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# GAINING CERTAINTY AFTER AN UNCERTAIN YEAR

As I reflect on the past year, I'm struck by how similar the end of it is to the beginning. We entered 2020 on the heels of a strong stock market, rising corporate confidence, and a growing sense that good times were here to stay. To state the obvious, things turned out differently. But I can say with little doubt we're about to get this next one right, and it will be for the better.

With the benefit of hindsight that will emerge over the coming months and years, we'll be able to reflect and understand the full impact of COVID-19. The pandemic has touched every aspect of society and its toll has been heartbreaking. Sobering headlines continue to emerge, and yet while tough times will remain, a sense of optimism is starting to emerge. It may be faint, but the development of several vaccines has helped change the narrative, and the confidence that many business leaders felt this time last year is starting to reappear.

From an industry standpoint, 2020 has been much like the Charles Dickens story of transformation in his classic novel, "A Tale of Two Cities." The second and third quarter saw a rush of restructuring as companies - and in some cases, entire sectors - pivoted to their new normal. Survival was the name of the game and it was a stressful period. But as the summer came to a close, the M&A landscape started to shift and there's been a tremendous amount of momentum building since Labor Day.

Companies today have strong balance sheets, abundant debt capital and low borrowing costs. Combine that with historically high dry powder in the private equity space, plus momentum in the IPO and SPAC market, and corporate executives have good reason to feel confident. There's significant pent-up demand from earlier in the year, and it's been as busy a time as we've seen in recent memory.

It's all about the economy and the economy is good. There are still dark clouds on the horizon and we're very cognizant of the long road to recovery that exists for many, but we expect the current M&A momentum to continue into 2021 as companies assess the marketplace and look for strategic ways to strengthen their position and grow.

And just as we see great things for the M&A industry in 2021, we see even greater things for our business. 2020 was a record year for many of our existing sector coverage areas, and we continued to expand our platform this year with the launch of new verticals in Healthcare, FinTech and Financial Sponsors. These are growing parts of the new economy that we're excited to plant our flag in. And our early investments in the Renewable Energy space seem poised to pay dividends under the new Biden administration.

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We grew our overall headcount by nearly 20% last year, including 8 new Managing Directors, and that hiring expansion is going to continue as we seek new ways to grow the firm and expand our capabilities. Banking is a relationship-driven business, and I couldn't ask for a better team.

I joined PJ SOLOMON in 1999 about five minutes before a recession. You already know what happened 10 years later and

now 10 years after that. We've been here before and we're liable to be here again. History has a tendency to

repeat itself no matter how much we try to convince ourselves otherwise.

You know, at the start of last year's downturn a lot of people said it was completely different than anything we've ever seen. Everyone always says that when a new crisis emerges, and while the cause of 2020's roller coaster was unique, the way it unfolded was quite familiar. We've faced tough years before and will face them again, so whenever I hear people say, "this time it's different", I know we'll be okay.

But the more I think about this, the more I think that maybe this time was different in a way. Because this

time I watched in awe as our entire firm pivoted to a remote work setting quite literally overnight, across every department and multiple locations. The team worked tirelessly to ensure clients continued to receive the proper care that they deserve, all while dealing with the innumerable burdens the pandemic imposed on their families and communities.

I thought I'd seen it all and I didn't think I could be prouder of my colleagues. I was wrong about that - for the better.

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Our difference is that we offer unmatched industry knowledge in the sectors we cover, providing the most comprehensive strategic solutions, tailored to generate long-term shareholder value. Our bankers live and breathe the sectors they advise on, providing unparalleled analysis, understanding and access.

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