BESSEMER
TRUST

Empowering People

BESSEMER TRUST
2015 ANNUAL REPORT

Privately owned and independent, Bessemer Trust is a multifamily office that has served individuals and families of substantial wealth for more than 100 years. Through comprehensive investment management, wealth planning, and family office services, we help clients achieve peace of mind for generations.

Gary J. Pasternack
Director of
Insurance Advisory

Joan C. Brunelle
Head of Human Resources

Sameer Utrankar
Senior Database Specialist

Pictured on cover:

Senior investment strategist **Patrick S. Boyle** and senior client advisor **Cathy Tran** connect in our Washington, D.C. office to discuss the best approach to solving a complex client matter.

Jaclyn G. Feffer
Fiduciary Counsel

Our work begins with a conversation. At Bessemer, we know that to empower our clients to achieve their aspirations we first need to listen. We then bring together diverse resources. Analytical tools help. But it is the insights and good judgment of our people that make all the difference.

TO OUR CLIENTS, SHAREHOLDERS, AND EMPLOYEES:

Without question, 2015 ended with more global uncertainty than it began. Oil surpluses, recessionary fears, and political contests clouded the landscape and dampened investor sentiment.

Turbulent times bring challenges. They also bring opportunities, particularly for organizations that are well prepared. Bessemer's structure is an advantage in this regard — our private ownership, singular focus, alignment of interests, and strong balance sheet give us the clarity we need to endure and prosper.

As we strive to empower clients and their families to reach their financial and personal goals amid ups and downs in the world at large, we are focused on two key priorities: generating competitive investment returns and enabling our people to deliver the highest level of personal service and advice.

On the investment front, nearly all asset classes struggled in 2015, and losses were especially sharp in energy, high-yield bonds, and emerging markets. Our investment team minimized exposure to the hardest hit areas. Our Balanced Growth portfolio — a diversified mix of global equities, high-quality bonds, credit investments, commodities, and hedge funds — was down approximately 1% for the year. While declining values are never pleasing, last year's results were modestly better than the overall benchmarks. In the three years ended December 31, 2015, our Balanced Growth portfolio returned approximately 6% annually, outpacing the benchmark by about 1½ percentage points per year.

In times of heightened uncertainty, insightful advice, attentive service, and flawless implementation become even more pressing.

Pictured left to right:

STUART S. JANNEY, III
CHAIRMAN

MARC D. STERN
CHIEF EXECUTIVE OFFICER

15,000

MEETINGS WITH CLIENTS

98%

TEN-YEAR CLIENT ASSET RETENTION RATE

3:1

CLIENT-TO-EMPLOYEE RATIO

8th	$3B	$0
CONSECUTIVE YEAR OF POSITIVE ACCOUNT CONTRIBUTIONS FROM CLIENTS	IN ASSETS UNDER SUPERVISION FROM NEW CLIENTS	OUTSTANDING DEBT

At the heart of this effort are our people. After all, it is personal conversation and face-to-face interaction that enable our dedicated teams to understand client needs and offer thoughtful solutions to complex matters.

We take great care in hiring the right professionals, providing appropriate incentives to put clients' interests first, supporting professional growth, and promoting talented employees into expanded roles. In 2015, Steve Emma was named regional director of our Denver office and promoted to managing director. We also recruited experienced industry professionals, including Sean Gray as chief compliance officer, Scott Lillis as senior wealth advisor, and Holly MacDonald as chief investment strategist.

While human connections forge trust, technology — when used the right way — can play an instrumental supporting role in serving clients. In 2015, we launched new tools to help clients review and sign documents via mobile devices; a new video format to share timely perspectives; new analytics to assist employees in assessing portfolio risks in real time; and an enhanced digital tool to help employees access the insights of our specialists and collaborate more seamlessly with colleagues across the firm.

It is the firm's strong financial position that enables us to invest in our capabilities and our people. Helped by existing clients making positive net additions to their Bessemer accounts for the eighth consecutive year, revenues reached $473 million. Net income was $75.1 million, and income distributions to shareholders totaled $5.58 per share. Bessemer continues to be well capitalized by regulatory standards, with shareholders' equity of $280.1 million and no

OGDEN MILLS PHIPPS

Retired Vice Chairman of the Board

"Dinny has always been an important voice at Bessemer, and we thank him for his extraordinary service."

— **STUART S. JANNEY, III**
CHAIRMAN

outstanding debt as of year-end. For more information on our financial results, please see page 19.

We are grateful for the ongoing guidance and support we receive from our Board of Directors. It is a privilege to welcome to the Board Dennis Belcher, a trust and estate attorney, and Lewis Linn, a CPA with tax and trust expertise.

We would like to acknowledge the retirement of Ogden M. Phipps from our Board, where he has served as either Chairman or Vice Chairman since the early 1970s. He has always been an important voice at Bessemer, and we thank him for his extraordinary service.

In a world driven by moment-to-moment headlines, our enduring stability helps us step back and concentrate our efforts on empowering our employees to focus on clients each and every day. Thank you for the trust you have placed in us.

Stuart S. Janney, III
Chairman

Marc D. Stern
Chief Executive Officer

George Wilcox
President

Priti H. Patel
CAS Bill Pay Manager

Peter Frischman
Senior Client Advisor

PROVIDING SUPERIOR CLIENT SERVICE

Our advisor teams work closely with clients to provide customized, integrated solutions that reflect each client's unique circumstances and aspirations. On average, our Senior Client Advisors have over two decades of industry experience and more than a decade with the firm. Clients place their trust in Bessemer knowing they will have ongoing dialogue with a proactive and experienced team.

Anna De Matos
Executive Assistant

Paul R. Barkus
Senior Client Advisor

David F. Hills
Senior Wealth Advisor

> "Our incentive structure reflects an unwavering commitment to doing the right thing for each client."
>
> — **GEORGE WILCOX**
> PRESIDENT

RECOGNITION FOR BESSEMER TRUST

Over the years, our firm has been recognized with numerous awards for deep financial acumen and sophisticated private wealth management. Highlights from 2015 include:

American Banker
Rebecca Patterson, CIO, named one of "The 25 Most Powerful Women in Finance"

Barron's PENTA
Named one of the Top 40 Wealth Management Firms

Bloomberg Markets
Named one of the Top 50 Family Offices




MEETING OUR CLIENTS WHERE THEY ARE

We are proud of our tradition of setting the standard in client service excellence — a tradition driven by our commitment to having the right people in the right places. Our teams in 19 offices provide highly personalized advice and service our clients know they can depend on.

> "Meeting clients face-to-face not only allows us to share our best thinking, but also to understand their needs."
>
> — **PETER J. LANGAS**
> CHIEF PORTFOLIO STRATEGIST

Pictured opposite, clockwise from top left:

Kevin J. Rochford
Regional Director

John R. Quinn
Client Advisor

Elizabeth W. Delo
Senior Client Advisor

Peter J. Langas
Chief Portfolio Strategist

Raquel S. Ramirez
Brand Marketing Associate

Kevin P. Weschler
Senior Client Advisor

Nicolette B. Knoeck
Senior Tax Consultant

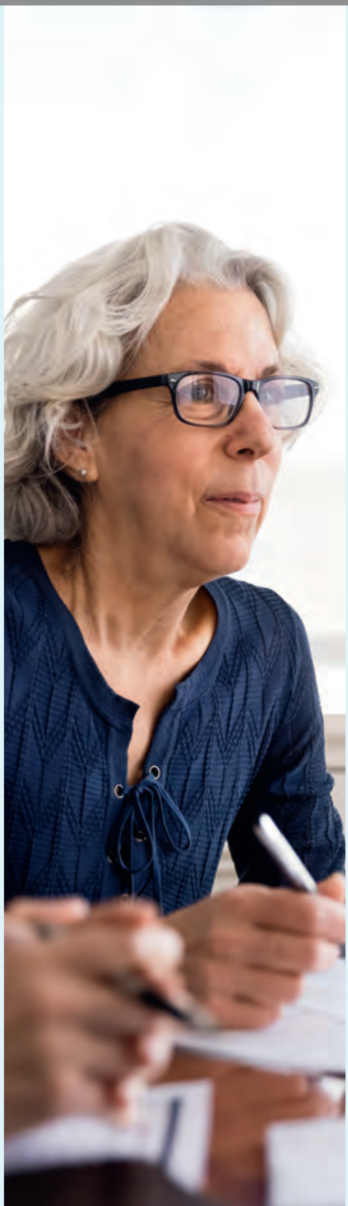
INVESTING FOR THE FUTURE

At Bessemer Trust, our investment philosophy centers on building globally diversified portfolios that are carefully constructed to meet the objectives of our clients. Our disciplined investment process strives to take advantage of compelling opportunities and protect against losses in downturns.

Rebecca Patterson
Chief Investment Officer

John Q. Jiang
Senior Quantitative Analyst

Phyllis E. King
Municipal Bonds
Credit Analyst



Three main forces drove financial markets in 2015: a plunge in oil prices, a sharp rise in the U.S. dollar, and concerns about emerging markets, namely China. Most asset classes struggled, resulting in a challenging year for investors. Through the uncertainty, we maintained our diversified approach, which we believe will enhance risk-adjusted returns over the market cycle and help clients better achieve their long-term goals.

> "Sharing knowledge and insights across our investment team allows us to develop an in-depth understanding of a complex global landscape."
>
> — **REBECCA PATTERSON**
> CHIEF INVESTMENT OFFICER

Ricardo M. Best
Portfolio Operations Supervisor

Holly MacDonald
Chief Investment Strategist

Jeffrey A. Rutledge
Portfolio Manager

DELIVERING FULLY INTEGRATED CAPABILITIES

We deliver best-in-class expertise across investment management, wealth planning, and family office services. A thoughtful approach to planning enables us to integrate and align our broad capabilities with each client's objectives.

Personal conversations and face-to-face interactions enable our dedicated teams to understand client needs and foster enduring relationships with them. This ability to build trust distinguishes the experience clients have with us.

Pictured this page, from top:

Sean Gray
Chief Compliance Officer

Renita Persaud
Head of Trust Administration
& Fiduciary Counsel

Pictured next page,
clockwise from top left:

Robin W. Browning
Fiduciary Officer

Delroy A. Wright
Client Relations Director

Steve P. Emma
Regional Director

Scott M. Lillis
Senior Wealth Advisor

Carolina Rios
Corporate Planning Associate

Alec Haverstick
Senior Wealth Advisor

Sally Payan
Tax Manager







John G. MacDonald
Chief Financial
Officer

Lori A. Dooley
Senior Retirement
& Benefits Manager

Leandro Da Silva
User Support Manager

SUPPORTING EMPLOYEE SUCCESS

At the heart of all of our efforts are the dedicated teams in our office located in Woodbridge, New Jersey. These teams work diligently to oversee our day-to-day financial operations, manage human resources, maintain secure systems that protect client information, execute seamless transactions, and ensure timely delivery of important client communications. Their efforts consistently demonstrate our overarching mission — to provide clients with peace of mind every day.

Maria R. Freitas
Payroll & Benefits
Director

Philip Allen
Director of
Internal Audit

Richard Faulkner
Network and Data
Center Manager

"I work alongside talented individuals every day — all of whom are committed to getting the job done right."

— **JOHN G. MACDONALD**
CHIEF FINANCIAL
OFFICER

SERVING OUR COMMUNITIES

We are committed to giving back to the communities in which we live and work. Throughout the year, our employees across the country volunteered their time and skills. We partnered with non-profit organizations that support a diverse range of causes, including natural disaster relief, hunger relief, children's health and education, professional development, and financial literacy.

A selection of our 2015 volunteer activities:

Gateway Center
Atlanta

Mosaic Family Services
Dallas

All Hands Volunteers
Garden City

Grace Place for Children and Families
Naples

Public School 64
New York

New Endeavors by Women
Washington, D.C.

Ronald McDonald House
Wilmington

Ozanam Family Shelter
Woodbridge

"I am proud to work for a firm that provides opportunities for employees to make an impact in our local communities."

— **JEFFREY F. WINTER**
DIRECTOR OF FIDUCIARY TAX SERVICES

"I truly enjoy spending time with my colleagues and seeing them in a different light."

— **SUE D. LOMAS**
SENIOR TRUST OFFICER

In New York, our employees volunteered at a public elementary school to support their after-school program. Designed to prepare students for academic success, the program focuses on critical thinking and social skills. Fifteen of our volunteers worked closely with students on an interactive activity called "The Game of Life."

Pictured clockwise from top left:

Kathy Woods
Executive Assistant

Ilka Gregory
Senior Wealth Advisor

Harrison W. Katz
Client Advisor

Angela L. Huger
Executive Assistant

Harold Torres
Digital Print Operator

Beste Portnoff
Head of Operational Due Diligence

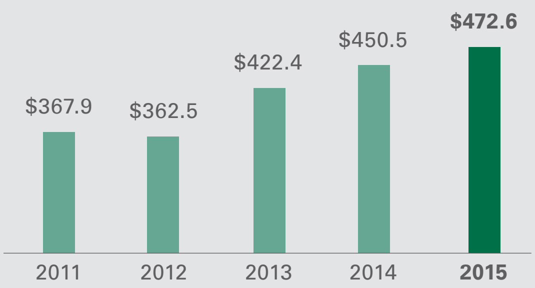
FINANCIAL RESULTS

FINANCIAL HIGHLIGHTS

Bessemer Trust has remained privately owned for more than 100 years. As a private company, we are not required to publish an annual report, but do so in the interest of transparency and open communication with our clients, shareholders, and employees.

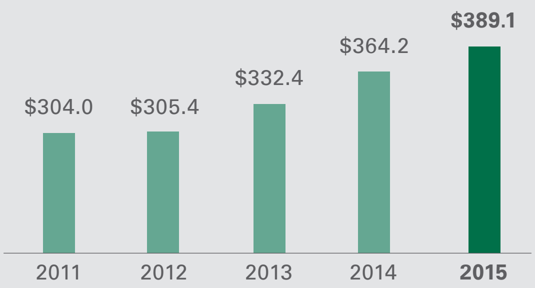
REVENUES

(In millions)



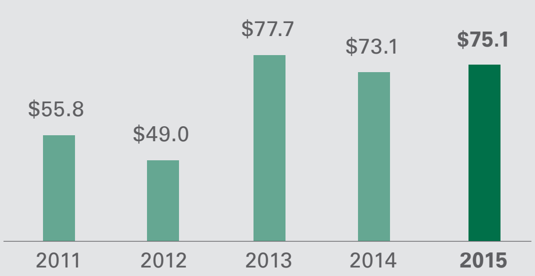
EXPENSES

(In millions)

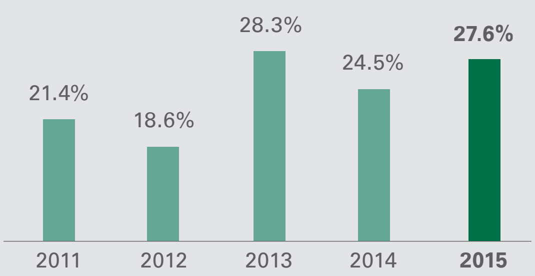


NET INCOME

(In millions)



RETURN ON AVERAGE EQUITY



(In thousands, except per share data)	**2015**	2014
Revenues	**$472,598**	$450,509
Expenses	**389,076**	364,224
Income taxes	**8,411**	13,152
Net income	**75,111**	73,133
Average shareholders' equity	**272,118**	298,624
Return on average equity	**27.6%**	24.5%
Total distributions to shareholders	**57,879**	59,080
Basic earnings per common share	**29.12**	27.85
Book value per common share	**109.40**	102.22

MANAGEMENT'S ANALYSIS OF RESULTS

EXECUTIVE OVERVIEW

The company is focused exclusively on providing family office services to high-net-worth individuals and families, as well as their trusts, businesses, and foundations.

The company's financial condition remained strong throughout 2015, characterized by high-quality assets, appropriate liquidity, minimal sensitivity to interest-rate risk, and no debt. Shareholders' equity increased $12.2 million, reaching $280.1 million at year-end.

Net income for 2015 totaled $75.1 million, up 2.7% over 2014. In 2015, client asset retention of 99% and positive inflows from existing and new clients contributed to a 5.7% increase in fees from client services. Other income declined due to reduced hedge fund performance fees and lower realized gains on the sale of securities. Expenses rose 6.8% as the company continued to invest in technology and facilities. As a Subchapter S corporation, the company incurs corporate tax only at certain state and local levels; a reduction in the company's effective tax rate was primarily due to significant changes in New York State tax law that became effective in 2015. Income distributions from earnings totaled $5.58 per share in 2015 and $5.59 in 2014.

FEES FROM CLIENT SERVICES

Fees from client services are generated from the company's core business of providing investment management, custody, trust, estate administration, tax, and other personalized financial services to clients. These revenues totaled $446.6 million in 2015, up $24.2 million. New clients added $3.4 billion in assets, generating $9.6 million in 2015 fees and estimated ongoing annual revenues of more than $20.0 million. Assets under supervision at December 31, 2015 totaled $113.7 billion, including $57.9 billion in custody and directed trusts.

NET INTEREST INCOME AND OTHER INCOME

Net interest income, comprising interest earned on the company's banking assets less interest expense on money market deposits, increased 4.6% to $19.5 million due to the favorable impact of higher average loan balances. Deposit balances at year-end 2015 totaled $2.9 billion, up $0.2 billion from the prior year-end.

Other income declined $2.5 million from 2014 due primarily to reduced hedge fund performance fees.

EXPENSES

The company continued to focus on controlling expenses while selectively investing in areas to enhance future growth potential. Total expenses in 2015 were $389.1 million, up $24.9 million. Employee compensation and benefits of $256.6 million was up $10.5 million, or 4.3%, because of new hires and higher salary and incentive compensation expenses. Occupancy and equipment costs were $7.0 million higher than 2014 due to growth in office space and higher information technology expenses. An increase of $3.0 million in professional fees and assessments was related to higher third-party consulting and legal fees. Increased costs associated with employee training and information services and subscriptions, together with costs related to the company's brand refresh, led to a $4.4 million increase in other expenses.

NET INCOME

The company's net income totaled $75.1 million in 2015, compared to $73.1 million in 2014. The return on average equity in 2015 was 27.6%.

FINANCIAL CONDITION

The company ended the year with total corporate assets of $3.5 billion. Deposits with the Federal Reserve Bank of New York, investments in government agency securities, and secured loans represented the largest components of interest-earning assets. Because loans are fully secured by the borrowers' marketable securities, no reserve for loan losses is required. As permitted by banking regulations, the company also maintains a marketable securities portfolio, which is invested in securities similar to those of clients, including investment-grade tax-exempt debt and diversified equities that meet balanced objectives of safety of principal, liquidity, after-tax yield, and capital appreciation. Unrealized appreciation, net of taxes, on the company's available for sale securities totaled $2.6 million at December 31, 2015.

Shareholders' equity increased $12.2 million in 2015. As required by accounting rules, a non-cash net increase to capital resulting from actuarial adjustments to the company's pension and post-retirement benefit liabilities of $5.2 million was recorded on December 31, 2015. The company and its subsidiary banks continue to be classified as "well-capitalized" by regulatory standards. Capital ratios are in excess of minimum capital adequacy requirements mandated by the banking regulators. As a result, equity is available to provide for future growth and to capitalize on strategic initiatives, which is expected to provide opportunities to increase return on shareholders' equity. The company's equity includes earnings retained to support its banking and trust operations.

DISTRIBUTIONS TO SHAREHOLDERS

The company made total distributions of $57.9 million in 2015. Income distributions totaled $14.4 million ($5.58 per share) as compared to $14.7 million ($5.59 per share) for 2014. In addition, tax distributions totaling $43.5 million ($16.85 per share) were made in 2015 to cover the shareholders' estimated tax liability associated with the company's 2015 flow-through taxable income.

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

As of December 31: *(In thousands)*	**2015**	2014
ASSETS		
Cash and cash equivalents	**$1,922,617**	$1,632,410
Securities available for sale	**679,845**	738,245
Loans, secured by marketable securities	**590,056**	601,608
Receivables	**54,177**	70,320
Premises and equipment	**57,049**	48,986
Goodwill	**76,307**	76,307
Other investments	**95,574**	94,609
Other assets	**30,073**	31,318
Total Assets	**$3,505,698**	$3,293,803
LIABILITIES		
Deposits	**$2,943,585**	$2,734,869
Accrued expenses and other liabilities	**281,988**	290,961
Total Liabilities	**$3,225,573**	3,025,830
SHAREHOLDERS' EQUITY		
Common stock and surplus	**83,096**	83,096
Retained earnings	**345,934**	328,702
Accumulated other comprehensive loss, net of tax	**(53,173)**	(56,462)
Treasury stock, at cost	**(95,732)**	(87,363)
Total Shareholders' Equity	**280,125**	267,973
Total Liabilities and Shareholders' Equity	**$3,505,698**	$3,293,803

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31: *(In thousands, except per share data)*	**2015**	2014
REVENUES		
Fees from client services	**$446,550**	$422,319
Net interest income	**19,496**	18,646
Net realized gains on securities available for sale	**866**	1,366
Other income	**5,686**	8,178
Total Revenues	**472,598**	450,509
EXPENSES		
Employee compensation and benefits, including long-term incentives	**256,553**	246,085
Occupancy and equipment	**61,864**	54,874
Professional fees and assessments	**24,128**	21,142
Other expenses	**46,531**	42,123
Total Expenses	**389,076**	364,224
INCOME BEFORE PROVISION FOR INCOME TAXES	**83,522**	86,285
Provision for income taxes	**8,411**	13,152
NET INCOME	**$ 75,111**	$ 73,133
Earnings per share	**$ 29.12**	$ 27.85
NET INCOME	**$ 75,111**	$ 73,133
Other comprehensive income/(loss), net of tax:		
Net change in net unrealized gains on securities available for sale	**(1,921)**	(897)
Pension and other post-retirement benefit adjustments	**5,210**	(41,496)
Other comprehensive income/(loss), net of tax	**3,289**	(42,393)
COMPREHENSIVE INCOME	**$ 78,400**	$ 30,740

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the years ended December 31: *(In thousands)*	**2015**	2014
COMMON STOCK AND SURPLUS		
Balance, beginning of year	**$ 83,096**	$ 83,106
Other, net	**—**	(10)
Balance, end of year	**83,096**	83,096
RETAINED EARNINGS		
Balance, beginning of year	**328,702**	314,649
Net income	**75,111**	73,133
Distributions to shareholders:		
For income taxes (per share 2015, $16.85; 2014, $16.91)	**(43,481)**	(44,408)
From earnings (per share 2015, $5.58; 2014, $5.59)	**(14,398)**	(14,672)
Balance, end of year	**345,934**	328,702
ACCUMULATED OTHER COMPREHENSIVE LOSS, NET OF TAX		
Balance, beginning of year	**(56,462)**	(14,069)
Other comprehensive income/(loss)	**3,289**	(42,393)
Balance, end of year	**(53,173)**	(56,462)
TREASURY STOCK, AT COST		
Balance, beginning of year	**(87,363)**	(86,574)
Class B non-voting common stock repurchase	**(8,369)**	(789)
Balance, end of year	**(95,732)**	(87,363)
Total Shareholders' Equity	**$280,125**	$267,973

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31: *(In thousands)*	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 75,111	$ 73,133
Adjustments to reconcile net income to net cash provided by operating activities:		
Deferred income taxes	(91)	2,053
Depreciation and amortization on premises and equipment	13,722	11,987
Net premium amortization of debt securities available for sale	10,440	6,589
Net realized gains on securities available for sale	(866)	(1,366)
Impairment charges on securities available for sale	597	353
Decrease/(increase) in receivables and other assets	17,131	(1,407)
(Increase)/decrease in other investments	(965)	1,073
(Decrease)/increase in accrued expenses and other liabilities	(3,233)	9,576
Net Cash Provided by Operating Activities	111,846	101,991
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of securities available for sale	9,722	10,304
Proceeds from maturities, calls and mandatory redemptions of securities available for sale	645,634	541,939
Purchases of securities available for sale	(609,230)	(444,191)
Net decrease/(increase) in loans	11,552	(73,258)
Capitalized computer software	(4,070)	(3,068)
Purchases of premises and equipment	(17,715)	(8,351)
Net Cash Provided by Investing Activities	35,893	23,375
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase in deposits	208,716	35,799
Purchases of treasury stock	(8,369)	(789)
Income tax distributions to shareholders	(43,481)	(44,408)
Income distributions from earnings to shareholders	(14,398)	(14,672)
Other, net	—	(10)
Net Cash Provided by/(Used in) Financing Activities	142,468	(24,080)
Net Increase in Cash and Cash Equivalents	290,207	101,286
Cash and Cash Equivalents, beginning of year	1,632,410	1,531,124
Cash and Cash Equivalents, end of year	$1,922,617	$1,632,410
CASH PAYMENTS		
Interest	$ 239	$ 254
Income taxes	7,931	12,785

See Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization — The Bessemer Group, Incorporated is a registered bank holding company focused exclusively on providing family office services for high-net-worth individuals and families, as well as their businesses, trusts, and foundations, through certain of its wholly owned subsidiaries. Shares of The Bessemer Group, Incorporated are owned primarily by trusts for the benefit of the heirs of Henry Phipps, deceased.

The following significant accounting and reporting policies of The Bessemer Group, Incorporated and subsidiary companies (the "Company") are in accordance with accounting principles generally accepted in the United States of America.

Principles of Consolidation and Use of Estimates — The consolidated financial statements include the accounts of The Bessemer Group, Incorporated and its wholly owned subsidiaries. All intercompany accounts are eliminated in consolidation. Preparation of the consolidated financial statements requires the use of estimates, where appropriate, by the Company's management. Actual results may differ from those estimates.

A banking subsidiary of the Company acts as general partner, or equivalent, for certain hedge, private equity, and real estate funds. The governing agreements of these funds generally provide that, subject to certain conditions, investors in those funds may remove the Company as general partner, or equivalent, of the fund or liquidate the fund without cause by a majority vote. As a result, these funds are not consolidated by the Company as part of these financial statements.

Foreign Currency Translation — The functional currency of the Company's foreign operations is the U.S. dollar. Foreign currency translation and transaction gains and losses are included in Other income.

Fees from Client Services — Fees from client services are recorded on the accrual basis of accounting when earned and include fees from investment management, trust, custody, estate administration, client tax, and other services.

Cash Equivalents — Cash equivalents include amounts due from banks, interest-bearing deposits with the Federal Reserve Bank of New York and other banks, federal funds sold, and short-term investments, which are readily convertible into cash, have original maturities of three months or less, and are recorded at amortized cost.

Securities Available for Sale — Marketable equity securities and debt securities are designated as available for sale and are carried at estimated fair value, with net unrealized gains and losses, net of tax, included in accumulated other comprehensive loss. Estimated fair values are based on market quotations, where available. If market quotations are unavailable, estimated fair values are based on quoted market prices of comparable investments. Realized securities gains and losses are computed on the identified-cost basis.

Loans, Secured by Marketable Securities — Loans are carried at their principal amount and interest income on loans is accrued based on the stated interest rates. Interest rates are primarily floating rates tied to the subsidiary banks' prime rate or, in limited cases, the one-month or three-month London Interbank Offered Rate (LIBOR). Loans are fully secured by marketable securities with minimum margin requirements monitored and maintained on an ongoing basis reflecting marketability, portfolio diversification, investment quality, maturity, and duration. Since all loans are fully secured by marketable securities, generally due on demand, and interest income is on a current accrual basis, management has determined that no allowance for loan losses is required. The Company has no history of experiencing loan losses.

Premises and Equipment — Premises and equipment are stated at cost less accumulated depreciation and amortization. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the related assets or over the terms of the respective leases, if earlier, for leasehold improvements.

The Company capitalizes the cost of computer software developed or obtained for internal use and amortizes such cost over its estimated useful life not exceeding ten years.

Goodwill — Goodwill represents the excess of the purchase price over the fair value of the net assets of acquired companies. The Company assesses qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, thereby requiring impairment testing. On an annual basis, at September 30th, the Company determines whether a quantitative assessment should be performed to test goodwill for impairment.

Other Investments — Other investments represent corporate assets set aside in Rabbi Trusts (Grantor Trusts) and other accounts that are solely available to fund obligations under certain of the Company's retirement and long-term incentive compensation plans ("Plans"). The terms of these Plans allow participating employees to allocate their individual balances among several available investment alternatives. The other investments are generally allocated by management in accordance with employee elections. These investments are long-term in nature and do not represent proprietary trading assets. Other investments are reported at fair value. The Company has elected trading asset accounting treatment to allow it to record both realized and unrealized gains or losses in the consolidated statements of comprehensive income, consistent with the recording of the change in the value of the future obligations to employees under the related Plans.

Income Taxes — The Company is classified as a Subchapter S corporation under the provisions of the Internal Revenue Code. Accordingly, the Company does not expect to incur federal income tax obligations but will continue to incur corporate income tax at certain state and local levels. The provision for deferred income taxes is made for items reported in the consolidated financial statements in different years than for tax return purposes.

Assets Under Supervision and Assets Under Management — Assets held in fiduciary or agency capacities are not included in the statements of financial condition, as such items are not assets of the Company.

Earnings Per Share — Basic earnings per share is calculated based on the weighted average number of common shares outstanding of 2,579,446 during 2015 and 2,625,684 during 2014.

Comprehensive Income — Comprehensive income is defined as the change in equity of an entity, excluding transactions with shareholders. Comprehensive income consists of net income and other comprehensive income, which includes net changes in net unrealized gains and losses on securities available for sale and adjustments for pension and other post-retirement benefits.

Subsequent Events — The Company evaluated subsequent events through March 24, 2016, the date on which the consolidated financial statements were available to be issued. The Company has determined that there were no subsequent events that require recognition or disclosure in the consolidated financial statements.

NOTE 2. NEW ACCOUNTING PRONOUNCEMENTS

In February 2016, the Financial Accounting Standards Board ("FASB") issued authoritative guidance that revises the lease accounting model to recognize on the statement of condition the rights and obligations of all leases with a term greater than 12 months and expands related quantitative and qualitative disclosures. This guidance is effective January 1, 2020. The Company is currently evaluating the impact that adoption of this guidance may have on its consolidated financial statements.

In January 2016, the FASB issued authoritative guidance that requires that certain equity investments be measured at fair value, with changes in fair value recognized in earnings. The guidance simplifies the impairment assessment for certain equity securities and reduces the complexity of other-than-temporary impairment guidance. This guidance is effective January 1, 2019. The Company is currently evaluating the impact that adoption of this guidance may have on its consolidated financial statements.

In May 2015, the FASB issued authoritative guidance that removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured at the net asset value per share practical expedient. The Company adopted this guidance retrospectively during 2015, as early adoption is permitted.

In February 2015, the FASB issued authoritative guidance that revises the consolidation accounting model for certain investment funds, including private equity funds. The guidance includes amendments to the evaluation of whether certain entities are variable interest entities and amendments to the criteria of what constitutes a controlling financial interest therein. This guidance is effective January 1, 2017. The Company is currently evaluating the impact that adoption of this guidance may have on its consolidated financial statements.

In May 2014, the FASB issued authoritative guidance that outlines a single comprehensive model for entities to use in accounting for revenue arising from contacts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. This guidance is effective January 1, 2019. The Company is currently evaluating the impact that adoption of this guidance may have on its consolidated financial statements.

NOTE 3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following at December 31:

(In thousands)	**2015**	2014
Non-interest bearing — Cash and due from banks	**$ 5,865**	$ 5,610
Interest-bearing:		
Deposit with the Federal Reserve Bank of New York	**1,571,840**	1,418,266
Deposits with other banks	**14,876**	13,174
Short-term investments	**330,036**	195,360
	$1,922,617	$1,632,410

NOTE 4. SECURITIES AVAILABLE FOR SALE

The cost and estimated fair value of securities available for sale at December 31, 2015 and 2014 were as follows:

(In thousands)	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
2015:				
Debt obligations of:				
U.S. Treasury and Government Agencies	**$551,332**	**$ —**	**$155**	**$551,177**
States and political subdivisions	**99,336**	**121**	**40**	**99,417**
Marketable equity securities	**26,390**	**3,426**	**565**	**29,251**
	$677,058	**$3,547**	**$760**	**$679,845**
2014:				
Debt obligations of:				
U.S. Treasury and Government Agencies	$608,244	$ 92	$105	$608,231
States and political subdivisions	99,833	347	66	100,114
Marketable equity securities	25,277	4,776	143	29,900
	$733,354	$5,205	$314	$738,245

The components of net realized gains on securities available for sale for the years ended December 31 were as follows:

(In thousands)	**2015**	2014
Gross realized gains from sales	**$ 1,182**	$ 1,610
Gross realized losses from sales	**(316)**	(244)
Net realized gains on securities available for sale	**$ 866**	$ 1,366

The maturities of debt obligations included in securities available for sale at December 31 were as follows:

	2015		2014	
(In thousands)	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
U.S. Treasury and Government Agencies:				
Within one year	**$551,232**	**$551,078**	$525,393	$525,408
After one, but within five years	**100**	**99**	82,851	82,823
	$551,332	**$551,177**	$608,244	$608,231
States and political subdivisions:				
Within one year	**$ 52,655**	**$ 52,677**	$ 41,320	$ 41,481
After one, but within five years	**44,586**	**44,645**	56,613	56,733
Five to ten years	**195**	**195**	—	—
Over ten years	**1,900**	**1,900**	1,900	1,900
	$ 99,336	**$ 99,417**	$ 99,833	$ 100,114

There were no securities available for sale at December 31, 2015, and 2014, that had continuous gross unrealized losses for 12 months or more. The estimated fair value for securities available for sale with continuous gross unrealized losses for less than 12 months at December 31 was as follows:

	2015		2014	
(In thousands)	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses
U.S. Treasury and Government Agencies	**$401,130**	**$ 155**	$395,417	$ 105
States and political subdivisions	**45,223**	**40**	23,598	66
Marketable equity securities	**6,375**	**565**	4,870	143

The Company's management views the gross unrealized losses noted above as temporary. Other-than-temporary impairment of securities available for sale is evaluated considering numerous factors, and their relative significance varies case-by-case. Factors considered include the length of time and extent to which the fair value has been less than cost, the financial condition and near-term prospects of the issuer of a security, and the intent and ability of the Company's management to retain the security for a period of time sufficient to allow for an anticipated recovery in fair value. If it is determined that the impairment is other-than-temporary, the carrying value of the security is written down to fair value, and a loss is recognized through earnings. Included in Other income, the Company recorded other-than-temporary impairment charges of $597,000 and $353,000 related to marketable equity securities during 2015 and 2014, respectively, with an estimated fair value of $1,153,000 and $1,189,000, respectively.

NOTE 5. SEGREGATED ASSETS

Short-term investments and securities available for sale with an aggregate estimated fair value of $299,895,000 and $634,808,000, respectively, were segregated at December 31, 2015, as required by law for a portion of deposits of subsidiary banks or for other purposes. At December 31, 2014, the aggregate estimated fair value of such segregated assets amounted to $174,992,000 of short-term investments and $701,999,000 of securities available for sale.

NOTE 6. PREMISES AND EQUIPMENT

Premises and equipment consisted of the following at December 31:

(In thousands)	**2015**	2014
Land	**$ 1,487**	$ 1,487
Building	**8,002**	6,066
Leasehold improvements	**58,309**	50,020
Computer software	**87,536**	83,466
Computer hardware	**27,848**	23,996
Furniture, fixtures, and office equipment	**30,301**	26,908
	213,483	191,943
Less — Accumulated depreciation and amortization	**(156,434)**	(142,957)
	$ 57,049	$ 48,986

NOTE 7. DEPOSITS

Deposits in the Company's subsidiary banks consisted of the following at December 31:

(In thousands)	**2015**	2014
Demand deposits	**$ 121,714**	$ 182,873
Money market deposits	**2,821,871**	2,551,996
	$2,943,585	$2,734,869

Money market deposits relate to funds of trust department clients of the Company's U.S. banking subsidiaries. Such funds are deposited with the Company's subsidiary banks, Bessemer Trust Company, N.A., and Bessemer Trust Company.

NOTE 8. GOODWILL

Goodwill of $76,307,000 relates to the acquisition of all of the interests in Brundage, Story and Rose LLC, a privately-held New York City-based investment advisory firm, and the remaining interest in Fifth Avenue Alternative Investments LLC, a consolidated subsidiary engaged in organizing, sponsoring, and managing hedge fund investment vehicles. There has been no impairment of goodwill since these acquisitions were completed.

NOTE 9. BORROWINGS

The Company has a secured revolving credit agreement, as amended, with a commercial bank for a line of credit up to $15,000,000 for general corporate and working capital purposes. The line of credit may be drawn upon as needed with interest at the greater of LIBOR plus 2.5% for interest periods at the Company's option up to three months, or 4%. The Company had no drawdowns against the line of credit during 2015 and 2014. The Company pledged certain of its alternative investment funds with a fair value of $2,214,000 as of December 31, 2015, which are recorded in Other assets, to secure the agreement.

NOTE 10. NET INTEREST INCOME

The components of net interest income for the years ended December 31 were as follows:

(In thousands)	**2015**	2014
Interest income:		
Cash equivalents	**$ 2,469**	$ 2,498
Securities available for sale	**2,759**	2,709
Loans	**14,573**	13,693
	19,801	18,900
Interest expense on deposits	**305**	254
Net interest income	**$19,496**	$18,646

The Company uses interest rate swaps to effectively reduce the interest rate risk on fixed rate term loans to clients. Swaps involve the exchange of fixed and floating interest payments between counterparties without the exchange of the underlying principal amounts. The interest rate spread is recognized over the life of the swap in net interest income and was not material during 2015 and 2014. At December 31, 2015 and 2014, the notional principal amounts of swaps amounted to $5,000,000. The related estimated fair value of the swap contracts was approximately $10,000 and $39,000 as of December 31, 2015 and 2014, respectively, and is included in Other assets.

Derivative financial instruments are recognized on the statement of financial condition at fair value. Derivatives that are not hedges or are ineffective hedges are adjusted to fair value through earnings. If the derivative is an effective hedge and hedge accounting is applied, depending on the nature of the hedge, changes in the fair value of the derivative will either be offset against the change in fair value of the hedged asset, liability, or firm commitment through earnings or be recognized in Other comprehensive income until the hedged item is recognized in earnings.

NOTE 11. OTHER INCOME

As manager of certain alternative asset fund portfolios, the Company may receive incentive fees or carried interest from these funds upon exceeding performance thresholds. The Company records income from incentive fees when earned and carried interest when the likelihood of clawback is mathematically improbable and cash has been distributed. Included in Other income are investment performance incentive fees of $1,260,000 and $3,795,000 and carried interest of $321,000 and $472,000 during 2015 and 2014, respectively.

NOTE 12. RELATED-PARTY TRANSACTIONS AND COMMITMENTS

Revenues and expenses for the years ended December 31, 2015 and 2014 include the following transactions with Bessemer Securities LLC and subsidiaries ("BSLLC"), a private investment company with ownership similar to that of the Company:

(In thousands)	**2015**	2014
Revenues — Fees received from BSLLC for investment advisory and custody services	**$3,420**	$3,283
Expenses reimbursed by BSLLC:		
Occupancy costs	**$ 991**	$ 869
Allocated direct costs for various services provided, reported by the Company as a reduction of other expenses	**1,576**	1,429
Net expense amount reimbursed by BSLLC	**$2,567**	$2,298

In addition to the above, the Company, as manager of certain venture capital funds, received management fees of which BSLLC's share was $336,000 and $672,000 during 2015 and 2014, respectively. These fees are recorded in Fees from client services. Included in the statements of financial condition are money market deposit liabilities to BSLLC of $347,262,000 and $322,349,000 at December 31, 2015 and 2014, respectively. Also included in Receivables are overnight advances to certain clients of the Company's trust departments of $703,000 and $4,565,000 at December 31, 2015 and 2014, respectively.

The Company and certain of its subsidiaries lease office space under non-cancellable leases expiring between 2017 and 2031, some of which are subject to renewal options for an additional five years. Certain leases contain provisions for periodic escalations. Rent expense, including escalations under certain leases, was $25,257,000 and $24,359,000 in 2015 and 2014, respectively. The approximate minimum total annual rentals (in thousands) under these leases (exclusive of a reduction for subleases aggregating $5,741,000) at December 31, 2015 were as follows:

2016	$ 24,875
2017	26,749
2018	26,534
2019	26,380
2020	24,528
Thereafter	75,105
	$204,171

The Company is contingently liable for outstanding standby letters of credit of $11,542,000 at December 31, 2015 issued on behalf of customers. The Company holds customers' marketable securities fully securing such commitments.

NOTE 13. INCOME TAXES

The components of the provision/(benefit) for income taxes for the years ended December 31 were as follows:

(In thousands)	**2015**	2014
Current:		
Federal	**$ —**	$ —
State and local	**8,317**	10,945
Foreign	**185**	154
	8,502	11,099
Deferred:		
Federal	**—**	—
State and local	**(61)**	2,051
Foreign	**(30)**	2
	(91)	2,053
	$ 8,411	$ 13,152

The Company, as a Subchapter S corporation, does not expect to incur federal income taxes. The Company will continue to incur corporate income taxes at certain state and local levels. The total income tax provision differs from that which would be computed using the statutory federal rate due to the Company's S corporation election, state, local, and foreign income taxes. The reduction in the Company's provision for income taxes was primarily due to significant changes in New York State tax law that became effective in 2015.

The elements of the net deferred tax assets recorded in Other assets at December 31, 2015 and 2014 were as follows:

(In thousands)	**2015**	2014
Deferred tax assets	**$23,465**	$24,290
Deferred tax liabilities	**(10,609)**	(11,214)
Net deferred tax assets	**$12,856**	$13,076

The net deferred tax assets relate to state and local income taxes and reflect the tax effects of temporary differences in the recognition of income and expense for income tax and financial reporting purposes. The principal items generating such temporary differences relate to deferred compensation, employee benefit plans, unrealized appreciation/depreciation of securities available for sale, differences between the basis of premises and equipment, and goodwill. No valuation allowance was deemed necessary with regard to deferred tax assets.

The Company recognizes tax positions in the financial statements only when it is more likely than not that the position will be sustained upon examination by relevant taxing authorities based on the technical merits of the position. A position that meets this standard is measured at the largest amount of benefit that will more likely than not be realized upon settlement. An asset or a liability is established for differences between positions taken in a tax return and amounts recognized in the financial statements. With respect to uncertain income tax positions, management does not expect any material changes during the next 12 months to the estimated amount of unrecognized income tax benefits existing at December 31, 2015. The Company recognizes interest and penalties related to unrecognized income tax benefits within the Provision for income taxes. Accrued interest and penalties are included within Accrued expenses and other liabilities.

The Company files income tax returns as prescribed by the tax laws of the jurisdictions in which it operates. The Company's major income tax jurisdictions are New York State, New York City, and New Jersey. In the normal course of business, the Company is subject to examination by federal, state, and local jurisdictions, where applicable. The Company resolves examinations each year and does not anticipate that any resolution occurring within the next 12 months would result in a material change to the Company's financial position. As of December 31, 2015, the Company's federal and New York State and City income tax returns that remain subject to examination under the statute of limitations are from 2012 forward. The tax years that remain subject to examination by other major tax jurisdictions, including New Jersey, under the statute of limitations are from 2011 forward.

NOTE 14. EMPLOYEE BENEFIT PLANS

All eligible employees of the Company are included in qualified, and in some instances non-qualified, defined contribution, and non-contributory pension (defined benefit) plans. The total expense for the defined contribution plans was $27,244,000 and $31,157,000 in 2015 and 2014, respectively. The Company provides pension plan benefits based on the participant's years of service and average final compensation, as defined, for employees hired prior to July 1, 2006. The Company provides other defined benefits for post-retirement medical insurance coverage ("Other benefits"), in excess of Medicare, to employees hired prior to January 20, 2005 and retiring directly from the Company who meet service and other requirements.

The Company recognizes the funded status of a defined benefit plan in the statement of financial condition and the changes in that funded status in the year in which the changes occur through comprehensive income. Unrecognized actuarial gains and losses and prior service costs, net of tax, are recognized in Accumulated other comprehensive loss and adjusted as they are subsequently recognized as components of net defined benefit expense.

Effective January 1, 2012, the defined benefit pension plan was amended to permanently freeze accruals of defined benefits for services of plan participants rendered after 2011. Current participants are fully vested but increases in their future compensation and years of service after December 31, 2011 will not impact the amount of their benefits. The pension plan will continue to pay benefits, invest assets, and receive contributions.

The following table reflects key information with respect to the Company's defined benefit plans:

	Pension Benefits		Other Benefits	
(In thousands)	**2015**	2014	**2015**	2014
Benefit expense during the year	**$ 1,711**	$ 626	**$ 1,290**	$ 509
Employer contribution during the year	**4,069**	4,782	**650**	645
Benefits paid during the year	**6,360**	5,251	**770**	746
Projected benefit obligation at December 31,	**$161,653**	$172,669	**$ 29,561**	$ 29,126
Fair value of qualified plan assets at December 31,	**90,850**	94,011	**—**	—
Funded status at December 31,	**$ (70,803)**	$ (78,658)	**$(29,561)**	$(29,126)
Accumulated benefit obligation at December 31,	**$161,653**	$172,669		
Amounts recognized in the statement of financial condition at December 31:				
Assets	**$ —**	$ —	**$ —**	$ —
Liabilities	**(70,803)**	(78,658)	**(29,561)**	(29,126)
Net amounts recognized	**$ (70,803)**	$ (78,658)	**$(29,561)**	$(29,126)
Weighted-average assumptions used to determine benefit obligations at December 31:				
Discount rate — qualified plan	**4.44%**	4.10%	**—**	—
Discount rate — non-qualified plan	**4.16%**	3.80%	**4.45%**	4.10%
Rate of compensation increase	**—**	—	**—**	—
Weighted-average assumptions used to determine net periodic benefit cost during the year:				
Discount rate — qualified plan	**4.10%**	5.00%	**—**	—
Discount rate — non-qualified plan	**3.80%**	4.50%	**4.10%**	5.00%
Expected long-term return on plan assets	**7.00%**	7.00%	**—**	—
Rate of compensation increase	**—**	—	**—**	—

The projected benefit obligation for pension benefits includes both qualified plan and non-qualified plan obligations. In addition to qualified plan assets, general corporate assets have been set aside in a grantor trust to cover expected benefits payable under the non-qualified pension plan. The value of these assets amounted to $11,313,000 and $12,781,000 at December 31, 2015 and 2014, respectively.

The assumed health care cost trend rate is 7.5% pre-Medicare and 6.00% post-Medicare in 2015 and is estimated at 7.5% in 2016, decreasing gradually to 4.5% in 2021 and remaining at that level thereafter.

The expected long-term rate of return assumptions represent the rate of return on plan assets reflecting the average rate of earnings expected on the funds invested or to be invested to provide for the benefits included in the projected benefit obligation. The assumptions have been determined by reflecting expectations regarding future rates of return for the portfolio considering the asset allocation target and related historical rates of return. The rate of return assumptions are reassessed on an annual basis. The expected long-term rate of return on plan assets is estimated to be 6.75% in 2016.

Benefit expense for 2016 is expected to include the following estimated amounts related to the amortization of net actuarial loss and prior service cost (credit) from Accumulated other comprehensive loss:

(In thousands)	Pension Benefits	Other Benefits
Net actuarial loss	$1,250	$ 791
Prior service credit	—	(1,590)

The Company's objective is to achieve a competitive long-term return, consisting of capital appreciation and current income, investing in broadly diversified assets without assuming undue risk. Asset allocation is subject to review by the Company's Retirement Board and is consistent with the standard balanced growth with hedge funds allocation model available to clients. The qualified pension plan's asset allocation at December 31 was as follows:

	Target Allocation	**2015**	2014
Equity securities	40–75%	**63%**	60%
Fixed income securities	20–45%	**26%**	25%
Alternative assets	0–15%	**11%**	11%
Other assets	0–15%	**0%**	4%

The Company uses the framework and techniques described in Note 18 when determining the fair value of its qualified plan investments. The following table presents qualified plan assets carried at fair value as of December 31, 2015 and 2014 by valuation hierarchy:

(In thousands)	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
2015:				
Equity securities	**$43,152**	**—**	**$ —**	**$43,152**
Fixed income securities	**8,540**	**—**	**—**	**8,540**
Other assets	**53**	**—**	**—**	**53**
	$51,745	**—**	**$ —**	**$51,745**
2014:				
Equity securities	$42,105	—	$ —	$42,105
Fixed income securities	7,548	—	—	7,548
Other assets	—	—	63	63
	$49,653	—	$ 63	$49,716

The table above excludes collective employee benefit funds and alternative asset investments that are measured using the net asset value per share practical expedient. The fair value of collective employee benefit funds at December 31, 2015 and 2014 amounted to $29,010,000 and $30,448,000, respectively, and are not classified within the fair value hierarchy. The fair value of alternative asset investments at December 31, 2015 and 2014 amounted to $9,890,000 and $9,960,000, respectively, and are not classified within the fair value hierarchy. The table above also excludes the fair value of short-term financial instruments, primarily cash equivalents, at December 31, 2015 and 2014 that approximated their carrying amount of $205,000 and $3,887,000, respectively.

The projected unit credit method is used to determine both pension cost and funding requirements for the pension plans. The benefit plans are funded with the amounts necessary to meet the legal or contractual minimum funding requirements. For 2016, the Company expects to contribute $3,700,000 and $976,000 to the pension benefit plans and the other benefits plan, respectively.

Other benefit payments reflect expected future service. The following pension benefit payments and other benefit payments are expected to be paid for the years ending December 31:

(In thousands)	Pension Benefits	Other Benefits
2016	$ 6,104	$ 976
2017	6,466	974
2018	6,633	1,055
2019	7,220	1,092
2020	7,113	1,135
Years 2021–2025	41,967	7,200

NOTE 15. LONG-TERM INCENTIVE PLANS

Under the Earnings Based Plan ("EBP"), designated senior officers of the Company earned cash awards based on certain measures of each year's earnings, as defined. Amounts earned under the EBP are paid over a four-year period. The provision for the EBP was $9,845,000 and $9,632,000 in 2015 and 2014, respectively, and is included in Employee compensation and benefits. Effective December 31, 2015, no future awards will be earned under the EBP and prior awards will continue to vest and be paid in accordance with the EBP. The termination of the EBP will be completed after remaining benefit payments are concluded in 2018.

NOTE 16. SHAREHOLDERS' EQUITY

Common stock and surplus consisted of the following at December 31:

(In thousands)	**2015**	2014
Common stock, no par value:		
Voting — authorized 477,100 shares,		
issued and outstanding 477,069 shares	**$ 477**	$ 477
Class A non-voting — authorized 1,911,000 shares,		
issued 1,902,582 shares and outstanding 1,892,307 shares	**1,903**	1,903
Class B non-voting — authorized 1,500,000 shares,		
issued 1,159,609 shares and outstanding 191,276 shares in 2015 and		
issued 1,159,609 shares and outstanding 252,152 shares in 2014	**1,160**	1,160
	3,540	3,540
Surplus	**79,556**	79,556
	$83,096	$83,096

In accordance with federal and state banking laws, directors of national banks or trust companies are required to own a minimum interest in such banks' common stock. In connection with the retirement and election of certain directors of its national bank or trust company subsidiary during 2015 and 2014, the Company repurchased and issued directors' qualifying shares of Class A non-voting common stock (no par value) at the Company's then-prevailing book value per share. The Company subsequently retired the repurchased shares, which resumed the status of authorized and unissued shares.

During 2015, the Company purchased at fair value and held in treasury 60,876 shares of its Class B non-voting common stock (no par value) for $8,369,000 in cash. During 2014, the Company purchased at fair value and held in treasury 5,866 shares of its Class B non-voting common stock (no par value) for $789,000 in cash.

Under provisions of applicable banking regulations, approval by the regulatory authorities is required if dividends declared by the Company's subsidiary banks exceed a defined amount. Approximately $108,086,000 of the Company's consolidated retained earnings of $345,934,000 at December 31, 2015 relate to retained earnings of the banks, which were not available, without such approval, for the payment of dividends to The Bessemer Group, Incorporated, the sole shareholder. In addition, it is Company policy to retain sufficient earnings in the banks so as to meet capital requirements related to planned growth in banking and fiduciary assets.

NOTE 17. OTHER COMPREHENSIVE INCOME/(LOSS)

Other comprehensive income/(loss) consisted of the following activity:

(In thousands)	Amount Before Taxes	Income Tax Effect	Amount Net of Taxes
2015:			
Net unrealized gains on securities available for sale:			
Change in net unrealized gains	**$ (1,238)**	**$ 154**	**$ (1,084)**
Less — net realized gains included in net income	**(866)**	**29**	**(837)**
Pension and other post-retirement benefit adjustments:			
Change in net actuarial loss	**7,292**	**(633)**	**6,659**
Change in prior service credit	**(1,589)**	**140**	**(1,449)**
Other comprehensive income	**$ 3,599**	**$ (310)**	**$ 3,289**
2014:			
Net unrealized gains on securities available for sale:			
Change in net unrealized gains	$ 361	$ (27)	$ 334
Less — net realized gains included in net income	(1,366)	135	(1,231)
Pension and other post-retirement benefit adjustments:			
Change in net actuarial loss	(44,893)	5,038	(39,855)
Change in prior service credit	(1,590)	(51)	(1,641)
Other comprehensive loss	$(47,488)	$ 5,095	$(42,393)

The components of Accumulated other comprehensive loss, net of taxes, at December 31 were as follows:

(In thousands)	**2015**	2014
Net unrealized gains on securities available for sale	**$ 2,593**	$ 4,514
Pension and other post-retirement benefit adjustments:		
Net actuarial loss	**(70,548)**	(77,840)
Tax benefit on net actuarial loss	**7,879**	8,512
Prior service credit	**7,948**	9,537
Tax provision on prior service credit	**(1,045)**	(1,185)
	$(53,173)	$(56,462)

NOTE 18. FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. Fair value measurement is achieved using a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date.

The three levels are defined as follows:

Level 1 — Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets that the Company can access at the measurement date.

Level 2 — Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 — Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement requires judgment and considers factors specific to the financial instrument that a market participant may use.

The following table presents financial instruments measured at fair value on a recurring basis that are required to be classified within the valuation hierarchy as of December 31, 2015 and 2014 by valuation hierarchy:

(In thousands)	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
2015:				
Securities available for sale:				
Debt obligations of:				
U.S. Treasury and Government Agencies	**$100,220**	**$450,957**	**$ —**	**$551,177**
States and political subdivisions	**—**	**99,417**	**—**	**99,417**
Marketable equity securities	**29,251**	**—**	**—**	**29,251**
	129,471	**550,374**	**—**	**679,845**
Other investments:				
Marketable equity securities	**95,574**	**—**	**—**	**95,574**
Other assets:				
Derivative assets	**—**	**10**	**—**	**10**
	$225,045	**$550,384**	**$ —**	**$775,429**
2014:				
Securities available for sale:				
Debt obligations of:				
U.S. Treasury and Government Agencies	$ 2,601	$605,630	$ —	$608,231
States and political subdivisions	—	100,114	—	100,114
Marketable equity securities	29,900	—	—	29,900
	32,501	705,744	—	738,245
Other investments:				
Marketable equity securities	94,609	—	—	94,609
Other assets:				
Derivative assets	—	39	—	39
	$127,110	$705,783	$ —	$832,893

Other investments represent corporate assets that are available to fund future obligations under certain of the Company's retirement and incentive compensation plans. The table on page 39 excludes certain assets that are measured at fair value using net asset value per share as a practical expedient.

Following is a description of the valuation methodologies used for instruments measured at fair value, including the general classification of such instruments pursuant to the valuation hierarchy.

Where quoted prices are available in an active market, securities are classified in Level 1 of the valuation hierarchy. Level 1 securities included highly liquid U.S. Treasury securities, exchange-traded equities, open-ended mutual funds, and index funds.

If quoted market prices are not available for the specific security, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows. Such securities are classified within Level 2 of the valuation hierarchy. If listed prices or quotes are not available, fair value is based upon models that primarily use, as inputs, market-based or independently sourced market parameters, including but not limited to yield curves, interest rates, volatilities, equity or debt prices, foreign exchange rates, and credit curves. In addition to market information, models also incorporate transaction details, such as maturity. Examples of such instruments generally classified within Level 2 of the valuation hierarchy are discounted government agency notes with remaining maturities under one year, government-sponsored agency bonds, municipal bonds, and derivative assets (interest rate swaps). Not classified in the fair value hierarchy are collective employee benefit funds (held within the qualified plan for pension benefits), which are valued at the funds' net asset values. The collective employee benefit funds can be redeemed monthly with a redemption notice of three business days and principally invest in a diversified portfolio of large-capitalization equities of U.S. and non-U.S. companies, as well as investment-grade bonds and notes.

There were no transfers between Level 1 and Level 2 of the valuation hierarchy during 2015 or 2014.

In certain cases where there is limited activity or less transparency around inputs to the valuation, investments are classified within Level 3 of the valuation hierarchy. Included within Other assets on the statement of financial condition are alternative investment funds, which are not classified in the fair value hierarchy. The valuation of alternative investment funds requires significant management judgment due to the absence of quoted market prices, inherent lack of liquidity, and the long-term nature of such assets. The fair value of alternative investment funds was determined based upon information provided monthly by each of the underlying alternative investment fund managers. Due to the inherent uncertainty as to valuations for alternative investment funds, the fair values determined by management may differ from the fair values that would have been used had a ready market for these investments existed, and the differences could be material.

The fair values of alternative investment funds have been estimated using the net asset values of the Company's ownership interest in the funds as a practical expedient. Such investments consist of the following at December 31, 2015 and 2014:

(In thousands)	**2015**	2014
Old Westbury private equity funds	**$3,056**	$3,811
Old Westbury real estate fund	**628**	718
	$3,684	$4,529

Old Westbury private equity funds and Old Westbury real estate fund are closed-end investments and are not subject to redemptions. Instead, distributions are expected to be received following the sale of the underlying assets of the partnerships over time.

At December 31, 2015, unfunded commitments in Old Westbury private equity funds and Old Westbury real estate fund amounted to $422,000 and $296,000, respectively. Additional information on the investment objectives and strategies follows.

Old Westbury private equity funds include investments in several limited liability companies that invest in private capital and venture capital-type investments. Old Westbury real estate fund is a limited liability company formed to invest in global commercial real estate and other private real assets, including, but not limited to, power and energy, oil and gas, and infrastructure through private equity funds and direct investments.

The Company's other financial instruments include cash and cash equivalents, loans, receivables, and deposits. The fair value of these other financial instruments has been determined to approximate their carrying amount since these instruments are short-term in nature and, to the extent they bear interest, are floating rate and are repriced to market interest rates on a quarterly or more frequent basis. The estimated fair value amounts have been determined by the Company's management, using available market information and appropriate valuation methodologies. The difference between estimated fair value and carrying amount was not material. However, considerable judgment is required in interpreting market data to develop estimates of fair value and, therefore, the estimates included above are not necessarily indicative of the amounts that the Company could realize in a current market exchange.

NOTE 19. CAPITAL REQUIREMENTS

The Company and its subsidiary banks are subject to the capital adequacy rules of U.S. and foreign regulators. As of December 31, 2015, management believes that the Company and its subsidiary banks meet all capital adequacy requirements to which they are subject. The primary regulators of the Company and its subsidiary banks in the U.S. categorized each respective institution as well capitalized under the regulatory framework for prompt corrective action. There have been no subsequent conditions or events since December 31, 2015 that would change the well-capitalized categorization.

Quantitative measures established by regulation to ensure capital adequacy require the Company and its subsidiary banks to maintain minimum amounts and ratios of Total, Common Equity Tier I, and Tier I Capital to risk-weighted assets, and Tier I Capital to average assets, as defined by regulation. Based upon the Capital structure of the Company and its subsidiary banks, Common Equity Tier I Capital equals Tier I Capital. In the event of future noncompliance, the regulators are empowered to initiate actions that, if undertaken, could have a direct material effect on the Company's financial statements. The actual measures (in thousands) for the Company and its subsidiary banks at December 31, 2015 and 2014 follow:

(In thousands, except percentages)	Total Capital Amount	Common Equity Tier 1 and Tier 1 Capital Amounts	Ratios: Total Capital to Risk-Weighted Assets	Ratios: Common Equity Tier I and Tier 1 Capital to Risk-Weighted Assets	Ratios: Tier 1 Capital to Average Assets
2015:					
Consolidated	**$263,676**	**$262,388**	**20.5%**	**20.4%**	**9.4%**
Bessemer Trust Company	**56,601**	**56,100**	**15.8%**	**15.7%**	**9.9%**
Bessemer Trust Company, N.A.	**129,725**	**129,725**	**23.3%**	**23.3%**	**6.6%**
2014:					
Consolidated	$250,430	$248,349	23.5%	23.3%	8.9%
Bessemer Trust Company	55,578	54,652	14.7%	14.4%	8.5%
Bessemer Trust Company, N.A.	124,563	124,563	24.2%	24.2%	6.4%

The following table presents the regulatory minimum and well-capitalized ratios at December 31, 2015 and 2014:

	Minimum Capital Ratios	Well-Capitalized Ratios
2015:		
Total Capital	**8%**	**10%**
Common Equity Tier 1 Capital	**4.5%**	**6.5%**
Tier 1 Capital	**6%**	**8%**
Tier 1 Capital to Average Assets	**4%**	**5%**
2014:		
Total Capital	8%	10%
Tier 1 Capital	4%	6%
Tier 1 Capital to Average Assets	4%	5%

NOTE 20. ACTIVITIES RESTRICTIONS UNDER THE VOLCKER RULE

In December 2013, U.S. banking and securities industry regulators issued final regulations to implement the Volcker Rule, effective April 1, 2014. The Volcker Rule was designed to substantially restrict banks from engaging in certain proprietary trading activities and owning or engaging in certain relationships with hedge funds and private equity funds. Banks had until July 21, 2015 to conform to the proprietary trading rules. However, with regard to relationships and investments with hedge funds and private equity funds formed prior to December 31, 2013, banks were granted an extension until July 21, 2017 to conform to the requirements of the Volcker Rule. The extension did not pertain to any investments made, or relationships entered into, with hedge funds and private equity funds during 2014 or later. Under the Volcker Rule, certain activities may be permitted to continue under new restrictive definitions, some of which will require increased and more specific documentation. As required by the regulations and to the extent determinable subject to pending regulatory interpretations, the Company has conducted a business assessment of its operations that are potentially subject to Volcker Rule restrictions, evaluated the impact of these restrictions on its operations, and formulated the necessary conformance plans with actions to be taken to be fully in compliance by the end of the conformance period. As regulators provide additional interpretations and guidance, the Company will periodically assess its policies and procedures regarding Volcker Rule compliance.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of The Bessemer Group, Incorporated:

We have audited the accompanying consolidated financial statements of The Bessemer Group, Incorporated and subsidiary companies (the "Company"), which comprise the consolidated statements of financial condition as of December 31, 2015 and 2014, and the related consolidated statements of comprehensive income, changes in shareholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Bessemer Group, Incorporated and subsidiary companies as of December 31, 2015 and 2014, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

March 24, 2016
New York, New York

FIVE-YEAR COMPARATIVE SUMMARY

RESULTS OF OPERATIONS *(In thousands, except per share data)*	**2015**	2014	2013	2012	2011
REVENUES					
Fees from client services	**$ 446,550**	$ 422,319	$ 379,069	$ 336,554	$ 345,076
Net interest income	**19,496**	18,646	17,919	19,173	19,194
Other income/(loss)	**6,552**	9,544	25,393	6,744	3,657
Total Revenues	**472,598**	450,509	422,381	362,471	367,927
EXPENSES					
Employee compensation and benefits	**256,553**	246,085	228,731	206,318	210,060
Other expenses	**132,523**	118,139	103,680	99,063	93,936
Total Expenses	**389,076**	364,224	332,411	305,381	303,996
INCOME					
Income before Provision for Income Taxes	**83,522**	86,285	89,970	57,090	63,931
Provision for Income Taxes	**8,411**	13,152	12,297	8,125	8,159
Net Income	**$ 75,111**	$ 73,133	$ 77,673	$ 48,965	$ 55,772
Basic Earnings per Share	**$ 29.12**	$ 27.85	$ 29.56	$ 18.54	$ 21.06
Dividends per Share	**$ 22.43**	$ 22.50	$ 22.69	$ 12.99	$ 13.98
FINANCIAL CONDITION AT DECEMBER 31					
Assets	**$3,505,698**	$3,293,803	$3,231,082	$3,482,847	$2,937,506
Liabilities	**3,225,573**	3,025,830	2,933,970	3,225,509	2,679,467
Shareholders' Equity	**$ 280,125**	$ 267,973	$ 297,112	$ 257,338	$ 258,039
Book Value per Share	**$ 109.40**	$ 102.22	$ 113.08	$ 97.94	$ 97.54

BOARD OF DIRECTORS, SENIOR OFFICERS, AND OFFICE LOCATIONS

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Photography, page 17: Todd France

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