Consolidated Statement of Financial Condition

As of June 30, 2017
William Blair & Company, L.L.C.

Consolidated Statement of Financial Condition (unaudited)

June 30, 2017

Assets
Cash and cash equivalents $ 82,502,348
Cash segregated under federal regulations and restricted cash 2,017,506
Collateralized agreements:
  Securities borrowed $ 33,227,914
  Securities purchased under agreements to resell 11,293,100
  - 44,521,014
Receivables:
  Customers 20,519,402
  Brokers, dealers, and clearing organizations 37,674,620
  Other 35,613,850
  - 93,807,872
Deposits with clearing organizations and others 24,283,034
Trading securities owned, at fair value 51,982,863
Firm-owned investments 17,590,007
Secured demand notes
  (collateral market value of $75,036,285) 53,022,500
Fixed assets, at cost (net of accumulated depreciation
  and amortization of $159,081,847) 27,292,352
Other assets 23,050,007
Total assets $ 420,069,503

Liabilities and Member’s capital
Payable to Member and partners of the Member $ 57,505,918
Payables:
  Affiliate 2,214,616
  Brokers, dealers, and clearing organizations 12,706,903
  Other 32,015,323
  - 46,936,842
Securities sold, not yet purchased, at fair value 30,564,452
Accrued expenses 59,840,499
Total liabilities 194,847,711
Subordinated borrowings 53,022,500
Member’s capital 172,199,292
Total liabilities and Member’s capital $ 420,069,503

See accompanying notes.
1. Organization and Nature of Operations

The consolidated statement of financial condition includes the accounts of William Blair & Company, L.L.C., a Delaware Limited Liability Company and its subsidiary, William Blair International, Limited (WBIL) (collectively, the Company). William Blair & Company, L.L.C. is a wholly owned subsidiary of WBC Holdings, L.P. (the Member). The Company is based in Chicago and has office locations in 10 cities. All intercompany balances and transactions have been eliminated in consolidation.

The Company is a registered securities broker-dealer under the Securities Exchange Act of 1934, a registered investment advisor under the Investment Advisers Act of 1940, and a member of the Financial Industry Regulatory Authority (FINRA). Its operations are primarily in Chicago, Illinois. WBIL is registered with the UK Financial Conduct Authority (FCA). The Company makes markets in listed and NASDAQ securities and fixed income obligations. In addition, the Company provides investment banking, execution and clearance services for institutional sales and trading, investment advisory, and related services to financial institutions, corporations, individual investors, professional investors, and securities dealers. The Company clears its retail brokerage business on a fully disclosed basis through National Financial Services (NFS).

2. Significant Accounting Policies

Use of Estimates

The preparation of consolidated statement of financial condition in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated statement of financial condition and accompanying notes. Management believes that the estimates utilized in preparing its consolidated statement of financial condition are reasonable and prudent. Actual results could differ from those estimates.

Securities Transactions

Proprietary securities transactions in regular way trades are recorded on the trade date, as if they had settled. Profit and loss arising from all securities transactions entered into for the account and risk of the Company are recorded on a trade-date basis. Customers’ securities transactions are recorded on a settlement date basis with related commission income and expenses reported on a trade-date basis. Amounts receivable and payable for securities transactions that have not reached their contractual settlement date are recorded net on the consolidated statement of financial condition.
2. Significant Accounting Policies (continued)

Revenue Recognition

Fee revenue includes amounts received for investment banking activities, managed account activities, and advisory services. Fees for investment banking activities are recorded when services for the related transactions are rendered and deemed complete. Underwriting fees are recorded net of syndicate expenses. Management fees and sales concessions are recorded on offering date and underwriting fees at the time the fee is reasonably estimable. Managed account and advisory service fees are derived from services provided to institutional and private clients. Fees are based on the contractual agreement, will vary with the type of assets managed, and are recognized when earned.

Collaborative Arrangements

The Company has a collaborative agreement with Business Development Asia LLC (BDA), an affiliated entity of the Member, to participate in joint operating activities, including investment banking engagements with third parties, investment advisory, M&A advisory, capital raising, financing restructuring, or other services.

Cash and Cash Equivalents

The Company considers highly liquid investments that are purchased with a maturity of three months or less to be cash equivalents. Money market mutual fund investments of $53.0 million are included in cash and cash equivalents and are valued at reported net asset value.

Restricted Cash and Cash Segregated Under Federal Regulations

At June 30, 2016, cash of $0.4 million is segregated under federal regulations for the benefit of customers reserve requirements in accordance with SEC Rule 15c3-3.

As part of the Company’s lease arrangement for its European offices, the Company is required to maintain a restricted cash account with a financial institution. As of June 30, 2017, the balance in the restricted cash account is $1.6 million.

Receivables From Customers

Included in receivables from customers are $13.0 million of receivables related to unsettled securities purchases made by cash on deliver accounts and $7.5 million of receivables for Investment Banking and Investment Advisory fees.
2. Significant Accounting Policies (continued)

Other Assets

Other assets include prepaid expenses and partnership owned key person life insurance with an aggregate cash surrender value of $10.1 million as of June 30, 2017.

Fair Value Measurements

Financial instruments are generally recorded at fair value. The Company uses third-party sources combined with internal pricing procedures to determine fair value for all equity and debt securities. The fair value of domestic equity securities and options is the market price obtained from a national securities exchanges or the sale price in the over-the-counter markets or, if applicable, the official closing price or, in the absence of a sale on the date of valuation, at the latest bid price.

Long-term, fixed-income securities are valued based on market quotations by independent pricing services that use prices provided by market makers or matrices that produce estimates of fair market values obtained from yield data relating to instruments or securities with similar characteristics or future contractual sale transactions.

Firm-owned investments primarily include equity and other funds that are valued at the underlying fund’s reported net asset value on the date of valuation. Firm-owned investments may also include securities for which a market price is not available, or the value of which is affected by a significant valuation event. Fair value for these investments is determined in good faith by management.

Financial instruments, such as reverse repurchase agreements, have short-term maturities (one year or less), are repriced frequently or bear market interest rates and, accordingly, are carried at contractual amounts approximating fair value.

The carrying amount of secured demand notes and subordinated borrowings closely approximates fair value based upon market rates of interest available to the Company at June 30, 2017.
2. Significant Accounting Policies (continued)

Collateralized Securities Transactions

Transactions involving securities purchased under agreements to resell (reverse repurchase agreements) are accounted for as collateralized financings and are recorded at the amount of the contract plus accrued interest, which approximates fair value (categorized as Level 2 of the fair value hierarchy). The Company’s policy is to obtain possession of the reverse repurchase agreements collateral and to monitor the value daily. At June 30, 2017, the Company had $11.3 million in reverse repurchase agreements collateralized by $11.2 million of U.S. Treasury Securities, respectively. The Company’s reverse repurchase agreements generally have a maturity of one day.

Securities borrowed, collateralized by cash, are treated as collateralized financing transactions and are recorded at the amount of cash collateral advanced. The Company monitors the market value of securities borrowed on a daily basis, with collateral refunded or collected as necessary. Counterparties are principally other brokers and dealers and financial institutions. As of June 30, 2017, the Company has received securities with a market value of $32.4 million related to the $33.2 million of securities borrowed transactions. These securities have been either pledged or otherwise transferred to others in connection with the Company’s financing activities or to satisfy its commitments under proprietary sales. The Company has the right to sell or re-pledge securities it receives under its securities borrowed transactions.

Fixed Assets

Fixed assets consist of office furnishings, equipment, software, and leasehold improvements.

Foreign Currency Translation

The Company revalues assets and liabilities denominated in non-U.S. currencies into U.S. dollars at the end of each month using applicable exchange rates.
2. Significant Accounting Policies (continued)

Recently Issued Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606). The core principle is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. There are also additional disclosure requirements regarding the nature, timing, amount and uncertainty of revenue that is recognized. ASU 2014-09 supersedes current revenue recognition guidance and will replace most existing industry specific guidance. The new standard introduces a five-step process to be followed in determining the amount and timing of revenue recognition. It also provides guidance on accounting for costs incurred to obtain or fulfill contracts with customers, and establishes disclosure requirements, which are more extensive than those required under existing U.S. GAAP.

The FASB has issued the following amendments to ASU 2014-09 from August 2015 through December 2016:

- ASU 2015-14, Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date
- ASU 2016-08, Revenue from Contracts with Customers (Topic 606): Principal versus Agent Consideration (Reporting Revenue Gross versus Net)
- ASU 2016-10, Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing
- ASU 2016-12, Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients
- ASU 2016-20, Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers

In 2016, the Company began analysis of this new guidance which includes identifying revenue within the scope of ASU 2014-09, and an assessment of the potential impact on its consolidated statement of financial condition and related disclosures.

The new guidance may impact the industry treatment of fees received for equity research and the netting of deal expenses for investment banking revenues, amongst others. It is expected that the FASB will amend the guidance as the work of various industry implementation working groups identify implementation issues and FASB provides clarifying guidance in response to such feedback (i.e. ASU 2016-08 as noted above).
2. Significant Accounting Policies (continued)

The Company will continue its analysis and evaluation of the new guidance and will adopt this guidance as of January 1, 2018.

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02 “Leases (Topic 842).” The objective of the new lease guidance results in a more faithful representation of the rights and obligations arising from leases. It requires lessees to recognize the lease assets and lease liabilities that arise from leases in the statement of financial condition and to disclose qualitative and quantitative information about lease transactions, such as information about variable lease payments and options to renew and terminate leases. The new guidance is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years for public companies. The Company is currently assessing the impact of adoption of ASU 2016-02.

3. Income Taxes

The Company and the Member are pass-through entities for federal and state income tax purposes. WBIL is subject to UK income taxes. Foreign income taxes paid are allocated to the partners of the Member and are available as foreign tax credits.

Management has analyzed the Company’s uncertain tax positions with respect to all applicable income tax issues for all open tax years and concluded that no provision for uncertain tax positions is needed.

The Company believes that it is no longer subject to any U.S. federal or state income tax examination for the years prior to 2010 and any UK tax examinations for the years prior to 2010.

4. Deposits With Clearing Organizations

At June 30, 2017, cash of $24.3 million was pledged as collateral to secure deposit requirements at various clearing corporations.
5. Fair Value of Financial Instruments

ASC Topic 820-10, Fair Value Measurement, establishes a fair value hierarchy that prioritizes inputs used in determining the fair value of financial instruments. The degree of judgment utilized in measuring fair value generally correlates to the level of pricing observability. Fair value is the price that would be received to sell an asset or paid to transfer a liability in the principal market, or in the absence of a principal market, the most advantageous market. Financial instruments are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. These inputs are summarized in the three broad levels below:

**Level 1:** Valuations are based on quoted prices (unadjusted) in active markets for identical assets or liabilities. The types of assets and liabilities that are categorized by the Company as Level 1 generally include money market mutual funds, mutual funds, and exchange-traded equity securities.

**Level 2:** Valuations are based on quoted prices for identical or similar instruments in less than active markets and valuation techniques for which significant assumptions are observable, either directly or indirectly. The types of assets and liabilities that are categorized by the Company as Level 2 generally include non-exchange-traded equities, U.S. government and government agency securities, and most state, municipal, and corporate obligations.

**Level 3:** Valuations are based on valuation techniques whereby significant assumptions and inputs are unobservable and reflect the Company’s best estimate of assumptions it believes market participants would use in pricing the asset or liability. The types of assets and liabilities that are categorized by the Company as Level 3 would generally include certain restricted securities and securities with inactive markets.

The inputs or methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The Company assesses its financial instruments on a semiannual basis to determine the appropriate classification within the fair value hierarchy, as defined by ASC Topic 820. Transfers between fair value classifications occur when there are changes in pricing observability levels. Transfers of financial instruments among levels are deemed to occur at the beginning of the period.
5. Fair Value of Financial Instruments (continued)

The following table represents the fair value of financial instruments shown by level as of June 30, 2017 (in millions):

<table>
<thead>
<tr>
<th></th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash Equivalents</td>
<td>$53.0</td>
<td></td>
<td></td>
<td>$53.0</td>
</tr>
<tr>
<td>Trading securities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate debt</td>
<td></td>
<td>$20.9</td>
<td></td>
<td>20.9</td>
</tr>
<tr>
<td>State and municipal obligations</td>
<td></td>
<td>18.1</td>
<td></td>
<td>18.1</td>
</tr>
<tr>
<td>U.S. government and government agencies</td>
<td></td>
<td>0.8</td>
<td></td>
<td>0.8</td>
</tr>
<tr>
<td>Equity securities</td>
<td></td>
<td>11.7</td>
<td>0.6</td>
<td>12.3</td>
</tr>
<tr>
<td>Firm-owned investments</td>
<td></td>
<td>16.1</td>
<td></td>
<td>17.6</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$80.8</td>
<td>$40.4</td>
<td>$1.5</td>
<td>$122.7</td>
</tr>
</tbody>
</table>

|                |         |         |         |        |
| **Liabilities** |         |         |         |        |
| Securities sold, not yet purchased: |         |         |         |        |
| Equity securities | $5.8    | $1.5    | $-      | $7.3   |
| Corporate debt |         | 15.3    |         | 15.3   |
| U.S. government |         | 7.9     |         | 7.9    |
| **Total liabilities** | $5.8    | $24.7   | $-      | $30.5  |
5. Fair Value of Financial Instruments (continued)

The following table represents the Level 3 roll forward as of June 30, 2017 (in millions):

<table>
<thead>
<tr>
<th></th>
<th>Equity</th>
<th>Corporate Debt</th>
<th>Investments</th>
<th>State &amp; Municipal Obligations</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>December 31, 2016</td>
<td>$ -</td>
<td>$ -</td>
<td>$1.0</td>
<td>$ -</td>
</tr>
<tr>
<td>Purchases (Sales)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers in</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Realized Gains</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrealized Gains</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Balance</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>June 30, 2017</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$1.5</td>
<td>$0.0</td>
</tr>
</tbody>
</table>

There were no transfers between the Company’s Level 1, Level 2, and Level 3 classified instruments.

6. Other Receivables

Included in other receivables are mutual fund fees, reimbursable expenses and loans made to employees. Employee loans are forgiven based on continued employment and are amortized to compensation and benefits in the statements of income and comprehensive income using the straight-line method. These loans are generally between 3 and 8 years. Other receivables include the following (in millions):

- Forgivable loans: $8.6
- Reimbursable expenses: 8.9
- Fee receivable: 2.1
- Other: 16.0
- Total: $35.6
7. Secured Demand Notes and Subordinated Borrowings

At June 30, 2017, the Company had subordinated borrowings of $53.0 million. Subordinated borrowings represent notes payable to current partners of the Member. The partners contributed secured demand notes payable of $53.0 million to the Company at the time of the issuance of the subordinated borrowings. These secured demand notes are collateralized by cash of $28.5 million included in payable to partners of the Member on the consolidated statement of financial condition, and securities with a fair value of $46.5 million and are available in computing net capital. At June 30, 2017, the Company paid an interest rate of 4.0% on its subordinated borrowings. The secured demand note agreements carry a two-year term. Collateral is returned to the lender after FINRA approves the termination or prepayment of the note.

8. Fixed Assets

The following is a summary of fixed assets as of June 30, 2017:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture and equipment</td>
<td>$81,058,959</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>62,782,406</td>
</tr>
<tr>
<td>Software</td>
<td>42,532,834</td>
</tr>
<tr>
<td></td>
<td>$186,374,199</td>
</tr>
<tr>
<td>Less accumulated depreciation and amortization</td>
<td>(159,081,847)</td>
</tr>
<tr>
<td></td>
<td>$27,292,352</td>
</tr>
</tbody>
</table>
9. Offsetting

Substantially all of the Company’s derivative financial instruments, reverse repurchase agreements, and securities borrowing activity are transacted under master agreements that may allow for net settlement in the ordinary course of business, as well as offsetting of all contracts with a given counterparty in the event of default by one of the parties. However, the Company does not transact in repurchase agreements or securities lending and therefore has no amounts with a potential right of offset in the event of default. There were no open derivative contracts as of June 30, 2017.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Securities Borrowed</td>
<td>$33.2</td>
<td>$</td>
<td>$33.2</td>
<td>$(32.4)</td>
</tr>
<tr>
<td>Reverse Repurchase Agreements</td>
<td>11.3</td>
<td>11.3</td>
<td>(11.2)</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>$44.5</td>
<td>$</td>
<td>$44.5</td>
<td>$(43.6)</td>
</tr>
</tbody>
</table>

10. Commitments and Contingent Liabilities

The contract amounts of open contractual commitments of fixed income securities reflect the Company’s extent of involvement in a delayed delivery and do not represent the risk of loss due to counterparty nonperformance. Settlement of these transactions is not expected to have a material effect upon the Company’s consolidated financial position or results of operations. At June 30, 2017, the Company had the following open contractual commitments:

<table>
<thead>
<tr>
<th>Description</th>
<th>2017 (In Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commitments to purchase</td>
<td>$79.0</td>
</tr>
<tr>
<td>Commitments to sell</td>
<td>71.3</td>
</tr>
</tbody>
</table>
10. Commitments and Contingent Liabilities (continued)

In the normal course of business, the Company enters into underwriting commitments. Transactions relating to such underwriting commitments that were open at June 30, 2017, and were subsequently settled had no material effect on the consolidated statement of financial condition at that date.

The Company is a party to lawsuits, regulatory inquiries and proceedings incidental to its securities, investment and underwriting businesses. In the opinion of management, after consultation with outside legal counsel, the ultimate resolution of such litigation will not have a material adverse effect on the Company’s consolidated financial position or results of operations. The Company recognizes liabilities for such contingencies when management determines that a loss is probable and reasonably estimable.

The Company’s lease agreements covering office space and certain office equipment require annual lease payments through the year 2032. Included in the future minimum lease payments is a new lease, executed by the Member, with lease payments commencing 2017. Future minimum annual lease payments required of the Company at June 30, 2017, are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Lease Payments (In Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>3.9</td>
</tr>
<tr>
<td>2018</td>
<td>2.7</td>
</tr>
<tr>
<td>2019</td>
<td>5.6</td>
</tr>
<tr>
<td>2020</td>
<td>11.7</td>
</tr>
<tr>
<td>2021</td>
<td>11.3</td>
</tr>
<tr>
<td>2022–2033</td>
<td>143.3</td>
</tr>
<tr>
<td>Total</td>
<td>$178.5</td>
</tr>
</tbody>
</table>
10. Commitments and Contingent Liabilities (continued)

Guarantees

Pursuant to the Company’s clearing agreement with NFS, the Company indemnifies NFS against certain claims, damages, losses, judgments, costs, and expenses. The Company does not expect losses under this indemnification to be material to the Company’s financial condition.

The Company applies the provisions of the FASB ASC Topic 360, Guarantees, which provides accounting and disclosure requirements for certain guarantees. In the normal course of business, the Company provides guarantees to securities clearinghouses. These guarantees are generally required under the standard membership and licensing agreements such that members are required to guarantee the performance of other members. To mitigate these performance risks, the clearinghouses often require members to post collateral (see Note 4). The Company’s liability under such guarantees is not quantifiable and could exceed the collateral amounts posted; however, the potential for the Company to be required to make payments under such guarantees is deemed remote. Accordingly, no liability has been recorded.

11. Financial Instruments With Off-Balance Sheet Risk

In the normal course of business, the Company’s activities involve the clearance, execution, settlement, and financing of various securities transactions. These activities may expose the Company to off-balance sheet risk in the event the customer or counterparty is unable to fulfill its contracted obligations, and the Company has to purchase or sell the financial instrument underlying the contract at a loss.

Contractual commitments and futures contracts provide for the delayed delivery of securities with the seller agreeing to make delivery at a specified future date and price or yield. Risk arises from the potential inability of counterparties to perform under the terms of the contracts and from changes in market value. Securities sold, not yet purchased consist primarily of equity, corporate debt securities and U.S. government securities and are valued at fair value. Securities sold, not yet purchased obligate the Company to purchase the securities at a future date at then-prevailing prices, which may differ from the fair values reflected in the consolidated statement of financial condition. Accordingly, these transactions result in off-balance sheet risk as the Company’s ultimate obligation to satisfy the sale of securities sold, not yet purchased may exceed the amount reflected in the consolidated statement of financial condition.

12. Short-Term Borrowings

The Company, when necessary, utilizes financing to facilitate certain underwriting and advisory transactions. As of June 30, 2017, there were no short-term borrowings outstanding.
13. Variable Interest Entities

The Company is required to consolidate all Variable Interest Entities (VIE) for which it is considered to be the primary beneficiary. The determination as to whether the Company is considered to be the primary beneficiary is based on whether the Company has both the power to direct the activities of the VIE that most significantly impact the entity’s economic performance and the obligation to absorb losses or the right to receive benefits of the VIE that could potentially be significant to the VIE. The Company has not consolidated any VIEs and substantially all assets related to such entities are included in firm owned investments. Furthermore, the Company has not provided financial or other support to these VIEs that it was not previously contractually required to provide as of June 30, 2017.

14. Related-Party Transactions

Included in firm-owned investments is $16.1 million of investments, with an unrealized gain of $2.4 million, in the Funds and various unregistered affiliated investment companies.

The payable to the Member incurs interest based on LIBOR, and is primarily compromised of cash of the Member held by the Company. The Member is entitled to deposit additional funds or withdraw funds at any time. Periodically during the year, the Company makes distributions of net income to the Member.

15. Retirement Plans

The Company sponsors a qualified profit-sharing plan that covers substantially all U.S. employees and partners who meet certain eligibility requirements. The annual Company contribution to the plan is discretionary. For the year ended December 31, 2016, the Company’s contribution to the plan on behalf of eligible employees totaled $9.2 million.

The Member sponsors a noncontributory, defined-benefit cash balance pension plan (the Plan) that covers all eligible partners of the Member. Benefits are based on the value of the participants’ Cash Balance Account. The Cash Balance Account consists of the accumulated value of all Cash Balance Credits and Interest Credits provided under the terms of the Plan. Cash Balance Credits are based on a participant’s age and ownership units. The funding policy for the Plan is to contribute amounts sufficient to meet the minimum funding requirement of the Employee Retirement Income Security Act of 1974 plus any additional amount that the Member may determine to be appropriate. As the partners of the Member are also engaged in the business of the Company, the Plan amounts are included in the consolidated statement of financial condition of the Company. The Company has recognized the Plan activity in accordance with FASB ASC Topic 715, Compensation – Retirement Benefits.

The net funded status of the Plan at December 31, 2016 was $212,812.
15. Retirement Plans (continued)

Changes in projected benefit obligation (PBO) and Plan assets for the year ended December 31, 2016 were as follows (in millions):

<table>
<thead>
<tr>
<th>PBO changes</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>PBO, beginning of year</td>
<td>$48.6</td>
</tr>
<tr>
<td>Service cost</td>
<td>10.6</td>
</tr>
<tr>
<td>Interest cost</td>
<td>1.9</td>
</tr>
<tr>
<td>Benefit payments</td>
<td>(1.0)</td>
</tr>
<tr>
<td>Actuarial gains</td>
<td>(5.3)</td>
</tr>
<tr>
<td>PBO, end of year</td>
<td>$54.8</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Plan asset changes</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Fair value, beginning of year</td>
<td>$43.3</td>
</tr>
<tr>
<td>Actual return on assets</td>
<td>2.7</td>
</tr>
<tr>
<td>Benefit payments</td>
<td>(1.0)</td>
</tr>
<tr>
<td>Employer contributions</td>
<td>10.0</td>
</tr>
<tr>
<td>Fair value, end of year</td>
<td>$55.0</td>
</tr>
</tbody>
</table>

The assumptions used to determine the PBO and the pension cost as of December 31, 2016 were (1) discount rate (PBO): 3.75%; (2) discount rate (pension cost): 4.00%; (3) expected return on assets: 4.85% and (4) measurement date: December 31, 2016. The accumulated benefit obligation and PBO reflect the total present value of each participant’s Cash Balance Account

The Member contributed $10.0 million to the plan during the fiscal year ended December 31, 2016. The Member expects to contribute $2.7 million to the Plan in 2017. The investment objectives of the Plan are to achieve a long-term rate of return that will permit the Plan to meet its expected liabilities of beneficiaries and administrative expenses, without subjecting the Plan to large investment losses that could erode the Plan’s ability to meet its long-term financial commitments. Risk tolerance and investment strategy for the Plan are measured within the context of overall portfolio diversification and its impact on total Plan assets. The asset allocation model for the Plan assumes a range of 50% to 70% for equity, 20% to 45% for debt securities, and 0% to 10% for cash equivalents. As of December 31, 2016, the Plan assets invested in mutual funds are composed of 50% equity securities, 5% alternatives, and 45% debt securities, respectively. All of the mutual funds are considered Level 1 financial instruments in the fair value hierarchy. Plan assets include $35.7 million held in affiliated mutual funds.
15. Retirement Plans (continued)

The following benefits payments are expected to be paid:

<table>
<thead>
<tr>
<th>Year</th>
<th>Benefit Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>1,428,731</td>
</tr>
<tr>
<td>2018</td>
<td>732,812</td>
</tr>
<tr>
<td>2019</td>
<td>3,650,768</td>
</tr>
<tr>
<td>2020</td>
<td>5,224,244</td>
</tr>
<tr>
<td>2021</td>
<td>2,200,800</td>
</tr>
<tr>
<td>2022–2025</td>
<td>30,767,389</td>
</tr>
</tbody>
</table>

16. Net Capital Requirements

The Company is subject to the net capital rules of the SEC and FINRA. The Company computes its net capital requirement under the alternative method provided for in Rule 15c3-1, which requires that the Company maintain net capital equal to the greater of $1.0 million or 2% of aggregate debit items, as defined. At June 30, 2017 the Company had net capital of $140.3 million and required net capital of $1.0 million. The Company’s ratio of net capital to aggregate debit items was 880.1%.

Prepayment of subordinated borrowings and other equity withdrawals are subject to certain notification and other provisions of the SEC Uniform Net Capital Rule and the rules of certain other regulatory bodies.

The assets of $48.1 million and the capital of $34.6 million of WBIL are included in the consolidated computation of the Company’s net capital because the assets of the subsidiary are readily available for the protection of the Company’s customers, broker-dealers, and other creditors as permitted by Rule 15c3-1. At June 30, 2017, WBIL had net capital of $16.5 million, required net capital of $300,000 and excess net capital of $16.2 million under Rule 15c3-1. The allowable credit in the Company’s computation of net capital was limited to $8.4 million due to higher capital requirements imposed by another regulatory agency.

17. Subsequent Events

The Company evaluated subsequent events through September 15, 2017, the date on which the consolidated statement of financial condition was available to be issued.

At the date in which subsequent events were evaluated through, one capital withdrawal totaling $90.0 million, relating to 2017 business operations and results, was made by the Company to the Member.
**Partner List**

**PRESIDENT and CEO**  
John R. Ettelson*

**CHAIRMAN EMERITUS**  
Edgar D. Jannotta

**VICE CHAIRMAN**  
E. David Coolidge, III

Abbe, Robert  
Ader, Jason N.  
Airola, Ryan D.  
Andersen, Jon R.  
Anderson, Alaina M.  
Andrew, Benjamin C.  
Baertl, Simon  
Baldwin, Anthony G.  
Balkin, Michael P.  
Baruffol, Reto B.  
Bennett, James  
Benton, William W.  
Bertram, James M.  
Blair, Jr., Edward McC.  
Blauw, Douglas A.  
Bozilenko, Marina S.  
Brady, Mark G.  
Braming, Stephanie G.  
Brennan, John L.  
Brewer, Karl W.  
Bukovac, Ronald J.  
Bundy III, Harvey H.  
Burtelow, Jeffrey  
Cavanaugh, Mike  
Charles, Daniel P.  
Chiou, Frank  
Clarke, Thomas M.  
Connolly, Daniel J.  
Connors, James J.  
Crowe, Daniel  
Cultra, John W.  
Curtis, Benjamin W.  
Dalrymple, Peter  
Daniels, Ryan S.  
Daul, Daniel G.  
DeVore, Ryan J.  
Dobell, Brandon B.  
Down, Gareth A.  
Doyle, Brian J.  
Drab, Brian P.  
Durkin, Robert A.  
Duwa, Robert  
Elkins, Stephen E.  
Escamilla, William G.  
Farkas, Elliot G.  
Fellitt, Brent W.  
Fennell, Simon  
Fikri, Walid M.  
Filkin, Adam S.  
Finn, Edward J.  
Fischer, F. Conrad  
Fischer, Frederick D.  
Fix, Robert C.  
Flanagan, Anthony P.  
Flynn, Andrew G.  
Fording, David C.  
Fuchs, Christoph B.  
Fuller III, Mark A.  
Gardner, Heather A.  
Gledhill, Brent W.*  
Golan, James S.  
Gomberg, Joel K.  
Gooch, Matthew B.  
Gottfred, Richard D.  
Grant, Daniel R.  
Grunschlag, Raphael  
Hamman, Jim A.  
Harris, Kyle G.  
Healy, Liam P.  
Hill, Roger A.  
Hindsley, Paul M.  
Hoban, Anthony T.  
Hodges IV, Charles H.  
Hodneland, Christian D.  
Jancosek, Michael A.  
Jannotta, Ross  
Jesinis, Steven R.  
Jessen, Andrew M.  
Jones, James  
Jostrand, John F.  
Kalt, Michael T.  
Karlis, James P.  
Kasten, William O.  
Kilmer, Chad M.  
Klauber, Adam  
Kreger III, John C.  
Kryscio, Douglas  
Lanctot, Thomas E.  
Lane, Chris  
Lane, Mark R.  
Lane, Louise  
Lanphier IV, Robert C.  
Leslie, Mark T.  
Licudi, Stewart  
Livingston, Stephen  
Lower, Brandon W.  
Lugo, Timothy F.  
Mabie, David K.  
Mabie, James W.  
Maddix, Eric S.  
Maletzky, Steven E.  
Marker, Annette M.  
Marshall, Brian T.  
Martin, Kelly J.  
Martinelli, G. Dewey  
Mattson, Scott A.  
McAtamney, Kenneth J.  
McClone, Todd M.  
McDonald, Richard J.  
McHugh, Timothy  
McMullan, Carlette C.  
Meitus, Michael  
Merjan, David C.  
Miller, Andy  
Minturn, Corey A.  
Mitchell, David S.  
Mo, Philipp C.  
Moore, John C.*  
Murphy, Amanda  
Murphy, John C.  
Napoli, Robert P.  
Neiman, DJ  
O’Bryan, Terrence J.  
O’Connor, James J.  
O’Toole, John F.  
Pace, Thomas W.  
Palasz, Karl A.  
Paschke, Brett L.  
Patterson, R. Scott  
Port, David  
Preys, Casey K.  
Provenzale, Laura  
Pusinelli, Gregory J.  
Quinn, Michael P.  
Ricci, David P.  
Ross, Thomas  
Salvino, John P.  
Salvino, Thomas J.  
Salvino, Alfred J.  
Satterfield, Beth  
Schackart III, Ralph E.  
Schauemberg, Joe A.  
Schultz, Matthew  
Scullion, Brian F.  
Sexton, Ward D.  
Sharma, Anurag  
Simon, Arthur J.*  
Singer, Brian D.  
Sirvinskas, Michael M.  
Siska, Michael  
Skinner, Jonathan P.  
Smirl, Richard W.  
Smith, Brent M.  
Sonnier, John S.  
Spitz, Rita J.  
Sternberg, Tommy  
Stevens, Scott J.  
Suprenant, James  
Suri, Bhavamit S.  
Tabet, Joseph L.  
Teborek, Raymond J.  
Thompson, Dwight Michael  
Thompson, Mark C.  
Tinaglia, Sr., Samuel J.  
Tobin, Corey S.  
Trimberger, Michael  
Trukenbrod, William B.  
Urbina, Jeffrey A.*  
Vincent, Christopher T.  
Voulgaris, Spiro  
Wagner, Kenneth L.  
Ward, Michael R.  
Watson, Charles A.  
Wehling, J. Geoffrey  
Weinstein, Brian D.  
Wertz, Michael F.  
White, James  
Wiese, Kurt M.  
Wildman, James H.  
Williams, Colin J.  
Wilson, Daniel J.  
Wilson, Jr., Thomas A.  
Xu, Katherine  
Zackfia, Sharon M.  
Zimmer, Matthew M.  
Zindel, Jon W.*

* Executive Committee Member