

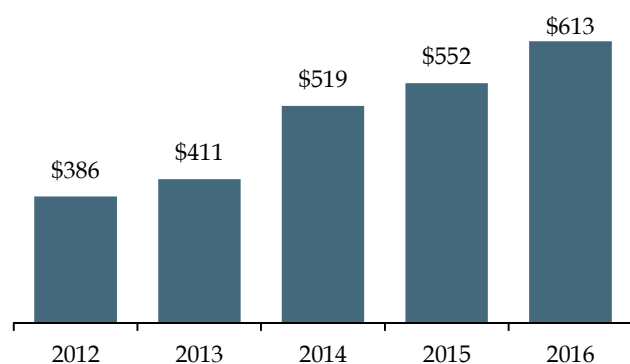
# MOELIS & COMPANY

## To our Clients, Colleagues and Shareholders

2016 represented a milestone year where the benefits of our global model, collaborative culture and focus on organic growth all came together. We achieved record revenues, served the largest number of clients in our Firm's history, entered new markets, and promoted our largest class of Managing Directors while also returning a significant amount of excess cash to our shareholders.

We reported a record \$613 million of revenues for 2016, an 11% increase over 2015. Our performance was underpinned by strong M&A and improved restructuring activity. As a result of early investments to build a global franchise nearly a decade ago, we were able to serve an unprecedented number of clients and witnessed significant growth both in the US and abroad in markets such as China, India and the Middle East. We accomplished all of this despite a global M&A market that was down 7% year-over-year.<sup>1</sup>

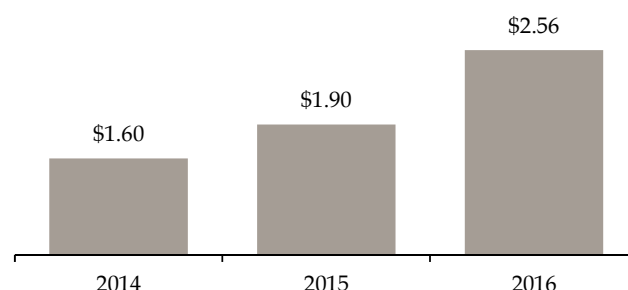
### REVENUE GROWTH (\$MM)



As we enter our 10th year of business, we continue to differentiate ourselves by growing the franchise organically. Since going public three years ago, we

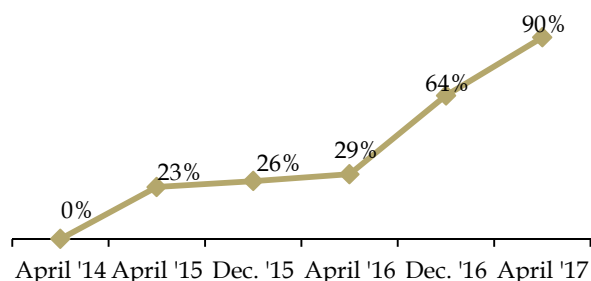
have grown revenues by 50%, increased MD headcount by 28%, entered new markets and expanded our product offering while also returning significant excess cash to investors.

### EXCESS CASH RETURNED PER SHARE<sup>2</sup>



This has contributed to a solid progression of total shareholder returns (TSR) since our IPO.

### TOTAL SHAREHOLDER RETURN<sup>3</sup>



We achieved all of this with no acquisitions and no debt, and we finished 2016 with a healthy level of cash on our balance sheet.

## Recruiting and developing THE BEST

In 2016 we had yet another year of substantial organic growth, promoting our largest class of Managing Directors in the Firm's history. Each year we see our internal talent development efforts bear fruit - of the eight newly promoted MDs, six started with Moelis & Company as Vice Presidents and two joined us at the Associate level. Of our 110 Managing Directors, over 25% have been promoted from within the Firm.

We established a number of internal development initiatives this year to motivate, develop and challenge our people. In July, 30 newly promoted Managing Directors, Senior Vice Presidents and Vice Presidents participated in our inaugural *Moelis@Wharton: Leadership Development Program* - a two-day Wharton executive education program focused on building and leading high-performing teams and sharpening negotiation skills. The overwhelming success of the Program demonstrates that investing in your high performers not only empowers employees within the Firm, but also differentiates Moelis & Company as a top destination for talent.

### INAUGURAL MOELIS@WHARTON CLASS

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As the undergraduate recruitment season gets underway for summer 2017, we also launched our first *Moelis & Company Young Leaders Diversity Program* for undergraduate sophomores in the US. Following the Program's announcement, hundreds of highly qualified students from nearly 30 different universities submitted applications for a unique opportunity to meet with Moelis & Company's senior management and bankers, network with one another, and get career advice as they begin to consider summer Analyst programs. We were extremely encouraged by the quality of the students, the strong pipeline of junior talent, and the diverse backgrounds represented in the applicant pool.

Through both of these new programs and other new internal course offerings, we continue to find new ways to cultivate our employees within our platform, strengthen our partnership, create greater loyalty, and broaden our expertise in delivering trusted and discreet advice to our clients.

## Strengthening our INDEPENDENT model

The demand for global independent institutions has never felt stronger. In 2016 we expanded into select regions and products while remaining focused on high ROIC growth and shareholder returns. We completed the build-out of our premier energy franchise, entered into Mexico through a strategic alliance with the country's leading independent investment bank, Alfaro, Dávila & Ríos, and added expertise in Germany, Industrials, and M&A.

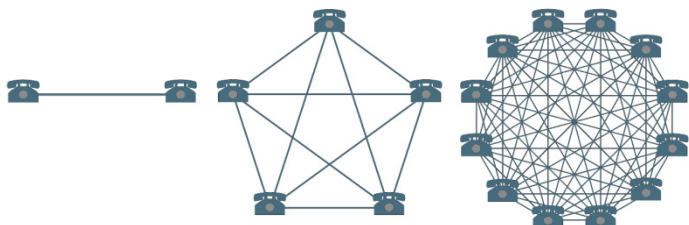
## Ten years of a global NETWORK

As we approach the 10 year anniversary of our founding, we are witnessing the maturation and realization of our early investments in a global network with over 100 MDs. In the 1980s, Robert

Metcalfé invented the Ethernet on the basis that as a network grows in size, the number of potential connections increases faster than the number of nodes in the network.

## METCALFE'S LAW

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Metcalfé's Law, as the concept was later named, explains the success of the Ethernet and social networks like Facebook and LinkedIn, but in many ways also explains the success of the model we've built at Moelis & Company.

His theory comes to mind for us as we observe the synergies created from having industry-leading MDs based around the world, collaborating on a daily basis and working with each other to ultimately improve themselves and the quality of advice they deliver to our clients. The number of nodes we have added to our network in the form of MDs and offices will continue to improve our connectivity and collaboration exponentially rather than linearly.

Since our inception, we knew that building a global network and collaborative culture would take significant time and expense, but once it was in place, the global coverage model would not only be powerful, but incredibly difficult and costly to replicate. Our commitment to a network that spans nearly every product, geography and industry provides everlasting value for our clients and has established the Firm as a destination for world-class talent. It has been ten years since we started the Firm and the success of our franchise is precisely as Metcalfe envisioned the network effect to function -

650 of the industry's best, connected through 17 global offices, delivering "one firm" for our clients' every need.

Coming off a record-breaking year, we are excited and optimistic about the direction of Moelis & Company, the foundation we have built, and the opportunities that lay ahead. We are thankful for the trust and partnership we have built together over the past decade and look forward to propelling our clients, our shareholders and our Firm towards greater success in the decades to come.

Sincerely,

A handwritten signature in black ink, appearing to read "Ken Moelis".

Ken Moelis  
*Chairman & CEO*  
Moelis & Company

Notes:

1. Based on the number of completed M&A transactions greater than \$100 million.
2. We pay dividends out of excess cash flow earned during the period. As such, dividends are paid on a quarter lag. The chart included herein represents cash dividends paid in Q2 2014 - Q1 2015 with respect to performance in the fiscal year ended 2014, Q2 2015 - Q1 2016 with respect to performance in the fiscal year ended 2015 and Q2 2016 - Q1 2017 with respect to performance in the fiscal year ended 2016.
3. Source: CapIQ, Dividend Adjusted Share Price calculation beginning April 16, 2014 and concluding April 24, 2017. Calculation starting price modified to reflect IPO price of \$25.00 per share vs. closing price of \$26.15 per share on April 16, 2014.

*This letter contains forward-looking statements, which reflect our current views with respect to, among other things, our operations and financial performance. You can identify these forward-looking statements by the use of words such as "may," "might," "will," "should," "expect," "plan," "anticipate," "believe," "estimate," "intend," "predict," "potential" or "continue," the negative of these terms and other comparable terminology. These forward-looking statements, which are subject to risks, uncertainties, and assumptions about us, may include projections of our future financial performance, based on our growth strategies and anticipated trends in our business. These statements are only predictions based on our current expectations and projections about future events. There are important factors that could cause our actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied by the forward-looking statements. In particular, you should consider the numerous risks outlined in our Annual Report on Form 10-K, including under the caption "Risk Factors," filed with the Securities and Exchange Commission and available on our website at [www.moelis.com](http://www.moelis.com). Although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, level of activity, performance or achievements. Moreover, neither we nor any other person assumes responsibility for the accuracy or completeness of any of these forward-looking statements.*

*You should not rely upon forward-looking statements as a prediction of future events. We are under no duty to and we do not undertake any obligation to update or review any of these forward-looking statements after the date of this letter to conform our prior statements to actual results or revised expectations whether as a result of new information, future developments or otherwise.*