BESSEMER
TRUST

Raising the Bar

BESSEMER TRUST
2014 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.

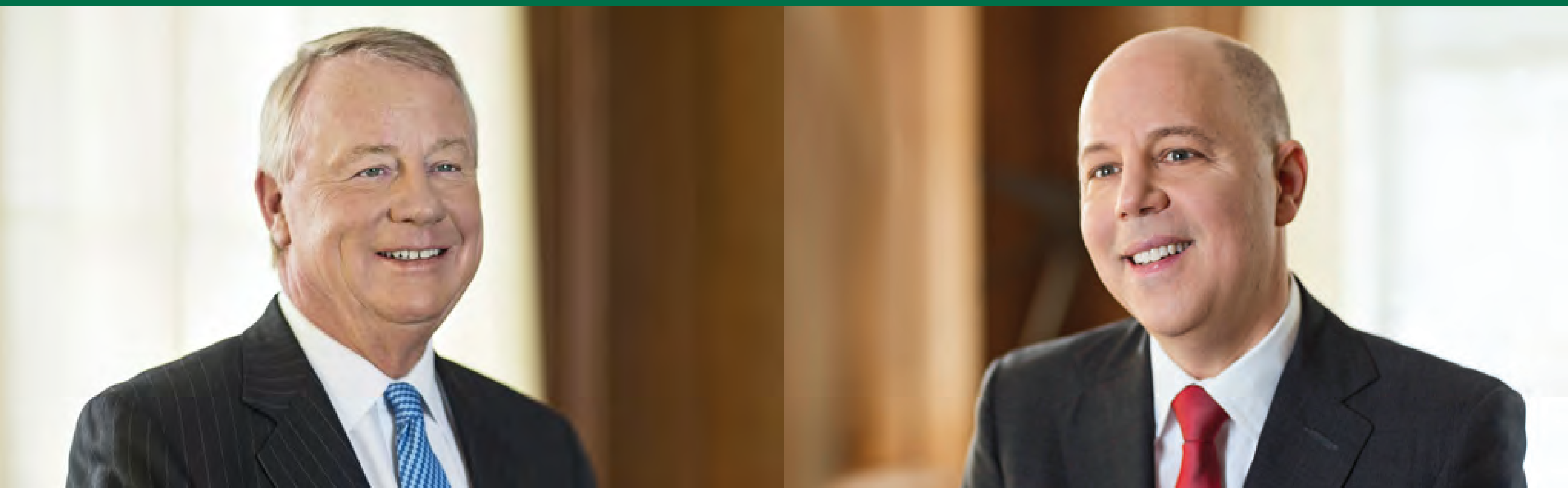
Pictured on the cover:

Devin Wagman
Client Advisor

Joan West
Senior Client Advisor

Providing exceptional client service is at the core of what we do. Our ability to succeed is driven by the meaningful interactions we share with our clients every day — interactions that inspire us to continuously improve and seek new ways to best meet their needs.

This unwavering commitment to service excellence has been our focus for more than 100 years, and it reflects our overarching mission: to provide peace of mind for generations to come.



Stuart S. Janney, III, Chairman

Marc D. Stern, Chief Executive Officer

To Our Clients, Shareholders, and Employees:

Our firm was built on the principle that giving clients the best advice and service requires understanding their circumstances and needs. Careful listening is at the heart of this commitment. By learning from our clients' perspectives and experience, we gain the insights that enable us to uniquely serve them day in and day out.

To provide the highest level of service, in 2014 we elevated our understanding of clients' priorities and expanded our capabilities to meet them. Central to this effort was a survey where we asked a cross section of our clients across every office of the firm for candid input on our strengths and areas for improvement. The insights we gained support our continued focus on raising the bar for our employees and for our company.

Our clients' feedback was especially positive regarding our emphasis on integrity and alignment of interest among clients, owners, and employees; our integrated expertise across asset allocation, trust services, estate planning, taxes, insurance, and philanthropy; and the delivery of superior client service by our client advisor teams.

Maintaining our client-centric culture requires investing in our people. In 2014, we recognized top talent across the firm, broadened our expertise by making new hires in key disciplines, and expanded our employee training programs.

Dan Murray (finance), Sal Siminerio (client advisory), and Jeff Winter (fiduciary tax) were promoted to managing director. Among the experienced professionals we recruited were Lucelly Dueñas as fiduciary counsel, Grant Gardner as head of estate administration, Frank Frecentese as director of hedge funds, Joe Tanious as investment strategist, Alfonso Baigorri as regional director

FEEDBACK FROM 2014 CLIENT SURVEY:

> "I was seeking an organization that could serve the growing needs of our family's next generation as they develop or inherit wealth. Bessemer has delivered."

in Miami, and Steve Kutz as regional director in the Pacific Northwest. Moreover, our emphasis on people development led us to successfully complete 13 training programs for employees across the firm in 2014, including the launch of our Bessemer Advisory College to reinforce our emphasis on giving advice to clients that is consistently the best in the business.

Expanding our geographical presence was another aspect of our focus on enhanced client service in 2014. We opened our new Houston office to be closer to our significant client base in the area. Jim Chandler brings 30 years of experience in managing client relationships to his role heading the office.

Our client survey also reinforced the importance of continuously improving our communication. Clients' suggestions emphasized ways to ease their access to information in electronic formats and to streamline our client-account reporting. We laid the groundwork in 2014 for improvements in these areas, and we expect to have more to report before long.

Feedback from the client survey reaffirmed that our investment management offering is of critical importance to clients. We heard confidence in our balance between seeking gains and protecting against downside risk, as well as interest in the continuous evolution of our platform in an ever-changing world.

In 2014, our Balanced Growth portfolio — a diversified mix of global equities, high-quality bonds, credit investments, commodities, and hedge funds — returned about 4.2%, 1.2 percentage points above its global benchmark. Proactive asset allocation decisions, along with strong security selection, helped returns, particularly in large-cap equities, while diversification across major global markets limited our gains in a year when the

15,000

MEETINGS WITH CLIENTS

98%

CLIENT ASSET RETENTION RATE

3:1

CLIENT-TO-EMPLOYEE RATIO

7th CONSECUTIVE YEAR OF POSITIVE ACCOUNT CONTRIBUTIONS FROM CLIENTS

$3B IN ASSETS UNDER SUPERVISION FROM NEW CLIENTS

$0 OUTSTANDING DEBT

U.S. performed far better than its counterparts overseas. Additional perspective on our investment platform appears on page 6.

The firm's financial position remained strong in 2014. Net income was $73.1 million, and income distributions to shareholders totaled $5.59 per share. The company continues to be well capitalized by regulatory standards, with total shareholders' equity of $268 million and no outstanding debt as of December 31. For more information on our financial results, please see page 17.

At Bessemer Trust, our overriding objective is to bring peace of mind to clients for generations. Critical to this mission is trust. To earn it every day, we need to be open to making needed changes, whether in staffing or systems, in investments or wealth planning. We will continue to bring a thirst for new insights and enhanced approaches. At the same time, we see great benefit to clients from remaining true to our core principles: our private ownership and independence; our singular focus on private wealth management; our alignment of interest among clients, owners, and employees; and our culture of service, not sales.

As we reflect on 2014, we thank the Bessemer Board of Directors for their ongoing guidance and support. Chris Angell, a director since 2001, retired from the board at year-end. We are grateful for his years of service.

With high expectations for 2015 and beyond, we wish to thank our clients not only for placing their trust in us, but also for their willingness to engage in fruitful dialogue so that we can better serve them — today, tomorrow, and for generations to come.

Stuart S. Janney, III
Chairman

Marc D. Stern
Chief Executive Officer

20 Years of Service

Stuart S. Janney, III, *Chairman*

This year marks the 20th anniversary of Stuart S. Janney, III's service as chairman of Bessemer Trust.

The great-grandson of Bessemer's founder, Henry Phipps, Mr. Janney grew up in Baltimore as the third of four children. Before joining Bessemer, he enjoyed a distinguished career in public policy, law, and investment management, eventually rising to become head of asset management for the Maryland-based investment bank Alex. Brown & Sons.

When his cousin, Ogden Mills Phipps, decided to step down as chairman in 1994, Mr. Janney was chosen as his successor. It was a critical juncture for the financial sector and Bessemer. Consolidation was the industry trend, as firms sought to become "financial supermarkets," offering services ranging from investment banking to mortgages. Bessemer, with roughly $10 billion under supervision, looked like an attractive acquisition target — an option Mr. Janney rejected.

The next 20 years brought recessions, the economic crisis, and the closure or merger of many wealth managers. However, Bessemer not only weathered the storm — it flourished under Mr. Janney's leadership. Assets under supervision grew tenfold, to more than $100 billion today, and the firm opened 11 new offices, extending its geographic reach to better serve clients.

Under Mr. Janney's guidance, Bessemer has thrived by staying true to its core principles, remaining privately owned while other multifamily offices have been acquired. During the financial crisis, when so many competitors experienced great losses and layoffs, Bessemer did not, thanks to its conservative financial position. "It was a challenging time for many," said Mr. Janney, "but our focus remained clear — to maintain stability without adversely affecting our clients or their experience with us. All of our discussions were about how to take care of clients, not ourselves."

This commitment is representative of the values that Mr. Janney, like his predecessors at Bessemer, has always lived and stood for throughout his career: Be genuine, act with integrity, and always put clients first — and the rest will take care of itself. Indeed, that spirit of client service has been the very cornerstone of Bessemer since its founding by Henry Phipps.

Looking ahead, Mr. Janney believes Bessemer's strong culture, coupled with its ability to evolve with the changing needs of its clients, will fuel the firm's future progress. We couldn't agree more. Stuart, we thank you for your dedicated service over 20 years, and we look forward to many more successful years under your leadership.

A GLOBAL PERSPECTIVE

Looking beyond a single geography to identify compelling opportunities and mitigate downside risk.

Pictured left to right:

Rebecca Patterson
Chief Investment Officer

Ed Aw
Head of Quantitative Strategies

At Bessemer Trust, we take a flexible yet highly disciplined approach to investment management. This enables us to make proactive decisions that take advantage of market trends and insights from our rigorous research process as we seek to achieve attractive returns for clients over the long term.

A cornerstone of our approach is diversification. Our multi-asset class, geographically diversified portfolios are carefully designed to participate in strong up markets, while offering protection in down markets. In 2014, we saw evidence yet again that leadership among individual countries and asset classes rotates from year to year, in this case, when U.S. large-cap stocks significantly

Investing in a diverse array of asset classes, sectors, and regions can provide higher, more consistent risk-adjusted returns over time, as compared to a U.S.-only concentration.

Pictured clockwise from left:

Greg Lester
Portfolio Manager

David Rossmiller
Head of Fixed Income

Meghan Shue
Investment Strategies Associate

John Hall
Head of Equities

outpaced the rest of the world. Our portfolios benefitted from our overweight exposure to U.S. equities, and at the same time, we maintained our diversified approach, finding compelling opportunities in areas such as credit and foreign exchange. Investing in a diverse array of asset classes, sectors, and regions can provide higher, more consistent risk-adjusted returns over time, as compared to a U.S.-only concentration. (See chart above.)

Going forward, we will continue to leverage our centralized decision-making process to ensure that all clients benefit from the best thinking of our seasoned portfolio management teams.

CONTINUOUS IMPROVEMENT

Demonstrating an ongoing investment in our greatest asset: our people.

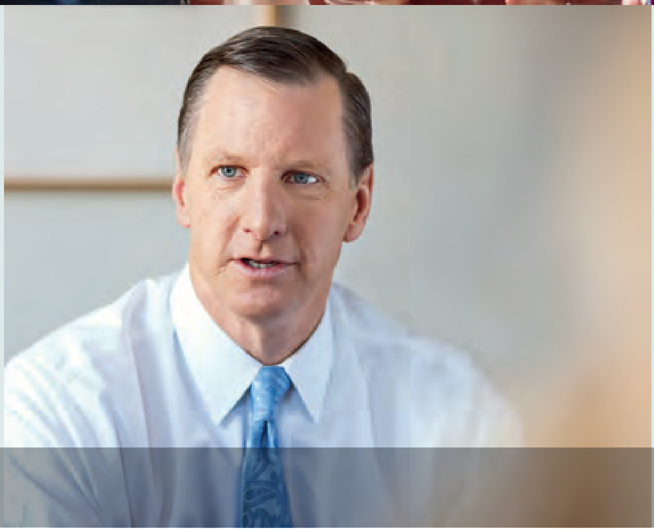
Pictured clockwise from top left:

Andrea Alvino
Senior Human Resources Advisor

George Wilcox
President

Brendan McGurk
Head of Learning and Development

Eric Gies
Region Head, Northeast



DEVELOPING LEADERS

In 2014, we enhanced our advisor training efforts, with specific focus on investment management and wealth planning.

Our greatest asset in all that we do is our people, which is why we continue to seek new ways to develop and support them. In 2014, we increased our training programs, expanded our geographical reach, recruited new hires with deep expertise, and promoted talented colleagues. These investments reinforce our client-centric culture and enable us to continue to raise the bar when serving the needs of our clients across multiple generations.

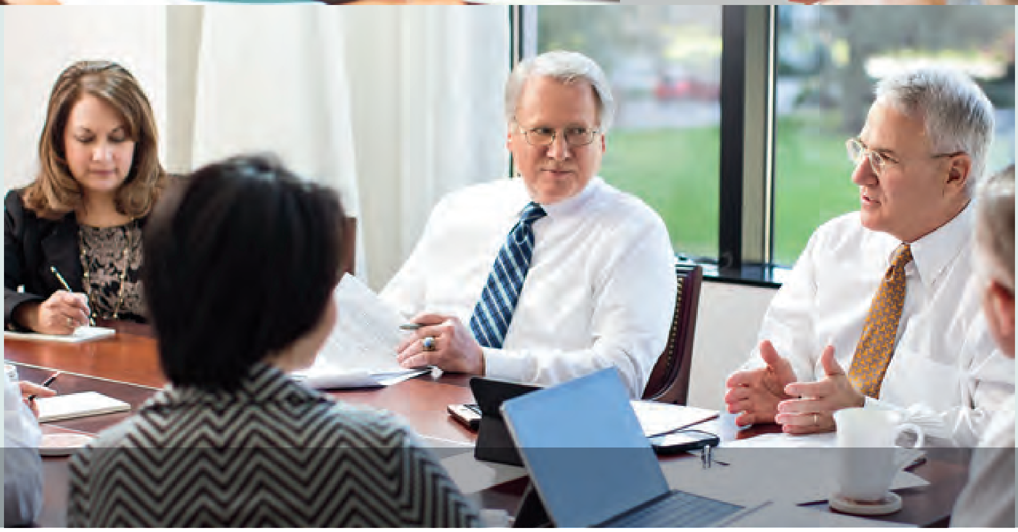
EXPANDING OUR REACH

Bessemer Trust opened its new office in Houston, Texas, in fall 2014 to better serve our significant client base in the area.

Pictured clockwise from top left:

David Bunce
Region Head, Central & Southern

Zach Gaitz
Associate Client Advisor



Lisa Lim
Administrative Assistant

Kevin Bourke
Wealth Advisor

Jim Chandler
Regional Director, Houston

Dave Parker
Head of Oil & Gas Advisory

Liz Horican
Office Manager

DEEPENING OUR EXPERTISE

RECRUITING EXPERIENCED PROFESSIONALS

Our new hires in 2014 bring a wealth of experience and a depth of knowledge on issues that directly impact our clients.

Pictured left to right:

Grant Gardner
Head of Estate Administration

Lucelly Dueñas
Fiduciary Counsel

Pictured opposite, clockwise from top left:

Alfonso Baigorri
Regional Director, Miami

Charlie York
Senior Client Advisor

Steve Kutz
Regional Director, Pacific Northwest

Frank Frecentese
Director of Hedge Funds

Joe Tanious
Investment Strategist

Matthew Toglia
Head of Compensation and Benefits

FEEDBACK FROM 2014 CLIENT SURVEY:

"The interaction with, and support from, our Bessemer team is beyond our expectations."

Recognition for Bessemer Trust

Over the years, our firm has received numerous awards and recognition for its deep financial acumen and sophisticated approach to private wealth management. Highlights from 2014 include:

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

Barron's PENTA
- Top 40 Wealth Management Firms

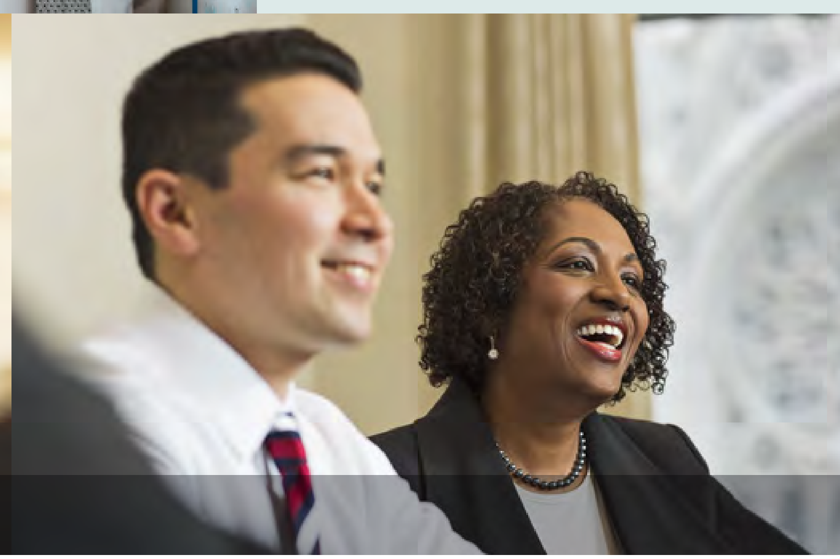
Bloomberg Markets
- Top 50 Family Offices

Family Wealth Report
- Top National Multifamily Office
- Top Fund Manager
- Outstanding Contribution to Wealth Management Thought Leadership

INVESTING IN TALENT

PROMOTING EXCELLENCE

Across the firm, our employees work tirelessly to provide the highest levels of service to our clients. We want to take this opportunity to thank all of our employees for their considerable efforts and ongoing contributions. Although we wish we could picture them all, here we highlight a few of the many who were promoted in 2014.



Pictured clockwise from top left:

Erica Bergner
Client Advisor

Amit Bortz
Associate Portfolio Manager

Yik Mui
Technical Support Supervisor

Kim Jemison
Office Manager

Wally Hachil
Real Estate Asset Manager

Taylor Heininger
Wealth Advisor

FEEDBACK FROM 2014 CLIENT SURVEY:

"We have been impressed by the quality, character, and ethical standards maintained by all the individuals we have had the privilege of working with at Bessemer over the years."

Pictured clockwise from top left:

Ellen Kou
Audit Manager

Susan Mata
Head of Alternative
Investor Relations

Matt Rizzi
Head of Fund Accounting

Sal Siminerio
Senior Client Advisor

Dan Murray
Treasurer

Jeff Winter
Director of Fiduciary
Tax Services

FEEDBACK FROM 2014 CLIENT SURVEY:

"Bessemer is large enough to provide knowledgeable investing and yet small enough to feel like family. We have enjoyed a great relationship for many years."

Pictured clockwise from left:

Scott Deke
Wealth Advisor

Wayne Sturges
Director of Bank Compliance

Hardik Patel
Accounting Manager

Ben Sloan
Wealth Advisor

Liz Kim
Client Advisor

GIVING BACK TO OUR COMMUNITIES

We asked our employees which non-profits they care deeply about, and they identified more than 500 organizations. Below is a representative sampling of 100 non-profits where our employees serve on the board of directors or give both time and money.

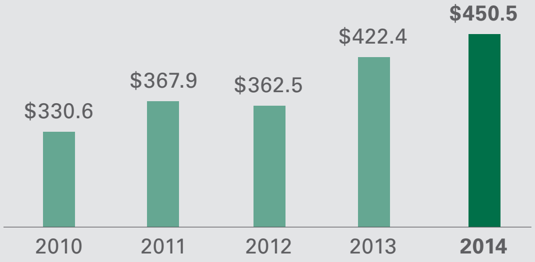
Adler Planetarium
Afghan Girls Financial Assistance Fund
ALS Association
America SCORES
American Cancer Society
American Heart Association
American Red Cross
American Society for the Prevention of Cruelty to Animals
Atlantic Highlands Arts Council
Atlantic Theater Company
Bard Prison Initiative
Baruch College
Big Brothers Big Sisters of NYC
Boca Raton Museum of Art
Boys & Girls Clubs of Metro Atlanta
Breastcancer.org
Brooklyn Kindergarten Society
Buddhist Tzu Chi Foundation
Catholic Charities USA
Citymeals-on-Wheels
CitySquash
Columbia University
Compassionate Friends
Cornell University
Cystic Fibrosis Foundation
Disabled American Veterans
Doctors Without Borders
East Harlem Tutorial Program
Embrace Kids Foundation
Exalt Youth
Fresh Air Fund
Friends for the Protection of Animals
Friends of Animals
GallopNYC
Garden of Dreams Foundation
Genesis Shelter
Gilda's Club
Girl Scouts of the USA
Harlem Center for Education
HealthCorps
Helping Hands
High Water Women
HomeStretch
Hot Bread Kitchen
Houston Food Bank
Humane Society
iMentor
International Rescue Committee
Jersey Cares
John Muir Health Foundation
Leukemia & Lymphoma Society
Lighthouse International
Little Kids Rock
Little Shelter Animal Rescue & Adoption Center
Lunch Break
Madison Square Boys & Girls Club
Make-A-Wish Foundation
March of Dimes
Massachusetts Society for the Prevention of Cruelty to Animals-Angell Animal Medical Center
Memorial Sloan Kettering Cancer Center
Miami Foundation
Mills-Peninsula Hospital Foundation
National Foundation for Cancer Research
National Multiple Sclerosis Society
National Ovarian Cancer Coalition
National Resources Defense Council
Naumburg Orchestral Concerts
Naval War College Foundation
New York Cares
No Kid Hungry
Person-to-Person
Rehabilitation Institute of Chicago
Relay for Life
Rescue Mission of Trenton
Ronald McDonald House Charities
Salvation Army
Seattle Art Museum
Shepherd Center Society
Smile Train
Smithsonian
Special Olympics
Sports Legacy Institute
St. Jude Children's Research Hospital
Stand Up To Cancer
Tuesday's Children
Tutoring Chicago
UJA-Federation of New York
United Nations Association of New York
UN Refugee Agency
United Way
University of Florida
University of Pennsylvania
Warren Village
Water.org
World Food Programme
Wounded Warrior Project
Yale University
Yerba Buena Center for the Arts
YMCA of San Diego County
Youth Communication

Financial Results

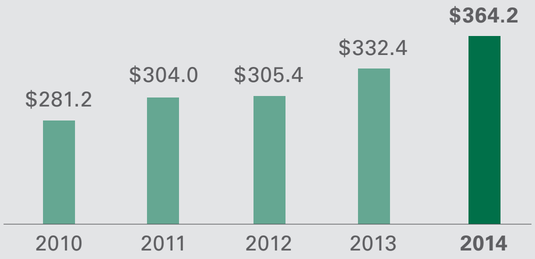
Financial Highlights

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.

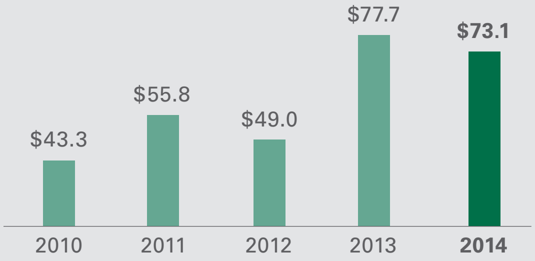
REVENUES
(In millions)



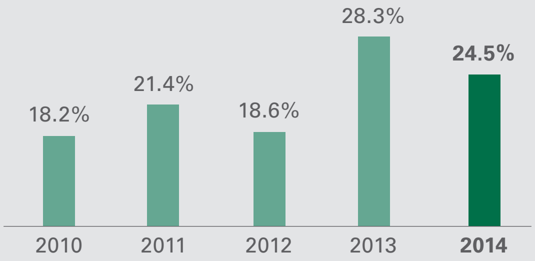
EXPENSES
(In millions)



NET INCOME
(In millions)



RETURN ON AVERAGE EQUITY



(In thousands, except per share data)	**2014**	2013
Revenues	**$450,509**	$422,381
Expenses	**364,224**	332,411
Income taxes	**13,152**	12,297
Net income	**73,133**	77,673
Average shareholders' equity	**298,624**	274,021
Return on average equity	**24.5%**	28.3%
Total distributions to shareholders	**59,080**	59,619
Basic earnings per common share	**27.85**	29.56
Book value per common share	**102.22**	113.08

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.

At year-end 2014, the company's financial condition remained strong. The balance sheet was characterized by high-quality assets, appropriate liquidity, and minimal sensitivity to interest-rate risk. Shareholders' equity stood at $268.0 million, with no outstanding debt.

Strong client retention and higher overall market levels in 2014 led to an 11.4% increase in fees from client services, which exceeded $400 million for the first time, while expenses rose 9.6%. Net income of $73.1 million fell slightly from the prior year's record levels, as other income declined due to lower hedge fund performance fees. Income distributions from earnings totaled $5.59 per share in 2014 and $5.76 in the prior year.

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 $422.3 million in 2014, up by $43.2 million. New clients added $4.0 billion in assets, generating $9.9 million in 2014 fees and estimated ongoing annual revenues of more than $21 million. Assets under supervision at December 31, 2014, totaled $103.4 billion, including $47.3 billion in custody and directed trusts.

NET INTEREST INCOME AND OTHER INCOME

Net interest income, comprised of the interest earned on the company's banking assets less interest expense on money market deposits, increased slightly to $18.6 million. The favorable impact of higher average loan balances was largely offset by lower yields on U.S. government agency securities and municipal bonds. Deposit balances at year-end 2014 totaled $2.7 billion, up modestly from the prior year-end.

Other income declined $14.0 million from 2013, due 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 2014 were $364.2 million, up by $31.8 million. Employee compensation and benefits of $246.1 million was up by $17.3 million, or 7.6%, because of new hires and higher salary and incentive compensation expenses. Occupancy and equipment costs rose $2.0 million due to increased office space and higher information technology expenses. An increase of $6.0 million in professional fees and assessments related to higher third-party consulting, legal, and hiring fees. Increased employee travel, information services and subscriptions, and corporate overhead led to a $6.5 million increase in other expenses.

NET INCOME

The company's net income totaled $73.1 million in 2014, compared to $77.7 million in 2013. The return on average equity in 2014 was 24.5%.

FINANCIAL CONDITION

The company ended the year with total corporate assets of $3.3 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 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 securities available for sale totaled $4.5 million at December 31, 2014.

Shareholders' equity decreased by $29.1 million to $268.0 million during 2014. As required by accounting rules, a non-cash charge to capital resulting from actuarial adjustments to the company's pension and post-retirement benefit liabilities of $41.5 million was recorded on December 31, 2014. 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 $59.1 million in 2014. Income distributions totaled $14.7 million ($5.59 per share) as compared to $15.1 million ($5.76 per share) for 2013. In addition, tax distributions totaling $44.4 million ($16.91 per share) were made in 2014.

Consolidated Statements of Financial Condition

As of December 31: *(In thousands)*	**2014**	2013
ASSETS		
Cash and cash equivalents	**$1,632,410**	$1,531,124
Securities available for sale	**738,245**	852,881
Loans, secured by marketable securities	**601,608**	528,350
Receivables	**70,320**	72,383
Premises and equipment	**48,986**	49,553
Goodwill	**76,307**	76,307
Other investments	**94,609**	95,682
Other assets	**31,318**	24,802
Total Assets	**$3,293,803**	$3,231,082
LIABILITIES		
Deposits	**$2,734,869**	$2,699,070
Accrued expenses and other liabilities	**290,961**	234,900
Total Liabilities	**3,025,830**	2,933,970
SHAREHOLDERS' EQUITY		
Common stock and surplus	**83,096**	83,106
Retained earnings	**328,702**	314,649
Accumulated other comprehensive loss, net of tax	**(56,462)**	(14,069)
Treasury stock, at cost	**(87,363)**	(86,574)
Total Shareholders' Equity	**267,973**	297,112
Total Liabilities and Shareholders' Equity	**$3,293,803**	$3,231,082

See Notes to Consolidated Financial Statements.

Consolidated Statements of Comprehensive Income

For the years ended December 31: *(In thousands, except per share data)*	**2014**	2013
REVENUES		
Fees from client services	**$422,319**	$379,069
Net interest income	**18,646**	17,919
Net realized gains on securities available for sale	**1,366**	3,166
Other income	**8,178**	22,227
Total Revenues	**450,509**	422,381
EXPENSES		
Employee compensation and benefits, including long-term incentives	**246,085**	228,731
Occupancy and equipment	**54,874**	52,903
Professional fees and assessments	**21,142**	15,170
Other expenses	**42,123**	35,607
Total Expenses	**364,224**	332,411
INCOME BEFORE PROVISION FOR INCOME TAXES	**86,285**	89,970
Provision for income taxes	**13,152**	12,297
NET INCOME	**$ 73,133**	$ 77,673
Earnings per share	**$ 27.85**	$ 29.56
NET INCOME	**$ 73,133**	$ 77,673
Other comprehensive (loss)/income, net of tax:		
Net change in net unrealized gains on securities available for sale	**(897)**	847
Pension and other post-retirement benefit adjustments	**(41,496)**	20,883
Other comprehensive (loss)/income, net of tax	**(42,393)**	21,730
COMPREHENSIVE INCOME	**$ 30,740**	$ 99,403

See Notes to Consolidated Financial Statements.

Consolidated Statements of Changes in Shareholders' Equity

For the years ended December 31: *(In thousands)*	**2014**	2013
COMMON STOCK AND SURPLUS		
Balance, beginning of year	**$ 83,106**	$ 83,116
Other, net	**(10)**	(10)
Balance, end of year	**83,096**	83,106
RETAINED EARNINGS		
Balance, beginning of year	**314,649**	296,595
Net income	**73,133**	77,673
Distributions to shareholders:		
For income taxes (per share 2014, $16.91; 2013, $16.93)	**(44,408)**	(44,484)
From earnings (per share 2014, $5.59; 2013, $5.76)	**(14,672)**	(15,135)
Balance, end of year	**328,702**	314,649
ACCUMULATED OTHER COMPREHENSIVE LOSS, NET OF TAX		
Balance, beginning of year	**(14,069)**	(35,799)
Other comprehensive (loss)/income	**(42,393)**	21,730
Balance, end of year	**(56,462)**	(14,069)
TREASURY STOCK, AT COST		
Balance, beginning of year	**(86,574)**	(86,574)
Class B non-voting common stock repurchase	**(789)**	—
Balance, end of year	**(87,363)**	(86,574)
Total Shareholders' Equity	**$267,973**	$297,112

See Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows

For the years ended December 31: *(In thousands)*	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	**$ 73,133**	$ 77,673
Adjustments to reconcile net income to net cash provided by operating activities:		
Deferred income taxes	**2,053**	(1,161)
Depreciation and amortization on premises and equipment	**11,987**	11,907
Net premium amortization of debt securities available for sale	**6,589**	8,602
Net realized gains on securities available for sale	**(1,366)**	(3,166)
Impairment charges on securities available for sale	**353**	198
Increase in receivables and other assets	**(1,407)**	(25,908)
Decrease/(increase) in other investments	**1,073**	(9,633)
Increase in accrued expenses and other liabilities	**9,576**	28,932
Net Cash Provided by Operating Activities	**101,991**	87,444
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of securities available for sale	**10,304**	23,985
Proceeds from maturities, calls, and mandatory redemptions of securities available for sale	**541,939**	605,283
Purchases of securities available for sale	**(444,191)**	(425,796)
Net increase in loans	**(73,258)**	(12,056)
Capitalized computer software	**(3,068)**	(3,162)
Purchases of premises and equipment	**(8,351)**	(4,058)
Net Cash Provided by Investing Activities	**23,375**	184,196
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase/(decrease) in deposits	**35,799**	(296,795)
Purchases of treasury stock	**(789)**	—
Income tax distributions to shareholders	**(44,408)**	(44,484)
Income distributions from earnings to shareholders	**(14,672)**	(15,135)
Other, net	**(10)**	(10)
Net Cash Used in Financing Activities	**(24,080)**	(356,424)
Net Increase/(Decrease) in Cash and Cash Equivalents	**101,286**	(84,784)
Cash and Cash Equivalents, beginning of year	**1,531,124**	1,615,908
Cash and Cash Equivalents, end of year	**$1,632,410**	$1,531,124
CASH PAYMENTS		
Interest	**$ 254**	$ 209
Income taxes	**12,785**	13,170

See Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements for the Years Ended December 31, 2014 and 2013

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 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 income. 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). Since all loans are fully secured, 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 and thereby requires 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 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 2,625,684 during 2014 and 2,627,494 during 2013.

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 April 1, 2015, 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 May 2014, the Financial Accounting Standards Board issued authoritative guidance that outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts 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)	**2014**	2013
Non-interest bearing — Cash and due from banks	**$ 5,610**	$ 3,295
Interest-bearing:		
Deposit with the Federal Reserve Bank of New York	**1,418,266**	1,241,556
Deposits with other banks	**13,174**	10,665
Short-term investments	**195,360**	275,608
	$1,632,410	$1,531,124

NOTE 4. SECURITIES AVAILABLE FOR SALE

The cost and estimated fair value of securities available for sale at December 31, 2014, and 2013, were as follows:

(In thousands)	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
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**	**4,766**	**143**	**29,900**
	$733,354	**$5,205**	**$ 314**	**$738,245**
2013:				
Debt obligations of:				
U.S. Treasury and Government Agencies	$714,664	$ 265	$ 95	$714,834
States and political subdivisions	108,274	828	105	108,997
Marketable equity securities	24,047	5,092	89	29,050
	$846,985	$6,185	$ 289	$852,881

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

(In thousands)	**2014**	2013
Gross realized gains from sales	**$1,610**	$ 3,266
Gross realized losses from sales	**(244)**	(100)
Net realized gains on securities available for sale	**$1,366**	$ 3,166

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

	2014		2013	
(In thousands)	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
U.S. Treasury and Government Agencies:				
Within one year	**$525,393**	**$525,408**	$517,625	$517,858
After one, but within five years	**82,851**	**82,823**	197,039	196,976
	$608,244	**$608,231**	$714,664	$714,834
States and political subdivisions:				
Within one year	**$ 41,320**	**$ 41,481**	$ 25,624	$ 25,788
After one, but within five years	**56,613**	**56,733**	80,750	81,309
Five to ten years	**—**	**—**	—	—
Over ten years	**1,900**	**1,900**	1,900	1,900
	$ 99,833	**$100,114**	$108,274	$108,997

There were no securities available for sale at December 31, 2014, and 2013, 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:

	2014		2013	
(In thousands)	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses
U.S. Treasury and Government Agencies	**$395,417**	**$ 105**	$147,489	$ 95
States and political subdivisions	**23,598**	**66**	13,212	105
Marketable equity securities	**4,870**	**143**	1,739	89

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 $353,000 and $198,000 related to marketable equity securities during 2014 and 2013, respectively, with an estimated fair value of $1,189,000 and $856,000, respectively.

NOTE 5. SEGREGATED ASSETS

Short-term investments and securities available for sale with an aggregate estimated fair value of $174,992,000 and $701,999,000, respectively, were segregated at December 31, 2014, as required by law for a portion of deposits of subsidiary banks or for other purposes. At December 31, 2013, the aggregate estimated fair value of such segregated assets amounted to $274,987,000 of short-term investments and $797,470,000 of securities available for sale.

NOTE 6. PREMISES AND EQUIPMENT

Premises and equipment consisted of the following at December 31:

(In thousands)	**2014**	2013
Land	**$ 1,487**	$ 1,487
Building	**6,066**	5,926
Leasehold improvements	**50,020**	46,280
Computer software	**83,466**	80,404
Computer hardware	**23,996**	21,255
Furniture, fixtures, and office equipment	**26,908**	25,171
	191,943	180,523
Less — Accumulated depreciation and amortization	**(142,957)**	(130,970)
	$ 48,986	$ 49,553

NOTE 7. DEPOSITS

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

(In thousands)	**2014**	2013
Demand deposits	**$ 182,873**	$ 112,559
Money market deposits	**2,551,996**	2,586,511
	$2,734,869	$2,699,070

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 2014 and 2013. The company pledged certain of its alternative investment funds with a fair value of $2,986,000 as of December 31, 2014, 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)	**2014**	2013
Interest income:		
Cash equivalents	**$ 2,498**	$ 1,575
Securities available for sale	**2,709**	4,059
Loans	**13,693**	12,492
	18,900	18,126
Interest expense on deposits	**254**	207
Net interest income	**$18,646**	$17,919

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 2014 and 2013. At December 31, 2014 and 2013, the notional principal amounts of swaps amounted to $5,000,000. The related estimated fair value of the swap contracts was approximately $39,000 and $51,000 as of December 31, 2014 and 2013, 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 from 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 $3,795,000 and $18,845,000, and carried interest of $472,000 and $1,188,000, during 2014 and 2013, respectively.

NOTE 12. RELATED-PARTY TRANSACTIONS AND COMMITMENTS

Revenues and expenses for the years ended December 31, 2014 and 2013, 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)	**2014**	2013
Revenues — Fees received from BSLLC for investment advisory and custody services	**$ 3,283**	$ 2,452
Expenses reimbursed by BSLLC:		
Occupancy costs	**$ 869**	$ 792
Allocated direct costs for various services provided, reported by the company as a reduction of other expenses	**1,429**	1,356
Net expense amount reimbursed by BSLLC	**$ 2,298**	$ 2,148

In addition to the above, the company, as manager of certain venture capital funds, received management fees of which BSLLC's share was $672,000 and $840,000 during 2014 and 2013, 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 $322,349,000 and $511,153,000 at December 31, 2014 and 2013, respectively. Also included in Receivables are advances to certain of the company's trust departments of $4,565,000 and $4,318,000 at December 31, 2014 and 2013, 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 $24,359,000 and $24,090,000 in 2014 and 2013, respectively. The approximate minimum total annual rentals (in thousands) under these leases (exclusive of a reduction for subleases aggregating $6,449,000) at December 31, 2014, were as follows:

2015	$ 24,169
2016	24,501
2017	25,227
2018	24,196
2019	23,829
Thereafter	75,587
	$197,509

The company is contingently liable for outstanding standby letters of credit of $14,227,000 at December 31, 2014, 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)	**2014**	2013
Current:		
Federal	**$ —**	$ —
State and local	**10,945**	13,361
Foreign	**154**	97
	11,099	13,458
Deferred:		
Federal	**—**	—
State and local	**2,051**	(1,170)
Foreign	**2**	9
	2,053	(1,161)
	$13,152	$12,297

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 elements of the net deferred tax assets recorded in Other Assets at December 31, 2014, and 2013, were as follows:

(In thousands)	**2014**	2013
Deferred tax assets	**$24,290**	$27,544
Deferred tax liabilities	**(11,214)**	(17,510)
Net deferred tax assets	**$13,076**	$10,034

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, 2014. 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. 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, 2014, the company's federal, New York State, and City income tax returns that remain subject to examination under the statute of limitations are from 2011 forward. The tax years that remain subject to examination by other major tax jurisdictions, including New Jersey, under the statute of limitations are from 2010 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 $31,157,000 and $30,591,000 in 2014 and 2013, 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 Income 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 (dollars in thousands):

	Pension Benefits		Other Benefits	
	2014	2013	**2014**	2013
Benefit expense during the year	**$ 626**	$ 1,726	**$ 509**	$ 674
Employer contribution during the year	**4,782**	3,806	**645**	614
Benefits paid during the year	**5,251**	4,900	**746**	705
Projected benefit obligation at December 31,	**$172,669**	$134,744	**$ 29,126**	$ 21,278
Fair value of qualified plan assets at December 31,	**94,011**	90,429	**—**	—
Funded status at December 31,	**$ (78,658)**	$ (44,315)	**$(29,126)**	$(21,278)

The projected benefit obligation for pension benefits includes both qualified plan and non-qualified plan obligations. The increase in the projected benefit obligation in 2014 was primarily due to lower discount rates and an update of applicable actuarial mortality tables, which reflected an increase in life expectancies. 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 $12,781,000 and $13,333,000 at December 31, 2014 and 2013, respectively.

	Pension Benefits		Other Benefits	
	2014	2013	**2014**	2013
Accumulated benefit obligation at December 31,	**$172,669**	$134,744		
Amounts recognized in the statement of financial condition at December 31:				
Assets	**$ —**	$ —	**$ —**	$ —
Liabilities	**(78,658)**	(44,315)	**(29,126)**	(21,278)
Net amounts recognized	**$ (78,658)**	$ (44,315)	**$(29,126)**	$(21,278)
Weighted-average assumptions used to determine benefit obligations at December 31:				
Discount rate — qualified plan	**4.10%**	5.00%	**—**	—
Discount rate — non-qualified plan	**3.80%**	4.50%	**4.10%**	5.00%
Rate of compensation increase	**—**	—	**—**	—
Weighted-average assumptions used to determine net periodic benefit cost during the year:				
Discount rate — qualified plan	**5.00%**	5.00%	**—**	—
Discount rate — non-qualified plan	**4.50%**	3.75%	**5.00%**	4.25%
Expected long-term return on plan assets	**7.00%**	7.00%	**—**	—
Rate of compensation increase	**—**	—	**—**	—

The assumed healthcare cost trend rate is 8.0% pre-Medicare and 6.25% post-Medicare in 2014 and estimated at 8.0% in 2015, 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 7.0% in 2015.

Benefit expense for 2015 is expected to include the following estimated amounts (in thousands) related to the amortization of net actuarial loss and prior service cost (credit) from Accumulated Other Comprehensive Loss:

	Pension Benefits	Other Benefits
Net actuarial loss	$1,341	$ 868
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	**2014**	2013
Equity securities	40–75%	**60%**	55%
Fixed income securities	20–45%	**25%**	31%
Alternative assets	0–15%	**11%**	11%
Other assets	0–15%	**4%**	3%

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, 2014, and 2013, 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
2014:				
Equity securities	**$42,106**	**$14,417**	**$ —**	**$56,523**
Fixed income securities	**7,548**	**16,031**	**—**	**23,579**
Alternative assets	**—**	**—**	**9,960**	**9,960**
Other assets	**3,886**	**—**	**63**	**3,949**
	$53,540	**$30,448**	**$10,023**	**$94,011**
2013:				
Equity securities	$38,910	$10,518	$ —	$49,428
Fixed income securities	10,452	17,188	—	27,640
Alternative assets	—	—	10,371	10,371
Other assets	2,990	—	—	2,990
	$52,352	$27,706	$10,371	$90,429

The following table provides a summary of the changes in fair value of Level 3 financial instruments (alternative assets) for 2014 and 2013 as well as the portion of actual return on plan assets attributable to those financial instruments still held at December 31, 2014, and 2013 (in thousands):

	2014	2013
Balance, beginning of year	**$10,371**	$ 9,317
Purchases	**—**	200
Sales	**(800)**	(715)
Actual return on plan assets	**389**	1,569
Balance, end of year	**$ 9,960**	$10,371
Actual return on plan assets related to financial instruments still held at December 31,	**$ (411)**	$ 854

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 2015, the company expects to contribute $4,052,000 and $891,000 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
2015	$ 6,098	$ 891
2016	6,049	900
2017	6,442	933
2018	6,659	1,006
2019	7,130	1,038
Years 2020–2024	40,145	6,437

NOTE 15. LONG-TERM INCENTIVE PLANS

Under the Earnings-Based Plan (“EBP”), designated senior officers of the company will earn 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 $9,632,000 and $10,325,000 in 2014 and 2013, respectively, and is included in Employee Compensation and Benefits.

NOTE 16. SHAREHOLDERS' EQUITY

Common Stock and Surplus consisted of the following at December 31:

(In thousands)	**2014**	2013
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 in 2014 and issued 1,902,682 shares and outstanding 1,892,407 shares in 2013	**1,903**	1,903
Class B non-voting — authorized 1,500,000 shares, issued 1,159,609 shares and outstanding 252,152 shares in 2014 and issued 1,159,609 shares and outstanding 258,018 shares in 2013	**1,160**	1,160
	3,540	3,540
Surplus	**79,556**	79,566
	$83,096	$83,106

In accordance with 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 2014 and 2013, 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 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 $93,264,000 of the company's consolidated Retained Earnings of $328,702,000 at December 31, 2014 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
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 income	**$(47,488)**	**$ 5,095**	**$(42,393)**
2013:			
Net unrealized gains on securities available for sale:			
Change in net unrealized gains	$ 3,880	$ (306)	$ 3,574
Less — net realized gains included in net income	(3,166)	439	(2,727)
Pension and other post-retirement benefit adjustments:			
Change in net actuarial loss	25,309	(3,080)	22,229
Change in prior service credit	(1,590)	244	(1,346)
Other comprehensive loss	$24,433	$ (2,703)	$ 21,730

The components of Accumulated Other Comprehensive Loss, Net of Taxes, at December 31 were as follows:

(In thousands)	**2014**	2013
Net unrealized gains on securities available for sale	**$ 4,514**	$ 5,411
Pension and other post-retirement benefit adjustments:		
Net actuarial loss	**(77,840)**	(32,947)
Tax benefit on net actuarial loss	**8,512**	3,474
Prior service credit	**9,537**	11,126
Tax provision on prior service credit	**(1,185)**	(1,133)
	$(56,462)	$(14,069)

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 as of December 31, 2014, and 2013, 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
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:				
Alternative investment funds	**—**	**—**	**4,529**	**4,529**
Derivative assets	**—**	**39**	**—**	**39**
	—	**39**	**4,529**	**4,568**
Total assets at fair value	**$127,110**	**$705,783**	**$ 4,529**	**$837,422**
2013:				
Securities available for sale:				
Debt obligations of:				
U.S. Treasury and Government Agencies	$102,685	$612,149	$ —	$714,834
States and political subdivisions	—	108,997	—	108,997
Marketable equity securities	29,050	—	—	29,050
	131,735	721,146	—	852,881
Other investments:				
Debt obligations of:				
U.S. Treasury and Government Agencies	3,968	6,910	—	10,878
Corporations and other entities	—	3,679	—	3,679
Marketable equity securities	70,642	—	—	70,642
Alternative investment funds	—	—	10,483	10,483
	74,610	10,589	10,483	95,682
Other assets:				
Alternative investment funds	—	—	6,959	6,959
Derivative assets	—	51	—	51
Total assets at fair value	$206,345	$731,786	$17,442	$955,573

Other investments represent corporate assets that are available to fund future obligations under certain of the company's retirement and incentive compensation plans.

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). Also classified within Level 2 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 2014 or 2013.

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 Level 3 are alternative investment funds. 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 included within Other Investments and Other Assets 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, 2014, and 2013:

(In thousands)	**2014**	2013
Fifth Avenue Global Equity Fund	**$ —**	$ 5,688
Fifth Avenue Special Situations Fund	**—**	4,067
Fifth Avenue Value Creation Fund	**—**	2,791
Old Westbury private equity funds	**3,811**	4,273
Old Westbury real estate fund	**718**	623
	$4,529	$17,442

The company redeemed its interests from Fifth Avenue Fund investments as of December 31, 2014, as part of a plan to conform with Volcker Rule restrictions on such hedge fund ownership interests (refer to Note 20). An associated receivable for the redemption proceeds amounts to $11,794,000. Redemption restrictions for these alternative investment funds vary based upon when contributions were made (prior to April 1, 2013, or after March 31, 2013). The terms (pre-change/post-change, if applicable) follow:

	Post-Investment Lock-up Period	Redemption Frequency (if currently eligible)	Redemption Notice Period
Fifth Avenue Global Equity Fund	12 months	Semi-annually/Quarterly	60 days/65 days
Fifth Avenue Special Situations Fund	12 months/24 months	Semi-annually/Semi-annually	60 days/65 days
Fifth Avenue Value Creation Fund	37 months/24 months	Annually	120 days

Old Westbury private equity funds and Old Westbury real estate funds 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.

The company has no unfunded commitments outstanding in any of the Fifth Avenue Fund alternative investment funds above. At December 31, 2014, unfunded commitments in Old Westbury private equity funds and Old Westbury real estate funds amounted to $503,000 and $299,000, respectively. Additional information on the investment objectives and strategies follows.

Fifth Avenue Global Equity Fund is a diversified global equity long/short hedge fund-of-funds seeking to generate equity-like returns with less volatility than the broad equity indices over a market cycle. Fifth Avenue Special Situations Fund is a global hedge fund-of-funds structured to achieve long-term moderate rates of return over a market cycle while also focusing on preservation of capital. This fund seeks to achieve this by investing in a broad range of absolute return and relative value strategies, including debt and equity. Fifth Avenue Value Creation Fund is a global, long-biased, hedge fund-of-funds dedicated to a corporate governance strategy. This is a long-term oriented investment strategy seeking superior absolute returns with potential for equity-like volatility over a market cycle. Old Westbury private equity funds include investment in several investment 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 following table provides a summary of the changes in fair value of Level 3 financial instruments for 2014 and 2013 as well as the portion of gains or losses included in income attributable to unrealized gains or losses to those financial instruments still held at December 31, 2014, and 2013:

	2014	2013
(In thousands)	Alternative Investment Funds	Alternative Investment Funds
Balance, beginning of year	**$17,442**	$17,076
Purchases	**502**	860
Sales	**(14,992)**	(4,175)
Total realized/unrealized gains/(losses)	**1,577**	3,681
Transfers in and/or out of Level 3	**—**	—
Balance, end of year	**$ 4,529**	$17,442
Net changes in unrealized gains included in earnings related to financial instruments still held at December 31,	**$ (3,826)**	$ 1,189

Realized/unrealized gains/(losses) in the above table are reported in Other Income.

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, 2014, 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, 2014, 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 and Tier I capital to risk-weighted assets and Tier I capital to average assets, as defined by regulation. 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, 2014, and 2013, and the regulatory minimum ratios follow:

			Ratios		
(In thousands, except percentages)	Total Capital Amount	Tier 1 Capital Amount	Total Capital to Risk-Weighted Assets	Tier 1 Capital to Risk-Weighted Assets	Tier 1 Capital to Average Assets
Regulatory Minimum Ratios:					
For Capital Adequacy Purposes			8%	4%	4%
To Be Well Capitalized			10%	6%	5%
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%**
2013:					
Consolidated	$243,143	$240,892	25.0%	24.8%	8.9%
Bessemer Trust Company	56,158	55,325	16.8%	16.6%	7.5%
Bessemer Trust Company, N.A.	131,143	131,143	26.4%	26.4%	7.5%

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 have until July 21, 2015, to bring all of their activities and investments in conformance with the Volcker Rule, subject to possible extensions. 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, the company is conducting a business assessment of its operations that are potentially subject to Volcker Rule restrictions, evaluating the impact of these restrictions on its operations and formulating the necessary conformance plans with actions to be taken to be fully in compliance by the end of the conformance period.

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, 2014 and 2013, 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, 2014 and 2013, 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

April 1, 2015
New York, New York

Five-Year Comparative Summary

RESULTS OF OPERATIONS *(In thousands, except per share data)*	**2014**	2013	2012	2011	2010
REVENUES					
Fees from client services	**$ 422,319**	$ 379,069	$ 336,554	$ 345,076	$ 300,759
Net interest income	**18,646**	17,919	19,173	19,194	16,564
Other income/(loss)	**9,544**	25,393	6,744	3,657	13,313
Total Revenues	**450,509**	422,381	362,471	367,927	330,636
EXPENSES					
Employee compensation and benefits	**246,085**	228,731	206,318	210,060	192,131
Other expenses	**118,139**	103,680	99,063	93,936	89,070
Total Expenses	**364,224**	332,411	305,381	303,996	281,201
INCOME					
Income before Provision for Income Taxes	**86,285**	89,970	57,090	63,931	49,435
Provision for Income Taxes	**13,152**	12,297	8,125	8,159	6,150
Net Income	**$ 73,133**	$ 77,673	$ 48,965	$ 55,772	$ 43,285
Basic Earnings per Share	**$ 27.85**	$ 29.56	$ 18.54	$ 21.06	$ 16.21
Dividends per Share	**$ 22.50**	$ 22.69	$ 12.99	$ 13.98	$ 10.74
FINANCIAL CONDITION AT DECEMBER 31					
Assets	**$3,293,803**	$3,231,082	$3,482,847	$2,937,506	$2,183,335
Liabilities	**3,025,830**	2,933,970	3,225,509	2,679,467	1,932,547
Shareholders' Equity	**$ 267,973**	$ 297,112	$ 257,338	$ 258,039	$ 250,788
Book Value per Share	**$ 102.22**	$ 113.08	$ 97.94	$ 97.54	$ 94.66

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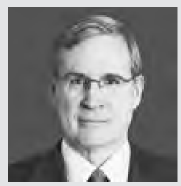

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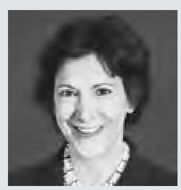

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