Duke University and a J.D. from the University of Virginia Law School. Mr. Gold was chosen to be on our board of directors because of his long career in the financial services industry and because he possesses particular knowledge and experience in the financial services industry and in leadership of complex organizations. Mr. Gold has been with Houlihan Lokey for more than 26 years.

Scott J. Adelson has served as our Co-President since 2013. As President, Mr. Adelson is one of Houlihan Lokey's senior executives responsible for strategic planning, client relations and business

development and manages the firm in conjunction with the other three members of the Office of the Executives. Mr. Adelson also serves as the Global Co-Head of Corporate Finance. His practice embraces all aspects of corporate finance, including mergers and acquisitions, leveraged buyouts, and the issuance of debt and equity capital. He is an active board member of various public and private companies, including Motorcar Parts of America, Inc. and QAD Inc. Mr. Adelson completed his undergraduate studies at the University of Southern California and earned his MBA from the University of Chicago Booth School of Business. Mr. Adelson was chosen to be on our board of directors because of his long career in the financial services industry and because he possesses particular knowledge and experience in strategic planning and board practices of other corporations. Mr. Adelson has been with Houlihan Lokey for more than 27 years.

David A. Preiser has served as our Co-President since 2013. Among his duties, he serves as Chairman of Houlihan Lokey (Europe) Limited. In the course of his more than two decades at Houlihan Lokey, Mr. Preiser has led many major transactions involving financially distressed companies, both in bankruptcy and in out-of-court situations, many of which have involved the sale or purchase of distressed assets. Mr. Preiser earned a B.A. in Economics and graduated magna cum laude from the University of Virginia. He earned a J.D. with honors from Columbia University, where he also served as an Editor of the Columbia Law Review and was named a Harlan Fisk Stone Scholar and is currently a member of the Dean's Council. Mr. Preiser currently sits on the board of directors of NVR, Inc., a New York Stock Exchange-listed company, where he currently serves as Lead Director and chairs the Nominating Committee and serves on the Compensation Committee. Mr. Preiser has previously served on the boards of directors of Joseph A. Bank, Inc., where he served as chair of the Compensation Committee, as well as Sudbury, Inc. and MLX, Inc. Mr. Preiser was chosen to be on our board of directors because of his long career in the financial services industry and because of his leadership role in our development and growth and because he possesses particular knowledge and expertise in managing and growing international organizations and executing international transactions. Mr. Preiser has been with Houlihan Lokey for more than 24 years.

J. Lindsey Alley has served as our Chief Financial Officer since December 2012. In his role as Chief Financial Officer, Mr. Alley oversees our accounting and financial reporting operations as well as acquisition business development. Mr. Alley joined Houlihan Lokey in 1995 and was an investment banker focusing on advising public and private clients, boards of directors, and special committees on sell side and buy side mergers and acquisitions prior to being appointed to the Chief Financial Officer role in December 2012. Mr. Alley earned a B.S. in Systems Engineering from the University of Virginia and graduated with highest distinction with an MBA in Finance from the University of Michigan. Mr. Alley has been with Houlihan Lokey for more than 19 years.

Christopher M. Crain has served as our General Counsel since September 2004. In that role, he directly manages our Legal Department and oversees our Compliance and Human Resources Departments. Mr. Crain earned a B.A. in Political Science from the University of California at Davis and a J.D., cum laude, from Loyola Law School. Mr. Crain has been with Houlihan Lokey for more than ten years.

Hideto Nishitani is Chairman, President, and Chief Executive Officer of ORIX USA, Corporate Senior Vice President of ORIX Corporation in Japan, and has served on our board of directors since 2012. Mr. Nishitani has thirty two years of experience in the global financial services industry working on behalf of ORIX Corporation in the U.S., U.K., Ireland, Canada and Japan. Between 2001 and 2006, he was Senior Vice President of the Principal Investment Group of ORIX Corporation's Investment Banking headquarters in Japan, where he was responsible for sourcing, acquiring, restructuring and managing portfolio companies. He earned a Bachelor of Economics degree from Kwansei-Gakuin University in Japan and a Master of Economics degree from the London School of Economics, University of London. Mr. Nishitani was chosen to be on our board of directors because of his

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leadership proficiency and extensive experience in the financial services industry, particularly investment banking.

Ron K. Barger is Executive Vice President of Operations and General Counsel of ORIX USA. He oversees operational areas of ORIX USA, including Legal, Human Resources, Technology, Corporate Planning and Administration, in addition to supporting strategic transactions for ORIX USA's multiple lines of business. Mr. Barger joined ORIX USA from Archon Group, L.P., where he served in a variety of roles, including Global General Counsel, Global Chief Compliance Officer, Global Risk Committee chair, and Information Security Committee chair. While there, he also served as a member of the Archon Operating and Investment Committees, and was a Managing Director of The Goldman Sachs Group, Inc. Mr. Barger earned a B.S. degree from the University of Illinois and a J.D. from Southern Methodist University Dedman School of Law. Mr. Barger was chosen to be on our board of directors because of his particular knowledge of corporate governance, global operations, and enterprise risk for a financial services company, in addition to his years of experience in the financial services industry generally.

Paul E. Wilson is Chief Financial Officer of ORIX USA and has served on our board of directors since 2015. He is responsible for overseeing all financial functions of ORIX USA and its multiple lines of business and subsidiaries. Mr. Wilson joined the ORIX USA accounting and finance department as its Tax Director in 2004. Prior to joining ORIX USA, Mr. Wilson was a Senior Manager with Ernst & Young, spending eleven years in the public accounting practice. He is a Certified Public Accountant licensed in Texas and earned a B.B.A. and a master's degree in Accounting and Tax from Baylor University. Mr. Wilson was chosen to be on our board of directors because of his financial expertise and in-depth knowledge of Houlihan Lokey's organizational and financial functions.

Robert J.B. Lenhardt is Deputy General Counsel of ORIX USA. He joined ORIX USA in 2001 and since then has overseen all legal functions of its corporate finance businesses, including high yield investing, direct leveraged lending, venture finance, structured products, fund investing, private equity, and special assets. Previously, he was a principal of Seaboard & Co., an asset management firm, whose team and assets were acquired by ORIX USA in 2001. He also previously practiced corporate and securities law in New York City. Mr. Lenhardt earned a B.A. degree magna cum laude from the University of Connecticut and a J.D. from Cornell Law School. Mr. Lenhardt was chosen to be on our board of directors because of his expertise in corporate finance and financial restructurings.

Corporate Governance

Composition of our Board of Directors

Our business affairs will be managed under the direction of our board of directors.

Our amended and restated bylaws provide that our board of directors shall consist of such number of directors as shall from time to time be fixed by our board of directors. Currently, our directors are Scott L. Beiser, Irwin N. Gold, Hideto Nishitani and Paul E. Wilson. Scott J. Adelson, David A. Preiser, Ron K. Barger and Robert J.B. Lenhardt have agreed to become directors and will be appointed to our board of directors effective upon the listing of our Class A common stock on the New York Stock Exchange. Upon consummation of this offering, our board of directors will initially be composed of members. Further, our amended and restated certificate of incorporation and our amended and restated bylaws provide for the division of our board of directors into three classes, as nearly equal in number as possible, with each class serving for three-year staggered terms.

Each of our executive officers serves at the discretion of our board of directors and holds office until his or her successor is duly appointed and qualified or until his or her earlier resignation or removal. There are no family relationships among any of our directors or executive officers.

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In connection with this offering, we will enter into the Stockholders' Agreement with ORIX USA and the HL Voting Trust. Under this agreement, from the time of the completion of this offering until its fifth anniversary, (i) so long ORIX USA's Post-IPO Percentage Ownership (as defined below) is 20% or greater, ORIX USA and the HL Voting Trust will each have the right to recommend four director nominees, with the remaining three director nominees recommended by mutual agreement of ORIX USA and the HL Voting Trust, (ii) so long as ORIX USA's Post-IPO Percentage Ownership is greater than or equal to 10% but less than 20%, ORIX USA will have the right to recommend three director nominees and the HL Voting Trust will have the right to recommend five director nominees, with the remaining three director nominees recommended by the HL Voting Trust with the approval of ORIX USA and (iii) so long as ORIX USA's Post-IPO Percentage Ownership is less than 10% but greater than zero, ORIX USA will have the right to recommend one director nominee and the HL Voting Trust will have the right to recommend the remaining ten director nominees. After the fifth anniversary of the offering, (w) so long as ORIX USA's Percentage Ownership (as defined below) is 20% or greater, ORIX USA will have the right to recommend three director nominees and the HL Voting Trust will have the right to recommend eight director nominees, (x) so long as ORIX USA's Percentage Ownership is greater than or equal to 10% but less than 20%, ORIX USA will have the right to recommend two director nominees and the HL Voting Trust will have the right to recommend nine director nominees, (y) so long as ORIX USA's Percentage Ownership is greater than or equal to 5% but less than 10%, ORIX USA will have the right to recommend one director nominee and the HL Voting Trust will have the right to recommend the remaining ten director nominees and (z) if ORIX USA's Percentage Ownership is less than 5%, the HL Voting Trust will have the right to recommend all of the director nominees. The party that designated a director may cause that director to be removed at any time, and the other party will take all necessary action within its control to effect such removal. Consistent with Rule 10A-3 of the Exchange Act and the New York Stock Exchange rules, we expect to have an audit committee composed entirely of independent directors within one year of the date of this prospectus.

The Stockholders' Agreement also provides that the approval of two-thirds of the board will be required for certain corporate actions until the earlier of the third anniversary of this offering and the date on which ORIX USA's Post-IPO Percentage Ownership first falls below 20%, which, in light of ORIX USA's right to designate four director nominees during that period, essentially gives ORIX USA veto authority over those actions during such period. If, on the third anniversary of this offering, ORIX USA's Post-IPO Percentage Ownership equals or exceeds 30%, the approval of two-thirds of the board will continue to be required for such corporate actions until the earlier of the fifth anniversary of this offering and the date on which ORIX USA's Post-IPO Percentage Ownership first falls below 20%. The actions generally requiring two-thirds board approval during this period include the following:

- subject to certain exceptions, material changes to the scope or nature of the Company's business, including launching or terminating a principal line of business;
- any sale of the Company or any material subsidiary (by way of merger, consolidation, business combination or asset sale) to a third party;
- cumulative acquisitions with an aggregate purchase price in excess of $225 million during any rolling three-year period;
- hiring, terminating, promoting or demoting the chairman, chief executive officer, or president of the Company, or persons serving in equivalent positions;
- authorizing, creating, subdividing, or issuing any equity securities, other than (i) issuances for employee compensation up to specified levels; (ii) issuances of securities upon the conversion of outstanding convertible securities or compensation awards; and (iii) issuances representing less than 50.1% of the purchase price in connection with permitted acquisitions;

subject to certain exceptions, redemption or repurchase of any equity securities in excess of the number of shares underlying annual employee stock compensation grants made during the relevant fiscal year;

liquidation, dissolution or voluntary bankruptcy of the Company or any of its material subsidiaries, or any other similar extraordinary transactions;

waiver of certain transfer restrictions;

specified material changes in compensation structure, including any payment or grant of compensation that causes the consolidated compensation expense of the Company to be in excess of the Company's target Compensation Ratio; and

amendment of the Company's organizational documents and lock-up agreements.

For purposes of the preceding two paragraphs, "Post-IPO Percentage Ownership" means, as of a specified date, the percentage, equal to (a) the number of shares held by ORIX USA (directly or through a brokerage or similar account) on such date (not including any shares acquired by ORIX USA after the offering, other than shares acquired by ORIX USA as a result of a stock split, distribution or similar pro rata reorganization) divided by (b) the total number of shares that were outstanding immediately following the consummation of the offering, calculated on a fully diluted basis but excluding shares issued as purchase price consideration in certain acquisition transactions. "Percentage Ownership" means, as of a specified date, the percentage, equal to (x) the number of shares held by ORIX USA (directly or through a brokerage or similar account) on such date (not including any shares acquired by ORIX USA after this offering, other than shares acquired by ORIX USA as a result of a stock split, distribution or similar pro rata reorganization) divided by (y) the total number of shares outstanding on such date, calculated on a fully diluted basis.

Our amended and restated certificate of incorporation provides that, from and after the Final Conversion Date, directors may be removed by stockholders only for cause and only with the affirmative vote of at least $66^2/_3\%$ of the voting interest of stockholders entitled to vote. Additional provisions with regard to removal of directors are included in our Stockholders' Agreement. Our amended and restated certificate of incorporation also provides that any vacancy on our board of directors may be filled by a majority of the directors then in office.

Upon consummation of this offering, the HL Voting Trust and ORIX USA will continue to control a majority of the voting power of our outstanding common stock. As a result, we will be a "controlled company" under the rules of the New York Stock Exchange. Under these rules, a company of which more than 50% of the voting power is held by an individual, group or another company is a "controlled company" and may elect not to comply with certain corporate governance standards, including the requirements that (i) a majority of our board of directors consist of independent directors and (ii) that our board of directors have compensation and nominating and corporate governance committees composed entirely of independent directors, as independence is defined in Rule 10A-3 of the Exchange Act and under the New York Stock Exchange listing standards. For at least some period following this offering, we intend to utilize these exemptions. As a result, although we will have a fully independent audit committee within the time period required by the New York Stock Exchange, immediately following this offering we do not expect that the majority of our directors will be independent. 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 these corporate governance requirements. See "Risk Factors Risks Related to Our Class A Common Stock and This Offering We are a "controlled company" within the meaning of the New York Stock Exchange listing standards and, as a result, will qualify for, and intend to rely on, exemptions from certain corporate governance requirements. You will not have the same protections afforded to stockholders of companies that are

subject to such requirements." In the event that we cease to be a "controlled company" and our shares continue to be listed on the New York Stock Exchange, we will be required to comply with these provisions within the applicable transition periods.

When considering whether directors and nominees have the experience, qualifications, attributes or skills, taken as a whole, to enable our board of directors to satisfy its oversight responsibilities effectively in light of our business and structure, the board of directors focuses primarily on each person's background and experience as reflected in the information discussed in each of the directors' individual biographies set forth above. We believe that our directors provide an appropriate mix of experience and skills relevant to the size and nature of our business.

Director Independence

Prior to the consummation of this offering, our board of directors undertook a review of the independence of our directors and determined that and are independent directors as defined under the rules of the New York Stock Exchange.

Board Committees

Pursuant to our Stockholders' Agreement, until the earlier of the fifth anniversary of this offering or the date on which ORIX USA's Post-IPO Percentage Ownership first falls below 10%, each standing committee must have at least one director nominee designated by each of ORIX USA and the HL Voting Trust as a member of such committee; provided that each of ORIX USA and the HL Voting Trust will cause its respective designated director to resign from the audit committee prior to the first anniversary of the date on which the registration statement of which this prospectus forms a part is declared effective by the SEC. In addition, actions and recommendations of any such standing committee will be subject to the approval of the board of directors. See " Composition of our Board of Directors."

Current copies of each committee's charter will be posted on our website, *www.hl.com*. The information on any of our websites is deemed not to be incorporated in this prospectus or to be part of this prospectus.

Audit Committee

The audit committee will be responsible for, among other matters:

- appointing, compensating, retaining, evaluating, terminating and overseeing our independent registered public accounting firm;
- discussing with our independent registered public accounting firm their independence from management;
- reviewing with our independent registered public accounting firm the scope and results of their audit;
- approving all audit and permissible non-audit services to be performed by our independent registered public accounting firm;
- overseeing the financial reporting process and discussing with management and our independent registered public accounting firm the interim and annual financial statements that we file with the SEC;
- reviewing and monitoring our accounting principles, accounting policies, financial and accounting controls and compliance with legal and regulatory requirements; and

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- establishing procedures for the confidential anonymous submission of concerns regarding questionable accounting, internal controls or auditing matters.

Upon the closing of this offering, our audit committee will consist of , and with serving as chair. Rule 10A-3 of the Exchange Act and the New York Stock Exchange rules require us to have one independent audit committee member upon the listing of our common stock, a majority of independent directors on our audit committee within 90 days of the date of this prospectus and an audit committee composed entirely of independent directors within one year of the date of this prospectus. Our board of directors has affirmatively determined that and meet the definition of an "independent director" for purposes of serving on an audit committee under Rule 10A-3 and the New York Stock Exchange rules, and we intend to comply with the other independence requirements within the time periods specified. In addition, our board of directors has determined that will qualify as an "audit committee financial expert," as such term is defined in Item 407(d)(5) of Regulation S-K.

Compensation Committee

The compensation committee's responsibilities include:

- reviewing and approving, or recommending that our board of directors approve, the compensation of our Chief Executive Officer and our other executive officers;
- reviewing and recommending to our board of directors the compensation of our directors;
- selecting independent compensation consultants and advisors and assessing whether there are any conflicts of interest with any of the committee's compensation advisors; and
- reviewing and approving, or recommending that our board of directors approve, incentive compensation and equity plans.

Upon the closing of this offering, our compensation committee will consist of , and with serving as chair. As a controlled company, we will rely upon the exemption from the requirement that we have a compensation committee composed entirely of independent directors.

Nominating and Corporate Governance Committee

The nominating and corporate governance committee's responsibilities include:

- identifying individuals qualified to become members of our board of directors, consistent with criteria approved by our board of directors; and
- developing and recommending to our board of directors a set of corporate governance guidelines and principles.

The members of our nominating and corporate governance committee are , and with serving as chair. As a controlled company, we will rely upon the exemption from the requirement that we have a nominating and corporate governance committee composed entirely of independent directors.

Risk Oversight

Our board of directors is responsible for overseeing our risk management process. Our board of directors focuses on our general risk management strategy, the most significant risks facing us, and oversees the implementation of risk mitigation strategies by management. Our board of directors is also apprised of particular risk management matters in connection with its general oversight and approval of corporate matters and significant transactions.

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Director Compensation

None of our directors received compensation as a director during fiscal 2014. We intend to approve and implement a compensation policy that, effective upon the closing of this offering, will be applicable to all of our directors that are not nominated by ORIX USA or the HL Voting Trust. See "Executive Compensation Director Compensation" for more information.

Code of Ethics and Code of Conduct

We have adopted a written code of business conduct and ethics that applies to our directors, officers and employees, including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. We have posted a current copy of the code on our website, *www.hl.com*. In addition, we intend to post on our website all disclosures that are required by law or the New York Stock Exchange listing standards concerning any amendments to, or waivers from, any provision of the code.

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EXECUTIVE COMPENSATION

This section discusses the material components of the executive compensation program for our executive officers who are named in the "Fiscal 2015 Summary Compensation Table" below. In fiscal 2015, our "named executive officers" and their positions were as follows:

- Scott L. Beiser, Chief Executive Officer;
- Irwin N. Gold, Executive Chairman; and
- Scott J. Adelson, Co-President and Global Co-Head of Corporate Finance.

This discussion may contain forward-looking statements that are based on our current plans, considerations, expectations and determinations regarding future compensation programs. Actual compensation programs that we adopt following the completion of this offering may differ materially from the currently planned programs summarized in this discussion.

Summary Compensation Table

The following table sets forth information concerning the compensation of our named executive officers for our fiscal years ended March 31, 2014 and March 31, 2015. We are voluntarily including information regarding fiscal year March 31, 2014 in order to provide additional context regarding our historical executive compensation program.

Name and Principal Position	Year	Salary ($)	Bonus ($)(1)	Stock Awards ($)(2)	All Other Compensation ($)	Total ($)
Scott L. Beiser	2015	275,000	3,137,500	75,000		3,487,500
Chief Executive Officer	2014	275,000	2,650,000	65,000		2,990,000
Irwin N. Gold	2015	275,000	2,162,500	75,000		2,512,500
Executive Chairman	2014	275,000	2,637,422	113,858	12,573	3,038,853
Scott J. Adelson	2015	275,000	4,697,500	75,000		5,047,500
Co-President and Global Co-Head of Corporate Finance	2014	275,000	2,586,250	125,000	63,750	3,050,000

(1) As described in further detail below under the caption "Narrative Disclosure to Summary Compensation Table Annual Incentive Compensation Program," our fiscal 2015 annual discretionary incentive compensation program was paid, in part, in cash bonuses and the remainder is expected to be comprised of deferred stock awards (granted in fiscal 2016), based on our subjective review of Company and individual performance for fiscal 2015. Amounts in this column with respect to fiscal 2015 reflect the payment of discretionary cash bonuses awarded to the named executive officers with respect to fiscal 2015 performance. Of the amounts reflected in this column with respect to fiscal 2015, $905,749, $555,749 and $1,465,750 has not yet been paid and will be paid to Messrs. Beiser, Gold and Adelson, respectively, in cash on November 30, 2015, subject to the applicable executive's continued employment through the grant date. We currently expect that the deferred stock awards will be granted in connection with this offering to Messrs. Beiser, Gold and Adelson in respect of their fiscal 2015 performance, with such awards vesting in substantially equal one-third installments on April 30 of 2016, 2017 and 2018, subject to the applicable executive's continued employment through the applicable vesting date. Such awards will have dollar-denominated values of $87,500, $62,500 and $127,500, respectively. Although the terms of these awards will permit payment upon vesting in either cash or stock, because we currently expect that these awards will be paid in stock rather than cash, we intend to include these awards in our fiscal 2016 Summary Compensation Table in accordance with applicable SEC rules. These awards are separate from the grants of restricted shares of Fram stock that we intend to make pursuant to the 2006 Plan to certain of our employees, including our named executive officers, in connection with this offering, as discussed further under " Incentive Compensation Post-IPO Equity Compensation Program" below.

(2) Amounts reflect the full grant-date fair value of restricted stock awards granted during the relevant fiscal year, computed in accordance with ASC Topic 718, rather than the amounts paid to or realized by the named individual. We provide information regarding the assumptions used to calculate the value of all stock awards made to executive officers in Note 10 Employee Benefit Plans to our audited consolidated financial statements included elsewhere in this prospectus. In accordance with SEC rules, the amounts in this column reflect restricted stock awards granted during the relevant fiscal year that were awarded to the named executive officers based on our subjective review of company and individual performance with respect to the immediately preceding fiscal year.

Narrative Disclosure to Summary Compensation Table

The primary elements of compensation for our named executive officers are base salaries, annual cash bonuses and equity compensation awards. The named executive officers also participate in employee benefit plans and programs that we offer to our other full-time employees on the same basis, including medical, dental, vision and death/disability benefits.

Base Salaries

The named executive officers receive base salaries that are intended to provide a fixed component of compensation commensurate with the executive's skill set, experience, role and responsibilities.

The total base salaries earned by our named executive officers in fiscal 2015 are disclosed in the Summary Compensation Table above.

The following table sets forth fiscal 2016 base salaries for each of our named executive officers.

Named Executive Officer	Fiscal 2016 Annual Base Salary
Scott L. Beiser	$ 400,000
Irwin N. Gold	$ 400,000
Scott J. Adelson	$ 400,000

We expect that, following the completion of this offering, base salaries for the named executive officers will be reviewed periodically by the board of directors or the compensation committee, with adjustments expected to be made generally in accordance with the considerations described above and to maintain base salaries at competitive levels.

Incentive Compensation

Annual Incentive Compensation Program

With respect to fiscal 2015 performance, we have paid in part and intend to further award cash bonuses and equity awards to our named executive officers with respect to both achievement of our short-term financial and strategic objectives and progress made toward our longer-term growth and other goals. During fiscal 2015, we did not maintain a formal bonus program; rather, annual bonuses have been determined on a discretionary basis based on a subjective assessment of the applicable executive's performance and the performance of the Company.

Historically, after the end of the applicable fiscal year, a dollar-denominated value for each named executive officer's total annual incentive compensation award has been determined, and a portion of the total dollar-denominated award has then been paid in cash, with the remainder granted in the form of restricted stock awards. The cash bonuses typically have been paid in part in the month following the end of the applicable fiscal year, with the remainder paid on or about November 30 of the fiscal year following that in which it was earned, subject to the applicable executive's continued employment through the payment date. Restricted stock awards typically have been granted in the first quarter

following the end of the applicable fiscal year. The number of Fram shares subject to each restricted stock award historically has been based on the fair market value of our common stock as of the end of the fiscal year of performance, with each award vesting in substantially equal one-third installments over the following three years, subject to continued employment (subject to partial accelerated vesting of one-third of the total number of shares subject to the award upon the applicable executive's death).

The Summary Compensation Table above reflects the grant date fair value of Fram restricted stock awards granted in fiscal 2015 that we granted pursuant to our fiscal 2014 bonus program. The total number of Fram restricted shares awarded to each named executive officer in fiscal 2015 is set forth in the following table.

Named Executive Officer	**Fram Restricted Stock Awards Granted in Fiscal 2015**
Scott L. Beiser	543.5
Irwin N. Gold	543.5
Scott J. Adelson	543.5

With respect to fiscal 2015, the cash bonuses awarded to Messrs. Beiser, Gold and Adelson for fiscal 2015 performance are $3,137,496, $2,162,496 and $4,697,500, respectively, and are set forth in the Summary Compensation Table above (including amounts to be paid on November 30, 2015). We expect the remaining unpaid portion of our named executive officers' 2015 incentive awards will be granted in the form of Fram deferred stock with dollar-denominated values of $87,500, $62,500 and $127,500, respectively, vesting in substantially equal one-third installments on April 30 of 2016, 2017 and 2018, subject to the executive's continued employment through the applicable vesting date, and therefore intend to include these awards in our fiscal 2016 Summary Compensation Table and related compensation disclosure in accordance with applicable SEC rules.

We expect that we will not maintain a formal bonus program with respect to fiscal 2016 and that our board of directors or compensation committee will make determinations of fiscal 2016 incentive compensation on a discretionary basis.

Equity Grants in Connection with this Offering

We expect to make grants of restricted shares of Fram stock to certain of our employees, including our named executive officers, in connection with this offering, which will be subject to certain voting and lock-up arrangements. We anticipate that the awards granted to our named executive officers in connection with this offering will vest as to of the number of shares subject to the award on , based on the applicable executive's continued service with us through the applicable vesting date. In addition, we currently expect that, in connection with the corporate reorganization, any outstanding restricted shares of Fram stock will be adjusted, in accordance with the adjustment provisions and authority contained in the 2006 Plan, into restricted shares of our Class B common stock, subject to the same vesting conditions that applied prior to the corporate reorganization.

Post-IPO Equity Compensation Program

We intend to adopt a 2016 Incentive Award Plan, referred to below as the 2016 Plan, in order to facilitate the grant of cash and equity incentives to directors, employees (including our named executive officers) and consultants of our company and certain of its affiliates and to enable our company and its affiliates to obtain and retain services of these individuals, which is essential to our long-term success. We expect that the 2016 Plan will be effective prior to the effectiveness of the registration statement of which this prospectus forms a part. For additional information about the 2016 Plan, see " Equity Incentive Plans 2016 Incentive Award Plan" below.

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Other Elements of Compensation

We provide customary employee benefits to our full- and eligible part-time employees, including our named executive officers, in the United States, including medical and dental benefits, short-term and long-term disability insurance, accidental death and dismemberment insurance and life insurance.

We also maintain a 401(k) retirement savings plan for our employees in the United States, including our named executive officers, who satisfy certain eligibility requirements. Under our 401(k) plan, eligible employees may defer a portion of their compensation, within prescribed tax code limits, on a pre-tax basis through contributions to the 401(k) plan. We did not make any matching contributions under our 401(k) plan to our named executive officers' 401(k) accounts during fiscal 2015.

We do not make gross-up payments to cover our named executive officers' personal income taxes that may pertain to any of the compensation or perquisites paid or provided by us.

Outstanding Equity Awards at Fiscal Year-End

The following table summarizes the number of shares of Fram Series E common stock underlying outstanding equity incentive plan awards for each named executive officer as of March 31, 2015. These awards are expected to be assumed by us as part of the corporate reorganization.

		Stock Awards	
Name	**Grant Date**	**Number of Shares or Units of Stock That Have Not Vested (#)**	**Market Value of Shares or Units of Stock That Have Not Vested ($)(1)**
Scott L. Beiser	April 30, 2012	133.0(2)	22,211
	April 30, 2013	346.7(3)	57,899
	April 30, 2014	543.5(4)	90,765
Irwin N. Gold	April 30, 2012	66.5(2)	11,106
	April 30, 2013	607.3(5)	101,419
	April 30, 2014	543.5(4)	90,765
Scott J. Adelson	April 30, 2012	200.9(2)	33,550
	April 30, 2013	666.7(6)	111,339
	April 30, 2014	543.5(4)	90,765

(1) The market value of shares of stock that have not vested is calculated based on the fair market value of $167.00 per share as of March 31, 2015, as determined by the Fram board of directors.

(2) This restricted stock award vested in full on April 30, 2015.

(3) This restricted stock award vested as to 173.3 shares of Fram stock on April 30, 2015 and will vest as to 173.4 shares of Fram stock on April 30, 2016.

(4) This restricted stock award vested as to 181.2 shares of Fram stock on April 30, 2015, and will vest as to 181.2 shares of Fram stock on April 30, 2016 and as to 181.1 shares of Fram stock on April 30, 2017

(5) This restricted stock award vested as to 303.6 shares of Fram stock on April 30, 2015 and will vest as to 303.7 shares of Fram stock on April 30, 2016.

(6) This restricted stock award vested as to 333.3 shares of Fram stock on April 30, 2015 and will vest as to 333.4 shares of Fram stock on April 30, 2016.

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Executive Compensation Arrangements

We have not entered into any employment, severance or change in control arrangements with our named executive officers. However, as discussed above, upon a named executive officer's death, the vesting of any unvested shares granted pursuant to outstanding restricted stock awards held by such executive would partially accelerate with respect to one-third of the total number of shares covered by the award. We do not currently expect to enter into employment, severance or change in control arrangements with our named executive officers in connection with this offering.

Equity Incentive Plans

2006 Incentive Compensation Plan

In connection with the corporate reorganization, we assumed the 2006 Plan. The 2006 Plan was adopted and approved by Fram's board of directors and its stockholders on December 20, 2013, and amended on , 2015.

Prior to the corporate reorganization, the 2006 Plan provided for the grant of restricted stock to officers of Fram, its subsidiaries and ORIX USA, and the grant of cash bonus awards to employees, directors and consultants of HL CA and its subsidiaries. We will not make any further awards under the 2006 Plan following the completion of this offering; however, all outstanding awards under the 2006 Plan, including any awards granted in connection with this offering under the 2006 Plan, will be adjusted to reflect the corporate reorganization and will continue to be governed by their existing terms. The material terms of the 2006 Plan, as amended and restated, are summarized below.

Administration. Prior to the corporate reorganization, the compensation committee of the board of directors of Fram administered the 2006 Plan and the awards granted thereunder. After the corporate reorganization and the closing of this offering, our compensation committee will administer the 2006 Plan. We refer to the entity that administers the 2006 Plan as the "plan administrator." Under the 2006 Plan, the plan administrator has the exclusive power, authority and discretion to, among other things, designate eligible individuals to receive awards, determine the types of awards to be granted to each participant, determine the terms and conditions of any award (including any vesting schedules and accelerated vesting schedules) and make all other decisions and determinations that may be required pursuant to the 2006 Plan or as the plan administrator deems necessary or advisable to administer the 2006 Plan.

Limitations on Awards. Prior to the corporate reorganization, the aggregate number of shares of Fram Series E common stock or other stock that was authorized for issuance with respect to restricted stock awards granted pursuant to the 2006 Plan (inclusive of the amendment approved in 2015) was shares.

Restricted Stock Awards. Restricted stock is an award of nontransferable shares of common stock that remains forfeitable unless and until specified vesting conditions are satisfied. The 2006 Plan provides that restricted stock will be evidenced by an award agreement.

Cash Awards. The plan administrator may grant one or more cash bonuses to eligible individuals payable on the date or dates specified by the plan administrator.

Eligibility; Incentive Compensation Requirements. The 2006 Plan provided for the grant of restricted stock to officers of Fram, its subsidiaries or ORIX USA, and the grant of cash bonus awards to employees, directors and consultants of HL CA and its subsidiaries.

Transferability and Participant Payments. Awards under the 2006 Plan are generally non-transferable prior to vesting. With regard to tax withholding arising in connection with awards

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under the 2006 Plan, the plan administrator may, in its discretion, accept cash or check or shares of our Class B common stock that meet specified conditions.

Corporate Transactions. In the event of any stock dividend, stock split, combination or exchange of shares, merger consolidation, spin-off, recapitalization, reorganization or other distribution (other than normal cash dividends) of our assets to stockholders, or any other changes affecting the shares of stock issuable under the 2006 Plan or the share price of the stock, the plan administrator will make such proportionate adjustments, if any, as the plan administrator in its discretion deems appropriate to reflect such change with respect to the aggregate number and kind of shares that may be issued under the 2006 Plan and the terms and conditions of any awards. In the event of any of the transactions or events described in the preceding sentence or any unusual or nonrecurring transactions or events affecting our company, any of our affiliates, or the financial statements of our company or any affiliate, or of changes in applicable laws, regulations or accounting principles, the plan administrator, in its discretion, and on such terms and conditions as it deems appropriate, may take certain specified actions permitted by the 2006 Plan to adjust or modify the award in order to prevent dilution or enlargement of the benefits or potential benefits intended to made available under the 2006 Plan or with respect to any award under the 2006 Plan, to facilitate the transactions or events or to give effect to such changes in laws, regulations and principles.

Plan Amendment and Termination. The compensation committee or board of directors may amend, modify or terminate the 2006 Plan at any time, except that we will obtain stockholder approval of amendments to the extent necessary to comply with applicable law or listing exchange rules.

The 2006 Plan is scheduled to expire on April 30, 2018, unless sooner terminated or extended by our board of directors or the compensation committee in accordance with the terms of the 2006 Plan. Nevertheless, as noted above, we will not make any further awards under the 2006 Plan following the completion of this offering. Upon expiration of the 2006 Plan, all outstanding awards will remain in force, subject to the terms of the 2006 Plan or the applicable award agreement.

2016 Incentive Award Plan

Prior to the consummation of this offering, we intend to adopt the 2016 Plan, under which we may grant cash and equity-based incentive awards to eligible service providers in order to attract, motivate and retain the talent for which we compete. The material terms of the 2016 Plan, as it is currently contemplated, are summarized below. Our board of directors is still in the process of developing the 2016 Plan and, accordingly, this summary is subject to change.

Eligibility and Administration. Our employees, consultants and directors, and employees, consultants and directors of our subsidiaries will be eligible to receive awards under the 2016 Plan. Following our initial public offering, the 2016 Plan will be administered by our board of directors with respect to awards to non-employee directors and by our compensation committee with respect to other participants, each of which may delegate its duties and responsibilities to committees of our directors and/or officers (referred to collectively as the plan administrator below), subject to certain limitations that may be imposed under Section 16 of the Exchange Act, stock exchange rules and other laws, as applicable. The plan administrator will have the authority to make all determinations and interpretations under, prescribe all forms for use with, and adopt rules for the administration of, the 2016 Plan, subject to its express terms and conditions. The plan administrator will also set the terms and conditions of all awards under the 2016 Plan, including any vesting and vesting acceleration conditions.

Limitation on Awards and Shares Available. The aggregate number of shares of common stock that are available for issuance under awards granted pursuant to the 2016 Plan is equal to the sum of shares of our Clas