Consolidated Statement of Financial Condition

As of June 30, 2014
**ASSETS**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$33,569,888</td>
</tr>
<tr>
<td>Cash segregated under federal regulations and restricted cash</td>
<td>3,051,145</td>
</tr>
<tr>
<td>Collateralized agreements:</td>
<td></td>
</tr>
<tr>
<td>Securities borrowed</td>
<td>$68,491,672</td>
</tr>
<tr>
<td>Securities purchased under agreements to resell</td>
<td>11,144,944</td>
</tr>
<tr>
<td>Receivables:</td>
<td></td>
</tr>
<tr>
<td>Customers</td>
<td>137,700,258</td>
</tr>
<tr>
<td>Broker-dealers and clearing organizations</td>
<td>27,479,899</td>
</tr>
<tr>
<td>Other</td>
<td>33,125,928</td>
</tr>
<tr>
<td>Deposits with clearing organizations and others</td>
<td>11,350,776</td>
</tr>
<tr>
<td>Trading securities owned, at fair value</td>
<td>119,651,656</td>
</tr>
<tr>
<td>Firm-owned investments</td>
<td>19,371,406</td>
</tr>
<tr>
<td>Secured demand notes            (collateral market value of $77,454,662)</td>
<td>46,238,000</td>
</tr>
<tr>
<td>Fixed assets, at cost (net of accumulated depreciation and amortization of $123,420,745)</td>
<td>36,410,711</td>
</tr>
<tr>
<td>Other assets</td>
<td>19,800,599</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>$567,386,882</strong></td>
</tr>
</tbody>
</table>

**LIABILITIES AND MEMBER'S CAPITAL**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payable to Member and partners of Member</td>
<td>$152,221,880</td>
</tr>
<tr>
<td>Payables:</td>
<td></td>
</tr>
<tr>
<td>Customer</td>
<td>$37,917,714</td>
</tr>
<tr>
<td>Broker-dealers and clearing organizations</td>
<td>7,205,042</td>
</tr>
<tr>
<td>Other</td>
<td>23,416,498</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>365,339,460</strong></td>
</tr>
<tr>
<td>Subordinated borrowings</td>
<td>46,238,000</td>
</tr>
<tr>
<td>Member's capital</td>
<td>155,809,422</td>
</tr>
<tr>
<td><strong>Total liabilities and Member's capital</strong></td>
<td><strong>$567,386,882</strong></td>
</tr>
</tbody>
</table>

The accompanying Notes to Consolidated Statement of Financial Condition are an integral part of this statement.
1. Organization and Nature of Operations

The consolidated financial statements include the accounts of William Blair & Company, L.L.C., a Delaware Limited Liability Company and its subsidiaries, William Blair International, Limited (WBIL) and William Blair do Brasil Assessoria Financeria Ltda. (Brazil) (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 12 cities, including London, Los Angeles, New York, and Zurich. 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 Securities Exchange 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, investment advisory and related services to financial institutions, corporations, governments, individual investors, professional investors, and securities dealers. The Company also serves as the investment advisor to affiliated registered and nonregistered investment companies.

2. Significant Accounting Policies

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Management believes that the estimates utilized in preparing its consolidated financial statements 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. Customers' securities transactions are recorded on a settlement 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.

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 $4.1 million are included in cash and cash equivalents and are valued at reported net asset value.
2. Significant Accounting Policies (continued)

Restricted Cash and Cash Segregated Under Federal Regulations

At June 30, 2014, cash of $1.1 million is segregated under federal regulations for the benefit of customers and Proprietary Accounts of Introducing Brokers (PAIB) reserve requirements in accordance with SEC Rule 15c3-3.

As part of the Company's lease arrangement for its London office, the Company is required to maintain a restricted cash account with a financial institution. As of June 30, 2014, the balance in the restricted cash account is $1.7 million.

As part of the Company's lease arrangement for its Zurich office, the Company is required to maintain a restricted cash account with a financial institution. As of June 30, 2014, the balance in the restricted cash account is $156,092.

Receivables From/Payables to Customers

Receivables from customers primarily consist of amounts due on cash transactions and margin loans to customers, which are collateralized by customer securities and carried at the amount receivable, net of an allowance for doubtful accounts. Also included in receivables from customers are fee receivables for investment advisory services. Payables to customers consist of customer cash held in brokerage accounts and are carried at the amount of customer cash on deposit.

Other Assets

Other assets include prepaid expenses and partnership-owned key person life insurance with an aggregate cash surrender value of $9.5 million as of June 30, 2014.

Fair Value Measurements

Financial instruments are accounted for in accordance with ASC 820-10, Fair Value Measurement. Fair value under GAAP is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. 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 national securities exchanges or the last 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.

Futures contracts are valued based on settlement prices on the exchange that they are traded.

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.
Fair Value Measurements (continued)

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, 2014.

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, 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 monitor the value daily. At June 30, 2014, the Company had $11.1 million in reverse repurchase agreements collateralized by $11.1 million of U.S. Treasury Securities. 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, 2014, the Company has received securities with a market value of $66.6 million related to the $68.5 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 and customer short sales. The Company has the right to sell or repledge securities it receives under its securities borrowed transactions.

Fixed Assets

Fixed assets consist of office furnishings, equipment, software, and leasehold improvements, and are carried at original cost less accumulated depreciation. The charge for depreciation is computed using an accelerated method over the range of five to seven years. Leasehold improvements are amortized on a straight-line basis over the lesser of the lease term or the useful life. Software developed for internal use is capitalized along with purchased software and amortized on a straight-line basis over three years.

Foreign Currency Translation

Asset and liability accounts denominated in nonfunctional currencies are remeasured into functional currencies at period end rates of exchange, except for certain balance sheet items including buildings and equipment, goodwill and other intangible assets, which are remeasured at historical exchange rates.

Asset and liability accounts of entities with functional currencies that are not the U.S. dollar are translated at period end rates of exchange. In accordance with ASC 830 Foreign Currency Matters, the Company records translation adjustments, net of applicable taxes, directly to accumulated other comprehensive income (AOCI), a component of stockholders’ equity.
3. Income Taxes

The Company and the Member are pass-through entities for federal and state income tax purposes, except for the activities of the Shanghai office. 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.

The Company has an income tax liability of approximately $881,000 related to its London office and $89,000 related to its Shanghai office, which is included in other payables in the consolidated statement of financial condition.

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 2009 and any UK tax examinations for the years prior to 2009.

4. Deposits with Clearing Organizations

At June 30, 2014, cash of $11.4 million was pledged as collateral to secure deposit requirements at various clearing corporations.

5. Fair Value of Financial Instruments

ASC 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.
5. Fair Value of Financial Instruments (continued)

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.

The following table represents the fair value of financial instruments shown by level as of June 30, 2014 (in millions):

<table>
<thead>
<tr>
<th>Assets</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash equivalents</td>
<td>$ 4.1</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 4.1</td>
</tr>
<tr>
<td>Trading securities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate debt</td>
<td>-</td>
<td>67.4</td>
<td>-</td>
<td>67.4</td>
</tr>
<tr>
<td>State and municipal obligations</td>
<td>-</td>
<td>19.3</td>
<td>-</td>
<td>19.3</td>
</tr>
<tr>
<td>U.S. government and government agencies</td>
<td>-</td>
<td>10.4</td>
<td>-</td>
<td>10.4</td>
</tr>
<tr>
<td>Equity securities</td>
<td>14.0</td>
<td>8.6</td>
<td>-</td>
<td>22.6</td>
</tr>
<tr>
<td>Firm-owned investments</td>
<td>18.8</td>
<td>-</td>
<td>0.6</td>
<td>19.4</td>
</tr>
<tr>
<td>Total assets</td>
<td>$ 36.9</td>
<td>$ 105.7</td>
<td>$ 0.6</td>
<td>$ 143.2</td>
</tr>
</tbody>
</table>

| Liabilities             |         |         |         |       |
| Securities sold, not yet purchased: |         |         |         |       |
| Equity securities       | $ 23.0  | $ 1.3   | $ -     | $ 24.3 |
| Corporate debt          | -       | 38.8    | -       | 38.8  |
| U.S. government         | -       | 9.5     | -       | 9.5   |
| Total liabilities       | $ 23.0  | $ 49.6  | $ -     | $ 72.6 |

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

6. Secured Demand Notes and Subordinated Borrowings

At June 30, 2014, the Company had subordinated borrowings of $46.2 million. Subordinated borrowings represent notes payable to current or former partners of the Member. The partners contributed secured demand notes payable of $46.2 million to the Company at the time of issuance of the subordinated borrowings. These secured demand notes are collateralized by cash of $22.2 million, included in payable to partners of the Member on the consolidated statement of financial condition, and securities with a fair value of $55.2 million and are available in computing net capital. At June 30, 2014, the Company paid an interest rate of 4% 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. At June 30, 2014, $9.1 million of securities held pursuant to secured demand note agreements were pledged as collateral to satisfy margin deposits of various clearing organizations.
7. Fixed Assets

The following is a summary of fixed assets as of June 30, 2014:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture and equipment</td>
<td>$74,945,565</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>53,909,436</td>
</tr>
<tr>
<td>Software</td>
<td>30,976,455</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>159,831,456</strong></td>
</tr>
<tr>
<td>Less accumulated depreciation</td>
<td>(123,420,745)</td>
</tr>
<tr>
<td>and amortization</td>
<td></td>
</tr>
<tr>
<td><strong>Net</strong></td>
<td><strong>$36,410,711</strong></td>
</tr>
</tbody>
</table>

8. 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, 2014.

9. 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, 2014, the Company had the following open contractual commitments:

- Commitments to purchase: $75,521,774
- Commitments to sell: $75,306,553

In the normal course of business, the Company enters into underwriting commitments. Transactions relating to such underwriting commitments that were open at June 30, 2014, and were subsequently settled had no material effect on the consolidated financial statements at that date.

The Company is a party to lawsuits, regulatory inquiries and proceedings incidental to its securities and underwriting businesses. In the opinion of management, after consultation with outside legal counsel, the ultimate resolution of such litigation will not have a materially adverse effect on the Company’s consolidated financial position. The Company recognizes liabilities for such contingencies when management determines that a loss is probably and reasonably estimable.
9. Commitments and Contingent Liabilities (continued)

The Company's lease agreements covering office space and certain office equipment require annual lease payments through the year 2022. Future minimum annual lease payments required of the Company at June 30, 2014, are as follows (in millions):

<table>
<thead>
<tr>
<th>Year</th>
<th>Lease Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>6.3</td>
</tr>
<tr>
<td>2015</td>
<td>12.0</td>
</tr>
<tr>
<td>2016</td>
<td>11.7</td>
</tr>
<tr>
<td>2017</td>
<td>9.2</td>
</tr>
<tr>
<td>2018</td>
<td>2.9</td>
</tr>
<tr>
<td>2019–2022</td>
<td>2.9</td>
</tr>
<tr>
<td>Total minimum lease payments</td>
<td>45.0</td>
</tr>
<tr>
<td>Less sublease rental income</td>
<td>(0.8)</td>
</tr>
<tr>
<td>Net minimum lease payments</td>
<td>$ 44.2</td>
</tr>
</tbody>
</table>

As of June 30, 2014, the Company was contingently liable in the amount of $266,187 under a letter-of-credit agreement issued in connection with the Company’s leasehold improvement obligations.

Guarantees

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.

10. 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.
10. Financial Instruments With Off-Balance Sheet Risk (continued)

The Company’s customer securities activities are transacted on either a cash or margin basis. In margin transactions, the Company extends credit to its customers, subject to various regulatory and internal margin requirements, collateralized by cash and securities in the customers’ accounts. In connection with these activities, the Company executes and clears customer transactions involving the sale of securities not yet purchased, substantially all of which are transacted on a margin basis subject to individual exchange regulations. Such transactions may expose the Company to off-balance sheet risk in the event margin requirements are not sufficient to fully cover losses that customers may incur. In the event the customer fails to satisfy its obligations, the Company may be required to purchase or sell financial instruments at prevailing market prices to fulfill the customer’s obligations. The Company seeks to control the risks associated with its customer activities by requiring customers to maintain margin collateral in compliance with various regulatory and internal guidelines. The Company has established controls to monitor the creditworthiness of counterparties, as well as the quality of pledged collateral, to limit the Company’s exposure to counterparty credit risk. The Company also has credit guidelines that limit the Company’s credit exposures to any one counterparty. Specific credit risk limits based on the credit guidelines are also in place for each type of counterparty. In the event a counterparty fails to satisfy its obligations, the Company may be required to liquidate the counterparty’s position and to purchase or sell the counterparty’s collateral at then-prevailing market prices. The Company monitors the margin levels daily and, pursuant to such guidelines, requires the counterparty to deposit additional collateral or to reduce positions when necessary. At June 30, 2014, the Company had $85.2 million in credit extended to its customers. Management believes the margin deposits held at June 30, 2014, are adequate to minimize the risk of material loss that could be created by the positions currently held.

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 and 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.

The Company’s customer financing and securities settlement activities may require the Company to pledge securities as collateral in support of various secured financing sources such as bank loans. The Company obtained margin collateral from customers with a market value of $119.3 million at June 30, 2014, none of which was used to collateralize bank loans. The Company pledges securities as collateral to satisfy margin deposits of various clearing organizations. The Company monitors the market value of securities pledged on a daily basis and requires adjustments of collateral levels in the event of excess market exposure. In addition, the Company establishes credit limits for such activities and monitors compliance on a daily basis.

11. Short-Term Borrowings

The Company, when necessary, utilizes financing to facilitate certain underwriting and advisory transactions. At June 30, 2014, there were no short-term borrowings outstanding.
12. Related-Party Transactions

The Company serves as an investment advisor and provides administrative services to the William Blair Mutual Funds, Inc. (the Funds) and various unregistered affiliated investment companies under a management agreement. Included in other receivables is $16.7 million of fee receivables from the Funds. Included in other receivables is $709,838 of fee receivables from these entities. Included in firm-owned investments is $19.1 million of investments in the Funds and various unregistered affiliated investment companies.

The payable to the Member incurs interest based on LIBOR (see Note 6).

13. 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.

The Member sponsors a noncontributory, defined-benefit cash balance pension plan (the Plan) the 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 all the partners of the Member are also engaged in the business of the Company, the Plan amounts are included in the consolidated financial statements of the Company. The Company has recognized the Plan activity in accordance with FASB ASC 714, Compensation – Retirement Benefits. The cash balance account is valued annually in December.

The net underfunded status of the Plan at December 31, 2013, was $161,249, which is included in payable to the Member on the consolidated statement of financial condition.

Changes in projected benefit obligation (PBO) and Plan assets for the year ended December 31, 2013, 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>22.6</td>
</tr>
<tr>
<td>Service Cost</td>
<td>9.9</td>
</tr>
<tr>
<td>Interest Cost</td>
<td>0.8</td>
</tr>
<tr>
<td>Benefit Payments</td>
<td>(1.8)</td>
</tr>
<tr>
<td>Actuarial gains</td>
<td>(4.5)</td>
</tr>
<tr>
<td>PBO, end of year</td>
<td>27.0</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>10.1</td>
</tr>
<tr>
<td>Actual return on assets</td>
<td>2.9</td>
</tr>
<tr>
<td>Benefit Payments</td>
<td>(1.8)</td>
</tr>
<tr>
<td>Employer contributions</td>
<td>15.7</td>
</tr>
<tr>
<td>Fair value, end of year</td>
<td>26.9</td>
</tr>
</tbody>
</table>

The assumptions used to determine the PBO and the pension cost as of December 31, 2013, were (1) discount rate (PBO): 4.75%; (2) discount rate (pension costs): 3.75%; (3) expected return on assets: 8.00%; and (4) measurement date: December 31, 2013. The accumulated benefit obligation and PBO reflect the total present value of each participant’s Cash Balance Account.
13. Retirement Plans (continued)

The Member collected $15.7 million from participants during the fiscal years ended December 31, 2013. Participant contributions to the plan are funded through withdrawals from participant cash accounts held at the Company. The Member expects to contribute $9.1 millions to the Plan in 2014. 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 35% to 65% for both equity and debt securities and 0% to 10% for cash equivalents. As of December 31, 2013, the Plan assets invested in mutual funds are composed of 60% equity securities and 40% debt securities, respectively. All of the mutual funds are considered Level 1 financial instruments in the fair value hierarchy. Plan assets include $13.7 million held in affiliated mutual funds.

The following benefit payments are expected to be paid:

<table>
<thead>
<tr>
<th>Year</th>
<th>Benefit Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>$2,156,000</td>
</tr>
<tr>
<td>2015</td>
<td>91,000</td>
</tr>
<tr>
<td>2016</td>
<td>366,000</td>
</tr>
<tr>
<td>2017</td>
<td>705,000</td>
</tr>
<tr>
<td>2018</td>
<td>976,000</td>
</tr>
<tr>
<td>2019-2023</td>
<td>7,747,000</td>
</tr>
</tbody>
</table>

14. 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, 2014, the Company had net capital of $85.8 million and required net capital of $1.5 million. The Company's ratio of net capital to aggregate debit items was 112%.

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.

15. Consolidated Subsidiaries

The assets of $31.7 million and the capital of $23.4 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, 2014, WBIL had net capital of $14.6 million, required net capital of $300,000, and excess net capital of $14.3 million under Rule 15c3-1. The allowable credit in the Company's computation of net capital was limited to $8.2 million due to higher capital requirements imposed by another regulatory agency. The capital of Brazil is not included in the computation.
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Edgar D. Jannotta

VICE CHAIRMAN
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Walid M. Fikri
Edward J. Finn
F. Conrad Fischer
Frederick D. Fischer
Andrew G. Flynn
David C. Fording

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General Counsel
Kenneth L. Wagner

MIS
James J. Connors

PRIVATE CLIENT ADVISORS
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Manager
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Stephen E. Elkins
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*Executive Committee Member