

SEI INVESTMENTS CO  
Form 10-K  
February 22, 2016

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-K  
(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2015

OR  
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 0-10200  
SEI INVESTMENTS COMPANY  
(Exact name of registrant as specified in its charter)

Pennsylvania 23-1707341  
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

1 Freedom Valley Drive, Oaks, Pennsylvania 19456-1100  
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code 610-676-1000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, par value \$.01 per share	The NASDAQ Stock Market LLC (The NASDAQ Global Select Market®)

Securities registered pursuant to Section 12(g) of the Act:

None

(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

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Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. "

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer   
(Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No

The aggregate market value of the voting common stock held by non-affiliates of the registrant was approximately \$6.4 billion based on the closing price of \$49.03 as reported by NASDAQ on June 30, 2015 (the last business day of the registrant's most recently completed second fiscal quarter). For purposes of making this calculation only, the registrant has defined affiliates as including all executive officers, directors and beneficial owners of more than ten percent of the common stock of the registrant.

The number of shares outstanding of the registrant's common stock, as of the close of business on January 29, 2016:

Common Stock, \$.01 par value	163,649,718
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**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the following documents are incorporated by reference herein:

1. The definitive proxy statement relating to the registrant's 2016 Annual Meeting of Shareholders, to be filed within 120 days after the end of the fiscal year covered by this annual report, is incorporated by reference in Part III hereof.

SEI Investments Company  
 Fiscal Year Ended December 31, 2015  
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## PART I

### Forward Looking Statements

This Annual Report on Form 10-K contains certain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements involve certain known and unknown risks, uncertainties and other factors, many of which are beyond our control, and are not limited to those discussed in Item 1A, “Risk Factors.” All statements that do not relate to historical or current facts are forward-looking statements. These statements may include words such as “anticipate,” “estimate,” “expect,” “project,” “intend,” “plan,” “believe,” and other words and terms of similar meaning in connection with any discussion of future operating or financial performance. In particular, these include statements relating to present or anticipated products and markets, future revenues, capital expenditures, expansion plans, future financing and liquidity, personnel, and other statements regarding matters that are not historical facts or statements of current condition.

Any or all forward-looking statements contained within this Annual Report on Form 10-K may turn out to be wrong. They can be affected by inaccurate assumptions we might make, or by known or unknown risks and uncertainties. Many factors mentioned in the discussion below will be important in determining future results. Consequently, we cannot guarantee any forward-looking statements. Actual future results may vary materially.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. You are advised, however, to consult any further disclosures we make on related subjects in our filings with the U.S. Securities and Exchange Commission (SEC).

### Item 1. Business.

#### Overview

SEI (NASDAQ: SEIC) is a leading global provider of investment processing, investment management and investment operations solutions. We help corporations, financial institutions, financial advisors, institutional investors and ultra-high-net-worth families create and manage wealth by providing comprehensive, innovative, investment and investment-business solutions. As of December 31, 2015, through its subsidiaries and partnerships in which the company has a significant interest, SEI manages or administers \$670.3 billion in mutual fund and pooled or separately managed assets, including \$262.5 billion in assets under management and \$407.8 billion in client assets under administration. Our affiliate, LSV Asset Management (LSV), manages \$78.3 billion of assets which are included as assets under management.

Our investment management business solutions include:

- Investment processing outsourcing solutions for providers of institutional and private-client wealth management services, including banks, trust companies, independent wealth advisers and other financial services firms;
- Investment management solutions for institutional investors, including retirement plan sponsors, not-for-profit organizations and affluent individual investors; and
- Investment operations outsourcing solutions for investment management firms, banks and investment companies that sponsor and distribute mutual funds, hedge funds and alternative investments.

#### General Development of the Business

For over 45 years, SEI has been a leading provider of wealth management business solutions for the financial services industry.

We began doing business in 1968 by providing computer-based training simulations for bank loan officers. We developed an investment accounting system for bank trust departments in 1972 and became a leading provider of investment-processing outsourcing services to banks and trust institutions in the United States. Later, we broadened these outsourcing services and began offering bank clients a family of mutual funds, as well as investment-operations outsourcing services. We became a public company in 1981.

We began to adapt these solutions, and develop new investment management solutions, for selected global markets in the 1990s, including: investment advisors, retirement plan sponsors and institutional investors, asset management distribution firms, investment managers and affluent individual investors. Today, we serve approximately 8,200 clients in the United States, Canada, the United Kingdom, continental Europe, South Africa and East Asia.

In each of these markets, we have combined our core competencies - investment processing, investment management and investment operations - to deliver broader and more strategic solutions for clients and markets. Today, we offer a

global wealth platform and investment services for private banks and wealth services firms; a complete wealth platform for operating an investment advisory business; a comprehensive fiduciary management solution for retirement plan sponsors and institutional investors; a total operational outsourcing solution for investment managers and a complete life and wealth solution for ultra-high-net-worth families.

## Strategy

We seek to achieve growth in earnings and shareholder value by strengthening our position as a provider of global investment management solutions. To achieve this objective, we have implemented these strategies:

Create broader solutions for wealth service firms. Banks, investment managers and financial advisors seek to enter new markets, expand their service offerings, provide a differentiated experience to their clients, improve efficiencies, reduce risks and better manage their businesses. We offer business solutions integrating technology, operating processes and financial products designed to help these institutions better serve their clients and provide opportunities to improve their business success.

Help institutional investors manage retirement plans and operating capital. Retirement plan sponsors, not-for-profit organizations and other institutional investors strive to meet their fiduciary obligations and financial objectives while reducing business risk. We deliver customized investment management solutions, as part of a complete solution offering, that enable investors to make better decisions about their investments and to manage their assets more effectively.

Help affluent individual investors manage their life and wealth goals. These investors demand a holistic wealth management experience that focuses on their life goals and provides them with an integrated array of financial services that includes substantially more than traditional wealth management offerings. We help these investors identify their goals and offer comprehensive life and wealth advisory services including life planning, investments and other financial services.

Expand globally. Global markets are large and present significant opportunities for growth. We have evolved U.S. business models for the global wealth management marketplace, focusing on the needs of institutional investors, private banks, independent wealth advisers, investment managers, investment advisors and affluent individual investors.

## Fundamental Principles

We are guided by these fundamental principles in managing the business and adopting these growth strategies:

• Achieve growth in revenue and earnings. We seek to grow the business by providing additional services to clients, adding new clients, introducing new products and adapting products for new markets.

• Forge long-term client relationships. We strive to achieve high levels of customer satisfaction and to forge close and long lasting client relationships. We believe these relationships enable us to market additional services and acquire knowledge and insights that fuel the product development process.

• Invest in product development. We continually enhance products and services to keep pace with industry developments, regulatory requirements and the emerging needs of markets and clients. We believe ongoing investments in research and development give us a sustainable, competitive advantage in our markets.

• Maintain financial strength. We adopt business models that generate recurring revenues and positive cash flows. Predictable cash flows serve as a source of funds for continuing operations, investments in new products, common stock repurchases and dividend payments.

• Leverage investments across the business. We create scalable, enterprise-wide solutions designed to serve the needs of multiple markets, potentially offering operating efficiencies that can benefit corporate profitability.

• Create value for shareholders. The objective of achieving long-term sustainable growth in revenues and earnings strongly influences the management of the business. This philosophy guides corporate management practices, strategic planning activities and employee compensation practices.

## Business Solutions

### Investment Processing

Investment processing solutions consist of application and business process outsourcing services, professional services and transaction-based services. We offer these services to providers of institutional and private-client wealth management services, including banks, trust companies, independent wealth advisers and other financial services firms. We also deliver these solutions, combined with our investment management programs, to investment advisors and other financial services firms that provide wealth management services to their advisory clients.

Application services are delivered through two proprietary software applications: TRUST 3000® and the SEI Wealth Platform<sup>SM</sup> (the SEI Wealth Platform or the Platform). We own, maintain and operate these applications and

associated information processing infrastructure and facilities, and are responsible for customer support. We design and develop enhancements to these proprietary applications. Through our wholly-owned subsidiaries, we also provide business-process



outsourcing services including custodial and sub-custodial services, and back-office accounting services integrated with these software applications.

The TRUST 3000 product is a comprehensive trust and investment accounting system that provides securities processing and investment accounting for all types of domestic and global securities, and support for multiple account types, including personal trust, corporate trust, institutional trust and non-trust investment accounts.

The SEI Wealth Platform provides a global, unified and scalable platform for operating a wealth management business. This comprehensive solution includes investment processing and infrastructure services, and advanced capabilities to support wealth advisory, asset management, and wealth administration functions. The Platform provides global wealth management capabilities including a 24/7 operating model, global securities processing, and multi-currency accounting and reporting. Built around a client-centric relationship model, the Platform has an open architecture and supports workflow management and straight-through processing. We began delivering the SEI Wealth Platform to private banks and independent wealth advisers in the United Kingdom in 2007 and to banks in the United States in 2012. We have also implemented select groups of existing investment advisor clients in the United States.

Investment processing revenues are earned as monthly fees for contracted services including software licenses, information processing and business-process outsourcing. Revenues are primarily earned based upon the type and number of investor accounts serviced or as a percentage of the market value of the clients' assets processed. These revenues are recognized in Information processing and software servicing fees on the accompanying Consolidated Statements of Operations.

Professional services revenues are earned from contracted, project-oriented services, including client implementations, and are recognized in Information processing and software servicing fees on the accompanying Consolidated Statements of Operations.

We also offer transaction execution services through our proprietary software applications. Fees are earned primarily from commissions earned on securities trades executed on behalf of clients. These revenues are recognized as Transaction-based and trade execution fees on the accompanying Consolidated Statements of Operations.

#### Investment Management Programs

Investment management programs consist of money market, fixed-income and equity mutual funds, collective investment products, alternative investment portfolios and separately managed accounts. Through our wholly owned subsidiaries, we serve as sponsor, administrator, transfer agent, investment advisor, distributor and shareholder servicer for many of these products. We distribute these programs through investment advisory firms, including investment advisors and banks, and directly to institutional and individual investors.

These investment products are used to formulate an investment strategy tailored to meet the needs of different investors, taking into consideration their objectives and risk tolerances. Our clients or our client's clients are the investors in these products. Investors typically invest in a globally diversified portfolio that consists of multiple asset classes and investment styles.

We have expanded these investment management programs to include other consultative, operational and technology components, and have created comprehensive solutions tailored to the needs of a specific market. These components may include investment strategies, consulting services, administrative and processing services and technology tools. As of December 31, 2015, SEI managed \$184.1 billion in assets including: \$137.4 billion invested in fixed-income and equity funds and separately managed account programs; \$32.2 billion invested in collective trust fund programs and \$14.5 billion invested in liquidity or money market funds. An additional \$78.3 billion in assets is managed by our unconsolidated affiliate LSV, a registered investment advisor that specializes in a value equity management style for their clients.

Revenues from investment management programs are primarily earned as a percentage of net assets under management. These revenues are recognized in Asset management, administration and distribution fees on the accompanying Consolidated Statements of Operations. Our interest in the earnings of LSV is recognized in Equity in earnings of unconsolidated affiliates on the accompanying Consolidated Statements of Operations.

#### Investment Operations

Investment operations outsourcing solutions consist of accounting and administration services, and distribution support services. We deliver these solutions to investment management firms that offer traditional and alternative products. We support traditional managers who advise a variety of investment products including mutual funds, UCITS schemes, collective investment trusts (CITs), exchange-traded funds (ETFs), institutional accounts and separately managed accounts. We also provide comprehensive solutions to investment managers worldwide that sponsor and distribute alternative investments such as hedge funds, funds of hedge funds, private equity funds and real estate funds, across both registered and partnership structures.

Accounting and administration services include account and fund administration, investment portfolio and fund accounting; cash administration and treasury services; trade capture, settlement and reconciliation; trustee and custodial services; legal, audit and tax support; and investor services. Distribution support services may include access to distribution platforms and market and industry analyses to identify specific product distribution opportunities. These solutions are delivered by utilizing a highly integrated, robust and scalable technology platform adapted to fit the specific business needs of our investment manager clients.

As of December 31, 2015, we administered \$407.8 billion in client assets for traditional and alternative investment fund products, including mutual funds, hedge funds and private equity funds. Revenues from these products are primarily earned as a percentage of net assets under administration.

Revenues for the processing of institutional separate accounts and separately managed accounts are generally earned on the number of investor accounts serviced. Assets associated with this separate account processing are not included in reported assets under administration. Both revenue categories are recognized in Asset management, administration and distribution fees on the accompanying Consolidated Statements of Operations.

#### Business Segments

Business segments are generally organized around our target markets. Financial information about each business segment is contained in Note 13 to the Consolidated Financial Statements. Our business segments are:

Private Banks – provides investment processing and investment management programs to banks and trust institutions, independent wealth advisers and financial advisers worldwide;

Investment Advisors – provides investment management programs to affluent investors through a network of independent registered investment advisors, financial planners and other investment professionals in the United States;

Institutional Investors – provides investment management programs and administrative outsourcing solutions to retirement plan sponsors, hospitals and not-for-profit organizations worldwide;

Investment Managers – provides investment operations outsourcing solutions to fund companies, banking institutions and both traditional and non-traditional investment managers worldwide; and

Investments in New Businesses – focuses on providing investment management programs to ultra-high-net-worth families residing in the United States; developing internet-based investment services and advice solutions; entering new markets; and conducting other research and development activities.

The percentage of consolidated revenues generated by each business segment for the last three years was:

	2015	2014	2013	
Private Banks	34	% 35	% 35	%
Investment Advisors	23	% 22	% 21	%
Institutional Investors	22	% 22	% 23	%
Investment Managers	20	% 20	% 20	%
Investments in New Businesses	1	% 1	% 1	%
	100	% 100	% 100	%

#### Private Banks

The Private Banks segment delivers a comprehensive outsourcing solution integrating investment processing services, investment management and distribution programs, and business expertise to banks and trust institutions, independent wealth advisers and financial advisers worldwide.

We offer TRUST 3000 investment processing as an application solution (Software-as-a-Service, or SaaS) or as a business processing solution. Application solution clients outsource investment processing software services and information processing to SEI, but retain responsibility for back-office investment operations. Business processing solution clients also outsource investment operations, including custody and safekeeping of certain assets, income collection, securities settlement and other back-office accounting activities.

Contracts with TRUST 3000 clients have initial terms that are generally three to seven years in length. At December 31, 2015, we had significant relationships with 96 bank and trust institutions in the United States. Our principal competitors for this business are: Fidelity National Information Services, Inc. (FIS), State Street Corporation, Fi-Tek LLC, Charles Schwab & Co., Inc. and Fidelity Investments. Many large financial institutions develop, operate and maintain proprietary investment and trust accounting systems. We consider these “in-house”

solutions to be a form of competition.

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Our marketing efforts in this segment are focused on the SEI Wealth Platform, as we now have an installed base of operating clients in both the United Kingdom and the United States. We believe the Platform addresses the needs of large global wealth managers. The Platform enables them to manage the growing complexity of their operations, replace legacy platforms, comply with complex regulations, and make more effective use of capital by outsourcing wealth management services.

We currently offer the SEI Wealth Platform as a business processing solution. New Platform clients undergo a business transformation process that includes either a conversion of existing client assets, or a business transition process which funds new client assets onto the Platform as the client grows their business with a contractual minimum fee in place. We begin to earn processing revenues when the client completes the transformation process and commences operation.

In 2015, we signed an existing TRUST 3000 client to be the first large national bank to implement the SEI Wealth Platform, and the first client to operate the Platform as an SaaS solution. This will be a multi-year conversion due to the client's size, the development work involved to expand the Platform to be offered as a SaaS solution, and the scope of integration activities required. While executing this large-scale implementation, we will continue to install other signed clients. We will also continue to manage our current TRUST 3000 relationships toward eventual conversion to the Platform.

Contracts with SEI Wealth Platform clients have initial terms that are generally five to seven years in length. At December 31, 2015, we had significant relationships with 27 banks, independent wealth advisers and other wealth managers located in the United Kingdom and the United States. Our principal competitors for this business, in addition to those named above, are: Pershing LLC, FNZ UK Ltd., Temenos Group AG, Avaloq, SS&C Technologies, Fiserv, Inc. and smaller technology firms. We also consider "in-house" solutions to be a form of competition.

This segment also offers investment management and distribution programs for banks, wealth managers and other financial services intermediaries. These programs start with SEI's standard investment solutions, strategies, funds, and investment services. We can also deliver customized solutions including asset management strategies, as well as investment manager and portfolio research services. Increasingly, asset management distributors with established platforms are seeking to grow their businesses by offering broader investment solutions while outsourcing non-client facing investment services activities. We believe we offer our distribution partners a cost-effective way to grow their businesses and offer their investors differentiated investment choices, such as SEI's goal-based investing solution. We estimate we have business relationships with approximately 333 banks, wealth managers and other financial services intermediaries at December 31, 2015. Our definition of an asset management distribution client for this segment includes financial intermediaries who have exceeded a minimal level of customer assets invested in our investment products. With the growth of our business, the minimal level of customer assets which defines a "business relationship" is adjusted from time to time. Our business is primarily based on approximately 92 asset management distribution clients who, at December 31, 2015, had at least \$5.0 million each in customer assets invested in our programs. We also had single-product relationships with approximately 90 additional banks and trust institutions. The principal competitors for this business are: Federated Investors, Inc., Russell Investment Group, Fidelity Investments, Franklin Templeton Investments, discretionary portfolio managers and various multi-manager investment programs offered by other firms. We also consider "in-house" proprietary asset management capabilities to be a form of long-term competition.

#### Investment Advisors

The Investment Advisors segment offers investment management solutions throughout the United States to registered investment advisors, financial planners and life insurance agents, many of whom are registered with independent broker-dealers. These solutions include our investment management programs and back-office investment processing outsourcing services and are usually offered on a bundled basis. We also help advisors manage and grow their businesses by giving them access to our marketing support programs and our practice management services which include, for example, workflow recommendations, succession planning advice, business assessment assistance and recommended management practices. We believe our solutions help investment advisors reduce risk, improve quality and gain operational efficiency which allows them to devote more of their resources to acquiring new clients and achieving better outcomes for their existing clients.

Advisors are responsible for the investor relationship which includes creating financial plans, implementing investment strategies and educating and servicing their customers. Advisors may customize portfolios to include separate account managers provided through our programs as well as SEI-sponsored mutual funds. Our wealth and investment programs are designed to be attractive to affluent or high-net-worth individual investors and small to medium-sized institutional retirement plans.

We continually enhance our offering to meet the emerging needs of our advisors and their end clients. We anticipate the enhanced service offerings enabled through the SEI Wealth Platform will provide a more diverse range of back-office, front-office and client-facing investment processing outsourcing services and investment management solutions. In 2015, we began

the official launch of the SEI Wealth Platform and expect to convert larger, more sophisticated advisors onto the Platform in 2016 and beyond. We will also continue our focus on recruiting new advisors and improving net cash flows into our investment management programs.

We estimate we have business relationships with approximately 6,900 financial advisors at December 31, 2015. Our definition of a client for this segment includes financial advisors who have exceeded a minimal level of customer assets invested in our investment products. With the growth of our business, the minimal level of customer assets which defines a "business relationship" is adjusted from time to time. Our business is primarily based on approximately 1,725 investment advisors who, at December 31, 2015, had at least \$5.0 million each in customer assets invested in our programs. Revenues are earned largely as a percentage of average assets under management. The principal competition for our investment management products is from other money managers, other turnkey asset management providers, mutual fund companies, custody service providers and the proprietary investment management programs of broker dealers. In the advisor distributor channel, the principal competitors include AssetMark Investment Services Inc., Brinker Capital, EnvestNet Asset Management, Inc., Fidelity Investments, TD Ameritrade, Charles Schwab & Co., Inc., and other broker-dealers. As we introduce the Platform, we expect to more directly compete with custody service providers.

#### Institutional Investors

The Institutional Investors segment offers fiduciary management solutions (sometimes referred to as Outsourced Chief Investment Officer - OCIO solutions) for retirement plan sponsors, healthcare systems, and not-for-profit organizations globally. We have a broadly experienced team with specific expertise in defined benefit plans, defined contribution plans, endowments, foundations and balance sheet assets.

Our clients benefit from solutions that combine the breadth of SEI's investment management, administration, and advisory services. Depending on their needs, objectives, and risk tolerance, clients can elect to retain control of, or outsource, specific management functions. As a result, they can integrate SEI's investment process, plan administration services, and advisory services into their existing best practices. Our approach is designed to reduce business risk, provide ongoing due diligence, and increase operational efficiency.

SEI's open architecture investment management approach provides access to manager research, manager selection and monitoring, portfolio construction and discretionary management. Plan administration services include trustee, custodial, and benefit payment services. Advisory services include scenario modeling and customization of an asset allocation plan that is designed to meet long-term objectives.

In 2016, we expect to continue to build a globally diversified institutional client base, provide our clients with value-added advice and discretionary services, and place increased emphasis on defined contribution fiduciary management sales opportunities.

Fees are primarily earned as a percentage of average assets under management calculated using the average of the four month ending balances preceding the billing date. At December 31, 2015, we had relationships with approximately 470 investment management clients. The principal competitors for this segment are Mercer, Aon Hewitt, Willis Towers Watson, Russell Investments, Northern Trust Company and other investment consultants.

#### Investment Managers

The Investment Managers segment supplies investment organizations of all types with the advanced operating infrastructure they need to be competitive while navigating a host of business and regulatory challenges. Our comprehensive global operations platform provides asset managers with customized and integrated capabilities in the areas of fund administration, fund accounting, data and information management, investment operations, risk management and compliance support.

We work with a diverse and sophisticated group of traditional, alternative and sovereign wealth managers, including approximately one-third of the top 100 managers worldwide. Clients choose our full-service offering because of its flexibility, speed and ability to support their diverse business needs across multiple product types and structures, investment strategies and asset classes. Our investment manager clients offer a variety of packaging types, including hedge funds, private equity funds, mutual funds, separate accounts, ETFs, UCITS, unit trusts and closed-end funds. For clients who desire to manage assets within a collective investment trust, we offer trustee and investment management services in addition to the aforementioned administration services. Because our operational platform

enables managers to view their business in such a comprehensive and integrated way, it gives them more insight and thus control over their business risks and results.

Over the past few years, investors have faced multiple market crises and rising volatility. Investment managers have responded with a range of innovative products designed to better manage volatility and downside risk, and many now offer alternatives to



the pure long-only investing strategy historically used in traditional markets. Additionally, as competitiveness will increasingly be based on capabilities other than just investment expertise, we have offered managers solutions that help them gain scale and efficiency, run their businesses more intelligently, and be more responsive to investor needs. We also continually enhance our solutions to anticipate and adapt to economic, regulatory and industry changes. In 2016, we expect to continue our efforts to add new asset managers, grow our existing relationships, expand into new markets and further develop our solutions and global operations platform.

Contracts for our fund administration outsourcing services generally have terms ranging from three to five years. Fees are primarily earned as a percentage of average assets under management and administration. A portion of the revenues for this segment is earned as account servicing fees. At December 31, 2015, we had relationships with approximately 256 investment management companies and alternative investment managers. Our competitors vary according to the asset class or solution provided and include large global custodian banks such as State Street, BNY Mellon and Northern Trust as well as independently owned firms such as SS&C Technologies and Citco.

#### Investments in New Businesses

The Investments in New Businesses segment represents other business ventures or research and development activities intended to expand our solutions to new or existing markets including ultra-high-net-worth families who reside in the United States. This segment also includes the costs associated with the business development in the Middle East through our Dubai office, the development of new internet-based investment services and mobile technologies and the integration of specific front office client management technology purchased in 2012. The family wealth management solution offers flexible family-office type services through a highly personalized solution while utilizing the Manager-of-Managers investment process.

The principal competitors for the family wealth solution are diversified financial services providers focused on the ultra-high-net-worth market.

#### Research and Development

We are devoting significant resources to research and development, including expenditures for new technology platforms, enhancements to existing technology platforms and new investment products and services. Our research and development expenditures for the last three years were:

(all dollar amounts in thousands)	2015	2014	2013	
Research and development expenditures	\$ 102,923	\$ 98,622	\$ 91,839	
Capitalization of costs incurred in developing computer software	\$ 29,416	\$ 34,877	\$ 30,700	
Research and development expenditures as a percentage of revenues	7.7	% 7.8	% 8.2	%

The capitalization of costs incurred in developing computer software in 2013 is exclusive of a one-time contractual payment of \$8.8 million to exercise a conversion option in lieu of periodic fee payments pertaining to a software license for functionality utilized by the SEI Wealth Platform (See Note 1 to the Consolidated Financial Statements for more information). Our research and development expenditures are included in Compensation, benefits and other personnel and Consulting, outsourcing and professional fees on the accompanying Consolidated Statements of Operations.

The majority of our research and development spending is related to building the SEI Wealth Platform, which combines business service processing with asset management and distribution services. The Platform offers to our customers a client-centric, rather than an account-centric, process with model-based portfolio management services through a single platform. The Platform utilizes our proprietary applications with those built by third-party providers and integrates them into a single technology solution, providing a common user experience. This integration supports straight-through business processing and enables the transformation of our clients' wealth services from operational investment processing services to client value-added services.

The solution will serve markets in the United States, United Kingdom, Canada and continental European markets. The Platform provides the technology infrastructure for the business solutions now being marketed to private banks and

independent wealth adviser organizations in the United States and the United Kingdom. We believe the demand for the advanced capabilities of the Platform will enable us to significantly extend, expand and improve the services we offer in the Investment Advisors segment.

The Platform will eventually be used at some level by most of our business segments representing a significant upgrade to our infrastructure. The Platform will enable SEI and our clients to manage the entire lifecycle of wealth services through a single

solution. The workflow automation, firm's business rules and straight through processing to the street will dramatically change the client experience, help firms manage risk and allow for greater transparency.

The Investment Managers segment is enhancing its business solutions to provide services to other areas of the investment firm. The new platform being developed exclusively for this segment includes components that leverage upon the current infrastructure and add significant enhancements that will aggregate, transact and process data. This platform will significantly enhance data integration and aggregation capabilities, data management services, governance, regulatory, risk and compliance reporting and a more efficient customer data warehouse.

#### Marketing and Sales

Our business solutions are directly marketed to potential clients in our target markets. At January 29, 2016, we employed approximately 100 sales representatives who operate from offices located throughout the United States, Canada, the United Kingdom, continental Europe, South Africa, Asia and other locations.

#### Customers

In 2015, no single customer accounted for more than ten percent of revenues in any business segment.

#### Personnel

At January 29, 2016, we had 2,926 full-time and 59 part-time employees. Employee unions do not represent any of our employees. Management considers employee relations to be generally good.

#### Regulatory Considerations

Our principal, regulated wholly-owned subsidiaries are SEI Investments Distribution Co., or SIDCO, SEI Investments Management Corporation, or SIMC, SEI Private Trust Company, or SPTC, SEI Trust Company, or STC, and SEI Investments (Europe) Limited, or SIEL. SIDCO is a broker-dealer registered with the SEC under the Securities and Exchange Act of 1934 and is a member of the Financial Industry Regulatory Authority, Inc. (FINRA). SIMC is an investment advisor registered with the SEC under the Investment Advisers Act of 1940 and with the Commodity Futures Trading Commission (CFTC) under the Commodity Futures Exchange Act. SPTC is a limited purpose federal thrift chartered and regulated by the Office of the Comptroller of the Currency. STC is a Pennsylvania trust company, regulated by the Pennsylvania Department of Banking and Securities. SIEL is an investment manager and financial institution subject to regulation by the Financial Conduct Authority of the United Kingdom. In addition, various SEI subsidiaries are subject to the jurisdiction of regulatory authorities in Canada, the Republic of Ireland and other foreign countries. The Company has a minority ownership interest of approximately 39.2 percent in LSV, which is also an investment advisor registered with the SEC.

The Company, its regulated subsidiaries, their regulated services and solutions and their customers are all subject to extensive legislation, regulation and supervision that recently has been subject to, and continues to experience, significant change and increased regulatory activity. These changes and regulatory activities could have a material adverse effect on us and our clients.

The various governmental agencies and self-regulatory authorities that regulate or supervise the Company and its subsidiaries have broad administrative powers. In the event of a failure to comply with laws, regulations and requirements of these agencies and authorities, the possible sanctions that may be imposed include the suspension of individual employees, limitations on our ability to engage in business for specified periods of time, the revocation of applicable registration as a broker-dealer, investment advisor or other regulated entity, and, as the case may be, censures and fines. Additionally, certain securities and banking laws applicable to us and our subsidiaries provide for certain private rights of action that could give rise to civil litigation. Any litigation could have significant financial and non-financial consequences including monetary judgments and the requirement to take action or limit activities that could ultimately affect our business.

Governmental scrutiny from regulators, legislative bodies and law enforcement agencies with respect to matters relating to our regulated subsidiaries and their activities, services and solutions, our business practices, our past actions and other matters has increased dramatically in the past several years. Responding to these examinations, investigations, actions and lawsuits, regardless of the ultimate outcome of the proceeding, is time consuming and expensive and can divert the time and effort of our senior management from our business. Penalties and fines sought by regulatory authorities have increased substantially over the last several years, and certain regulators have been more likely in recent years to commence enforcement actions or to advance or support legislation targeted at the

financial services industry. We continue to be subject to inquiries from examinations and investigations by supervisory and enforcement divisions of regulatory authorities and expect this to continue in the future. We believe this is also the case with many of our regulated clients. Governmental scrutiny and legal and enforcement proceedings can also have a negative impact on our reputation, our relationship with clients and prospective clients, and on the morale and performance of our employees, which could adversely affect our businesses and results of operations.

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We are subject to the USA PATRIOT Act of 2001, which contains anti-money laundering and financial transparency laws and requires implementation of regulations applicable to financial services companies, including standards for verifying client identification and monitoring client transactions and detecting and reporting suspicious activities. Anti-money laundering laws outside the United States contain similar requirements. We offer investment and banking solutions that also are subject to regulation by the federal and state securities and banking authorities, as well as foreign regulatory authorities, where applicable. Existing or future regulations that affect these solutions could lead to a reduction in sales of these solutions or require modifications of these solutions.

Compliance with existing and future regulations and responding to and complying with recent increased regulatory activity affecting broker-dealers, investment advisors, investment companies, financial institutions and their service providers could have a significant impact on us. We periodically undergo regulatory examinations and respond to regulatory inquiries and document requests. In addition, recent legislative activity in the United States (including the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and attendant rule making activities) and in other jurisdictions (including the European Union and the United Kingdom) have made and continue to make extensive changes to the laws regulating financial services firms. As a result of these examinations, inquiries and requests, as a result of increased civil litigation activity, and as a result of these new laws and regulations, we engage legal counsel, review our compliance procedures, solution and service offerings, and business operations, and make changes as we deem necessary. These additional activities and required changes may result in increased expense or may reduce revenues.

Our bank clients are subject to supervision by federal and state banking authorities concerning the manner in which such clients purchase and receive our products and services. Our plan sponsor clients and our subsidiaries providing services to those clients are subject to supervision by the Department of Labor and compliance with employee benefit regulations. Investment advisor and broker-dealer clients are regulated by the SEC, state securities authorities, or FINRA. Existing or future regulations applicable to our clients may affect our clients' purchase of our products and services.

In addition, see the discussion of governmental regulations in Item 1A "Risk Factors" for a description of the risks that proposed regulatory changes may present for our business.

#### Available Information

We maintain a website at [www.seic.com](http://www.seic.com) and make available free of charge through the Investors section of this website our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and all amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. We include our website in this Annual Report on Form 10-K only as an inactive textual reference and do not intend it to be an active link to our website. The material on our website is not part of this Annual Report on Form 10-K.

#### Item 1A. Risk Factors.

We believe that the risks and uncertainties described below are those that impose the greatest threat to the sustainability of our business. However, there are other risks and uncertainties that exist that may be unknown to us or, in the present opinion of our management, do not currently pose a material risk of harm to us. The risk and uncertainties facing our business, including those described below, could materially adversely affect our business, results of operations, financial condition and liquidity.

Our revenues and earnings are affected by changes in capital markets. A majority of our revenues are earned based on the value of assets invested in investment products that we manage or administer. Significant fluctuations in securities prices may materially affect the value of these assets and may also influence an investor's decision to invest in and maintain an investment in a mutual fund or other investment product. As a result, our revenues and earnings derived from assets under management and administration could be adversely affected.

We are exposed to product development risk. We continually strive to increase revenues and meet our customers' needs by introducing new products and services. As a result, we are subject to product development risk, which may result in loss if we are unable to develop and deliver products to our target markets that address our clients' needs and that are developed on a timely basis and reflect an attractive value proposition. The majority of our product development risk pertains to the SEI Wealth Platform, which provides a global, unified and scalable platform for

operating a wealth management business. It is designed to improve client experience capabilities and strengthen operating efficiencies by providing straight through business processing solutions and transform the front, middle and back office operations that exist today. New product development is primarily for the purpose of enhancing our competitive position in the industry. In the event that we fail to develop products or services at an acceptable cost or on a timely basis or if we fail to deliver products and services which are of sound, economic value to our clients and our target markets, or an inability to support the product in a cost-effective and compliant manner, we may recognize significant financial losses.

In 2015, we signed an existing client to be the first large national bank to implement the SEI Wealth Platform, and the first client to operate the Platform as an SaaS solution. This will be a multi-year conversion due to the client's size, the development work involved to expand the Platform to be offered as a SaaS solution, and the scope of integration activities required. The failure to develop and implement the contractually-agreed upon services on a timely basis for this client may result in significant financial losses and may negatively impact our ability to generate future growth in revenues derived from the SEI Wealth Platform.

We are dependent upon third-party service providers in our operations. We utilize numerous third-party service providers located in the United States, the United Kingdom and other offshore locations in our operations, in the development of new products, and in the maintenance of our proprietary systems. A failure by a third-party service provider could expose us to an inability to provide contractual services to our clients in a timely basis. Additionally, if a third-party service provider is unable to provide these services, we may incur significant costs to either internalize some of these services or find a suitable alternative.

We serve as the investment advisor for many of the products offered through our investment management programs and utilize the services of investment sub-advisers to manage the majority of these assets. A failure in the performance of our due diligence processes and controls related to the supervision and oversight of these firms in detecting and addressing conflicts of interest, fraudulent activity, noncompliance with relevant securities and other laws could cause us to suffer financial loss, regulatory sanctions or damage to our reputation.

We are exposed to data and cyber security risks. A failure to safeguard the integrity and confidentiality of client data and our proprietary data from the infiltration by an unauthorized user may lead to modifications or theft of critical and sensitive data pertaining to us or our clients. We have established a strategy designed to protect against threats and vulnerabilities containing preventive and detective controls including, but not limited to, firewalls, intrusion detection systems, computer forensics, vulnerability scanning, server hardening, penetration testing, anti-virus software, data leak prevention, encryption and centralized event correlation monitoring. Despite our efforts to ensure the integrity of our proprietary systems and information, it is possible that we may not be able to anticipate or to implement effective preventive measures against all cyber threats, especially because the methods used change frequently or are not recognized until launched. Additionally, security breaches or disruptions of our proprietary systems, or those of our service providers, could impact our ability to provide services to our clients, which could expose us to liability for damages which may not be covered by insurance, result in the loss of customer business, damage our reputation, subject us to regulatory scrutiny or expose us to civil litigation. In addition, the failure to upgrade or maintain our computer systems, software and networks, as necessary, could also make us susceptible to breaches and unauthorized access and misuse. We may be required to expend significant additional resources to modify, investigate or remediate vulnerabilities or other exposures arising from data and cyber security risks. Furthermore, even if not directed at us specifically, attacks on other financial institutions could disrupt the overall functioning of the financial system. As a result of the importance of communications and information systems to our business, we could also be adversely affected if attacks affecting our third party service providers impair our ability to process transactions and communicate with clients and counterparties.

We are exposed to operational risks. Operational risk generally refers to the risk of loss resulting from our operations, including, but not limited to, improper or unauthorized execution and processing of transactions, deficiencies in our operating systems, inefficiencies in our operational business units, business disruptions and inadequacies or breaches in our internal control processes. We operate different businesses in diverse markets and are reliant on the ability of our employees and systems to process large volumes of transactions often within short time frames. In the event of a breakdown or improper operation of systems, human error or improper action by employees, we could suffer significant financial loss, regulatory sanctions or damage to our reputation. In order to mitigate and control operational risk, we continue to enhance policies and procedures that are designed to identify and manage operational risk.

We are exposed to systems and technology risks. Through our proprietary systems, we maintain and process data for our clients that is critical to their business operations. An unanticipated interruption of service may have significant ramifications, such as lost data, damaged software codes, or inaccurate processing of transactions. As a result, the costs necessary to rectify these problems may be substantial. Our continued success also depends in part on our ability to protect our proprietary technology and solutions and to defend against infringement claims of others. We primarily

rely upon trade secret law, software security measures, copyrights and confidentiality restrictions in contracts with employees, vendors and customers. Our industry is characterized by the existence of a large number of trade secrets, copyrights and the rapid issuance of patents, as well as frequent litigation based on allegations of infringement or other violations of intellectual property rights of others. A successful assertion by others of infringement claims or a failure to maintain the confidentiality and exclusivity of our intellectual property may have a material adverse effect on our business and financial results.

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Poor investment performance may affect our revenues and earnings. Our ability to maintain our existing clients and attract new clients may be negatively affected if the performance of our mutual funds and other investment products, relative to market conditions and other comparable competitive investment products, is lower. Investors may decide to place their investable funds elsewhere which would reduce the amount of assets we manage resulting in a decrease in our revenues and earnings.

Our earnings and cashflows are affected by the performance of LSV. We maintain a minority ownership interest in LSV which is a significant contributor to our earnings. We also receive partnership distribution payments from LSV on a quarterly basis which contribute to our operating cashflows. LSV is a registered investment advisor that provides investment advisory services to institutions, including pension plans and investment companies. LSV is a value-oriented, contrarian money manager offering a deep-value investment alternative utilizing a proprietary equity investment model to identify securities generally considered to be out of favor by the market. Volatility in the capital markets or poor investment performance on the part of LSV, on a relative basis or an absolute basis, could result in a significant reduction in their assets under management and revenues and a reduction in performance fees. Consequently, LSV's contribution to our earnings through our minority ownership as well as to our operating cashflows through LSV's partnership distribution payments could be adversely affected.

In addition, we provided an unsecured guaranty for \$45.0 million of the obligations of LSV Employee Group III in connection with their purchase of a partnership interest in LSV, of which \$21.5 million remains outstanding at December 31, 2015. The ability of LSV Employee Group III to successfully repay their loan obligation subject to our guaranty is dependent upon the level of quarterly partnership distribution payments from LSV. In the event that LSV Employee Group III does not receive sufficient partnership distribution payments from LSV or is otherwise unable to meet all of their financial obligations regarding the loan, the lenders have the right to seek payment from us for the outstanding obligations. The repayment of such obligations related to our guaranty agreement may negatively affect our operating results, liquidity and financial condition.

We are dependent on third party pricing services for the valuation of securities invested in our investment products. The majority of the securities held by our investment products are valued using quoted prices from active markets gathered by external third party pricing services. Securities for which market prices are not readily available are valued in accordance with procedures applicable to that investment product. These procedures may utilize unobservable inputs that are not gathered from any active markets and involve considerable judgment. If these valuations prove to be inaccurate, our revenues and earnings from assets under management could be adversely affected.

Our Company and our clients are subject to extensive governmental regulation. Our various business activities are conducted through entities which may be registered with or regulated by the SEC and CFTC as an investment advisor, a broker-dealer, a transfer agent, or an investment company, and with federal or state banking authorities as a trust company. Our broker-dealer is also a member of the Financial Industry Regulatory Authority and is subject to its rules and oversight. In addition, some of our foreign subsidiaries are registered with, and subject to the oversight of, regulatory authorities primarily in the United Kingdom, the Republic of Ireland and Canada. Many of our clients are subject to substantial regulation by federal and state banking, securities or insurance authorities or the Department of Labor. Compliance with existing and future regulations, responding to and complying with recent regulatory activity affecting broker-dealers, investment advisors, investment companies and their service providers and financial institutions, and examination or other supervisory activities of our regulators or of the regulators of our clients, could have a significant impact on our operations or business or our ability to provide certain products or services.

We offer investment and banking products that also are subject to regulation by the federal and state securities and banking authorities, as well as foreign regulatory authorities, where applicable. Existing or future regulations that affect these products could lead to a reduction in sales of these products or an increase in the cost of providing these products.

The fees and assessments imposed on our regulated subsidiaries by federal, state and foreign regulatory authorities could have a significant impact on us. In the current regulatory environment, the frequency and scope of regulatory reform may lead to an increase in fees and assessments resulting in increased expense, or an increase or change in regulatory requirements which could affect our operations and business.

We are subject to litigation and regulatory examinations and investigations. The financial services industry faces substantial regulatory risks and litigation. Like many firms operating within the financial services industry, we are experiencing a difficult regulatory environment across our markets. Our current scale and reach as a provider to the financial services industry; the increased regulatory oversight of the financial services industry generally; new laws and regulations affecting the financial services industry and ever-changing regulatory interpretations of existing laws and regulations, have made this an increasingly challenging and costly regulatory environment in which to operate. These examinations or investigations could result in the identification of matters that may require remediation activities or enforcement proceedings by the regulator. The direct and indirect costs of responding to these examinations, or of defending ourselves in any litigation could be significant. Additionally, actions brought against us may result in settlements, awards, injunctions, fines and penalties. The outcome of litigation or

regulatory action is inherently difficult to predict and could have an adverse effect on our ability to offer some of our products and services.

Consolidation within our target markets may affect our business. Merger and acquisition activity between banks and other financial institutions could reduce the number of existing and prospective clients or reduce the amount of revenue we receive from retained clients. Consolidation activities may also cause larger institutions to internalize some or all of our services. These factors may negatively impact our ability to generate future growth in revenues and earnings.

We are dependent upon third party approvals. Many of the investment advisors through which we distribute our investment offerings are affiliated with independent broker-dealers or other networks, which have regulatory responsibility for the advisor's practice. As part of the regulatory oversight, these broker-dealers or networks must approve the use of our investment products by affiliated advisors within their networks. Failure to receive such approval, or the withdrawal of such approval, could adversely affect the marketing of our investment products. We are subject to financial and non-financial covenants which may restrict our ability to manage liquidity needs. Our \$300.0 million five-year senior unsecured revolving credit facility (Credit Facility) contains financial and non-financial covenants. The non-financial covenants include restrictions on indebtedness, mergers and acquisitions, sale of assets and investments. In the event of default, we have restrictions on paying dividends and repurchasing our common stock. We have one financial covenant, the Leverage Ratio, which restricts the level of indebtedness we can incur to a maximum of 1.75 times earnings before interest, taxes, depreciation and amortization (EBITDA). We believe our primary risk is with the financial covenant if we were to incur significant unexpected losses that would impact the EBITDA calculation. This would increase the Leverage Ratio and restrict the amount we could borrow under the Credit Facility. A restriction on our ability to fully utilize our Credit Facility may negatively affect our operating results, liquidity and financial condition.

Changes in, or interpretation of, accounting principles could affect our revenues and earnings. We prepare our consolidated financial statements in accordance with generally accepted accounting principles. A change in these principles can have a significant effect on our reported results and may even retrospectively affect previously reported results.

Changes in, or interpretations of, tax rules and regulations may adversely affect our effective tax rates. Unanticipated changes in our tax rates could affect our future results of operations. Our future effective tax rates could be adversely affected by changes in tax laws or the interpretation of tax laws. We are subject to possible examinations of our income tax returns by the Internal Revenue Service and state and foreign tax authorities. We regularly assess the likelihood of outcomes resulting from these examinations to determine the adequacy of our provision for income taxes; however, there can be no assurance that the final determination of any examination will not have an adverse effect on our operating results or financial position.

Currency fluctuations could negatively affect our future revenues and earnings as our business grows globally. We operate and invest globally to expand our business into foreign markets. Our foreign subsidiaries use the local currency as the functional currency. As these businesses evolve, our exposure to changes in currency exchange rates may increase. Adverse movements in currency exchange rates may negatively affect our operating results, liquidity and financial condition.

Changes in interest rates may affect the value of our fixed-income investment securities. We own Government National Mortgage Association (GNMA) mortgage-backed securities for the sole purpose of satisfying applicable regulatory requirements imposed on our wholly-owned limited purpose federal thrift subsidiary, SPTC. The valuations of these securities are impacted by fluctuations in interest rates. Interest rates during the past several years have remained relatively low. The effect of a rising interest rate environment may negatively impact the value of these securities and thereby negatively affect our financial position and earnings.

We rely on our executive officers and senior management. Most of our executive officers and senior management personnel do not have employment agreements with us. The loss of these individuals may have a material adverse effect on our future operations.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

Our corporate headquarters is located in Oaks, Pennsylvania and consists of nine buildings situated on approximately 90 acres. We own and operate the land and buildings, which encompass approximately 524,000 square feet of office space and 34,000 square feet of data center space. We lease other offices which aggregate 144,000 square feet. We also own a 3,400 square foot condominium that is used for business purposes in New York, New York.

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Item 3. Legal Proceedings.

SEI has been named in six lawsuits filed in Louisiana. Five lawsuits were filed in the 19th Judicial District Court for the Parish of East Baton Rouge. One of the five actions purports to set forth claims on behalf of a class and also names SPTC as a defendant. Two of the other actions also name SPTC as a defendant. All five actions name various defendants in addition to SEI, and, in all five actions, the plaintiffs purport to bring a cause of action against SEI and/or SPTC under the Louisiana Securities Act. Two of the five actions include claims for violations of the Louisiana Racketeering Act and possibly conspiracy. In addition, another group of plaintiffs filed a lawsuit in the 23rd Judicial District Court for the Parish of Ascension against SEI and SPTC and other defendants, asserting claims of negligence, breach of contract, breach of fiduciary duty, violations of the uniform fiduciaries law, negligent misrepresentation, detrimental reliance, violations of the Louisiana Securities Act and Louisiana Racketeering Act, and conspiracy. The underlying allegations in all actions relate to the purported role of SPTC in providing back-office services to Stanford Trust Company. The petitions allege that SEI and SPTC aided and abetted or otherwise participated in the sale of “certificates of deposit” issued by Stanford International Bank.

The case filed in Ascension Parish was removed to federal court and transferred by the Judicial Panel on Multidistrict Litigation to the United States District Court for the Northern District of Texas. The schedule for responding to that petition has not yet been established.

The plaintiffs in two of the cases filed in East Baton Rouge have granted SEI and SPTC an indefinite extension to respond to the petitions.

In a third East Baton Rouge action, brought as a class action, SEI and SPTC filed exceptions, which the Court granted in part, dismissing the claims under the Louisiana Unfair Trade Practices Act. Plaintiffs then filed a motion for class certification, and SEI and SPTC also filed a motion for summary judgment. The Court deferred the motion for summary judgment, stating that the motion would not be set for hearing until after the hearing on class certification. After the Court held a hearing on class certification, it certified a class composed of persons who purchased or renewed any Stanford International Bank certificates of deposit (SIB CDs) in Louisiana between January 1, 2007 and February 13, 2009 or any person for whom the Stanford Trust Company purchased SIB CDs in Louisiana between January 1, 2007 and February 13, 2009. SEI and SPTC filed motions for appeal from the class certification judgments. On February 1, 2013, plaintiffs filed a motion for Leave to File a First Amended and Restated Class Action Petition in which they asked the Court to allow them to amend the petition and add claims against certain of SEI's insurance carriers. On February 5, 2013, the Court granted two of the motions for appeal and the motion for leave to amend. On February 28, 2013, SEI responded to the First Amended and Restated Class Action Petition by seeking dismissal of the action. On March 11, 2013, the newly-added insurance carrier defendants removed the case to the Middle District of Louisiana. SEI notified the Judicial Panel on Multidistrict Litigation (MDL) of this case as a potential tag-along action. Plaintiffs filed a motion to remand the action to state court. On March 25, 2013, SEI filed a motion requesting that the federal court decline to adopt the state court's order regarding class certification, which the court dismissed without prejudice to renew upon a determination of the jurisdictional issue. On August 7, 2013, the MDL Panel transferred the matter against SEI to the Northern District of Texas. On October 1, 2014, SEI filed a renewed motion to dismiss in the Northern District of Texas, and on October 6, 2014, the District Court denied plaintiffs' motion to remand. On June 17, 2015, the Court denied the motion to dismiss, and on June 24, 2015 set a briefing schedule for SEI and SPTC's motion challenging the Louisiana court's decision to certify a class, which motion was filed on July 15, 2015. SEI and SPTC filed their answer on July 1, 2015, and this case is now pending in the Northern District of Texas. On July 15, 2015, SEI and SPTC also filed motions seeking reconsideration of the District Court's June 17 denial of the motion to dismiss or, in the alternative, seeking leave to pursue an interlocutory appeal of certain elements of the denial, as well as a motion seeking partial judgment on the pleadings pursuant to Federal Rule of Civil Procedure 12(c) with respect to claims brought under Section 712(D) of the Louisiana Securities Law. On September 22, 2015, the District Court granted SEI and SPTC's motion for reconsideration of the June 17 denial of the motion to dismiss and dismissed plaintiffs' claims under Section 714(A) of the Louisiana Securities Law, but declined to dismiss, or certify for interlocutory appeal, plaintiffs' claims under Section 714(B) of the Louisiana Securities Law. On November 4, 2015, the District Court granted SEI and SPTC's motion to dismiss plaintiff's claims under Section 712(D) of the Louisiana Securities Law. Consequently, the only claims of plaintiffs still pending before the District

Court are plaintiff's claims for secondary liability against SEI and SPTC under Section 714(B) of the Louisiana Securities Law.

Identifying information for the this case is Lillie v. Stanford Trust Company, et al., U.S. District Court for the Northern District of Texas, Civil Action No: 3:13-CV-03127.

In the two other cases filed in East Baton Rouge, brought by the same counsel who filed the class action, virtually all of the litigation to date has involved motions practice and appellate litigation regarding the existence of federal subjection matter jurisdiction under the federal Securities Litigation Uniform Standards Act (SLUSA). After the matter was removed to the United States District Court for the Northern District of Texas, that court dismissed the action under SLUSA. The Court of

Appeals for the Fifth Circuit reversed that order, and the Supreme Court of the United States affirmed the Court of Appeals judgment on February 26, 2014. The matter was remanded to state court and no material activity has taken place since that date.

While the outcome of this litigation is uncertain given its early phase, SEI and SPTC believe that they have valid defenses to plaintiffs' claims and intend to defend the lawsuits vigorously. Because of the uncertainty of the make-up of the classes, the specific theories of liability that may survive a motion for summary judgment or other dispositive motion, the lack of discovery regarding damages, causation, mitigation and other aspects that may ultimately bear upon loss, the Company is not reasonably able to provide an estimate of loss, if any, with respect to the foregoing lawsuits.

A lawsuit entitled *Steven Curd and Rebel Curd v. SEI Investments Management Corporation* was filed against SIMC in the United States District Court for the Eastern District of Pennsylvania on December 11, 2013. On August 28, 2014, the Court granted SIMC's motion to dismiss the initial complaint in the lawsuit, but also granted plaintiffs leave to amend the complaint.

On October 2, 2014, plaintiffs filed an amended complaint. In the amended complaint, SEI Investments Global Funds Services (SGFS) was added as a defendant. The plaintiffs bring the case as a shareholder derivative action against SIMC and SGFS on behalf of certain SEI funds. The claims are based on Section 36(b) of the Investment Company Act of 1940, as amended, which allows shareholders of a mutual fund to sue the investment adviser of the fund or its affiliates for an alleged breach of fiduciary duty with respect to compensation received by the adviser or its affiliates. The plaintiffs have brought the suit against SIMC and SGFS with respect to five specific SEI Funds: the High Yield Bond, Tax-Managed Large Cap, and Tax-Managed Small/Mid Cap Funds, each of which is a series of the SEI Institutional Managed Trust, the Intermediate Term Municipal Fund, which is a series of the SEI Tax Exempt Trust, and the International Equity Fund, which is a series of the SEI Institutional International Trust (the SEI Funds). The plaintiffs seek: (1) damages for the SEI Funds in the amount of the alleged "excessive" fees earned by SIMC and SGFS beginning from the one year period prior to the filing of the lawsuit, plus interest, costs, and fees; (2) orders declaring that SIMC and SGFS allegedly violated Section 36(b) and enjoining SIMC and SGFS from further alleged violations; and (3) rescission of SIMC's and SGFS's contracts with the funds, and restitution of all allegedly excessive fees paid beginning from the one year period prior to the filing of the lawsuit, plus interest, costs, and fees. On November 24, 2014, SIMC and SGFS filed a motion to dismiss the amended complaint. On July 13, 2015, the Court denied the motion to dismiss with respect to SIMC, and granted the motion to dismiss with respect to SGFS. On September 18, 2015, plaintiffs filed a second amended complaint reinstating SGFS as a defendant in the case. The parties are currently engaged in discovery, which is expected to be completed in the fall of 2017. While the outcome of this litigation is uncertain given its early phase, SIMC and SGFS believe that they have valid defenses to plaintiffs' claims and intend to defend the lawsuit vigorously, and SIMC and SGFS are not reasonably able to provide an estimate of the ultimate loss, if any, with respect to this lawsuit. Identifying information for the Curd case is *Steven Curd, et. al. v. SEI Investments Management Corporation, et. al.*, U.S. District Court for the Eastern District of Pennsylvania, Case No. 2: 13-CV-07219.

On November 26, 2014, a Writ of Summons was issued to two of our subsidiaries, SEI Investments - Global Fund Services Limited (GFSL) and SEI Investments - Trustee & Custodial Services (Ireland) Limited (T&C), to appear before the Court of First Instance Antwerp, Belgium. The plaintiffs in this case allege that through their initial investments in collective investment funds domiciled in Netherlands and subsequent transfer of claim rights to a Belgium domiciled partnership, they are beneficial owners of a portfolio of life settlement policies (the Portfolio) which lapsed due to a failure to make premium payments. The plaintiffs seek to recover jointly and severally from nine defendants including GFSL and T&C, damages of approximately \$84 million. GFSL and T&C's involvement in the litigation appears to arise out of their historical provision of administration and custody services, respectively, to the Strategic Life Settlement Fund PLC, who, together with its managers, appear to be the principal defendants in this claim. On December 4, 2015, the Belgium Court dismissed plaintiff's claims for a lack of jurisdiction. On December 22, 2015, the plaintiffs appealed the dismissal.

While the outcome of this action is uncertain given its early phase and the lack of specific theories of liability asserted against GFSL and T&C, each of GFSL and T&C believe that they have valid defenses to plaintiffs' claims and intend

to defend the lawsuit vigorously, and GFSL and T&C are not reasonably able to provide an estimate of the ultimate loss, if any, with respect to this lawsuit.

Executive Officers of the Registrant

Information about our executive officers is contained in Item 10 of this report and is incorporated by reference into this Part I.

Item 4. Mine Safety Disclosures.

None.

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## PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Price Range of Common Stock and Dividends:

Our common stock is traded on The Nasdaq Global Select Market® (NASDAQ) under the symbol "SEIC." The following table shows the high and low sales prices for our common stock as reported by NASDAQ and the dividends declared on our common stock for the last two years. Our Board of Directors intends to declare future dividends on a semiannual basis.

	High	Low	Dividends
2015			
First Quarter	\$44.66	\$38.12	\$—
Second Quarter	50.75	43.26	0.24
Third Quarter	55.48	46.29	—
Fourth Quarter	55.10	47.31	0.26
2014	High	Low	Dividends
First Quarter	\$35.57	\$32.38	\$—
Second Quarter	33.80	29.93	0.22
Third Quarter	38.14	31.90	—
Fourth Quarter	41.22	32.95	0.24

According to the records of our transfer agent, there were 310 holders of record of our common stock on January 29, 2016. Because many of such shares are held by brokers and other institutions on behalf of stockholders, we are unable to estimate the total number of stockholders represented by these record holders.

For information on our equity compensation plans, refer to Note 8 to the Consolidated Financial Statements and Item 12 of this Annual Report on Form 10-K.

ASSUMES \$100 INVESTED ON JANUARY 1, 2011 & DIVIDENDS REINVESTED  
FISCAL YEAR ENDED DECEMBER 31,

## Issuer Purchases of Equity Securities:

Our Board of Directors has authorized the repurchase of up to \$2.878 billion worth of our common stock through multiple authorizations. Currently, there is no expiration date for our common stock repurchase program (See Note 8 to the Consolidated Financial Statements).

Information regarding the repurchase of common stock during the three months ended December 31, 2015 is:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program
October 1 – 31, 2015	50,000	\$50.97	50,000	\$ 88,072,000
November 1 – 30, 2015	448,000	53.50	448,000	64,095,000
December 1 – 31, 2015	970,000	52.54	970,000	113,126,000
Total	1,468,000	52.78	1,468,000	

## Item 6. Selected Financial Data.

(In thousands, except per-share data)

This table presents selected consolidated financial information for the five-year period ended December 31, 2015.

This data should be read in conjunction with the financial statements and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in this Annual Report on Form 10-K.

Year Ended December 31,	2015	2014	2013	2012	2011
Revenues	\$1,334,208	\$1,266,005	\$1,126,132	\$992,522	\$929,727
Total expenses	975,995	913,221	877,723	780,956	725,662
Income from operations	358,213	352,784	248,409	211,566	204,065
Other income (expense)	142,267	136,878	186,989	117,930	114,422
Income before income taxes	500,480	489,662	435,398	329,496	318,487
Income taxes	168,825	170,949	146,924	121,462	111,837
Net income	331,655	318,713	288,474	208,034	206,650
Less: Net income attributable to the noncontrolling interest	—	—	(350)	(1,186)	(1,691)
Net income attributable to SEI Investments	331,655	318,713	288,124	206,848	204,959
Basic earnings per common share	\$2.00	\$1.89	\$1.68	\$1.19	\$1.12
Shares used to calculate basic earnings per common share	165,725	168,246	171,561	174,295	182,547
Diluted earnings per common share	\$1.96	\$1.85	\$1.64	\$1.18	\$1.11
Shares used to calculate diluted earnings per common share	169,598	172,565	175,718	175,872	184,127
Cash dividends declared per common share	\$0.50	\$0.46	\$0.42	\$0.63	\$0.27
Financial Position as of December 31,					
Cash and cash equivalents	\$679,661	\$667,446	\$578,273	\$452,247	\$420,986
Total assets	1,588,628	1,542,875	1,439,169	1,309,824	1,294,559
SEI Investments Shareholders’ equity	1,289,720	1,247,613	1,156,002	1,038,180	1,025,316

## Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

(In thousands, except share and per-share data)

This discussion reviews and analyzes the consolidated financial condition at December 31, 2015 and 2014, the consolidated results of operations for the years ended December 31, 2015, 2014 and 2013, and other factors that may affect future financial performance. This discussion should be read in conjunction with the Selected Financial Data included in Item 6 of this Annual Report and the Consolidated Financial Statements and Notes to the Consolidated Financial Statements included in Item 8 of this Annual Report.

Certain information contained in this discussion is or may be considered forward-looking. Forward-looking statements relate to future operations, strategies, financial results or other developments. Forward-looking statements are based upon estimates and assumptions that involve certain risks and uncertainties, many of which are beyond our control or are subject to change. Although we believe our assumptions are reasonable, they could be inaccurate. Our actual future revenues and income could differ materially from our expected results. We have no obligation to publicly update or revise any forward-looking statements.

## Overview

## Consolidated Summary

We are a leading global provider of investment processing, investment management and investment operations solutions. We help corporations, financial institutions, financial advisors and ultra-high-net-worth families create and manage wealth by providing comprehensive, innovative, investment and investment-business solutions. Investment processing fees are earned as monthly fees for contracted services, including computer processing services, software licenses and investment operations services, as well as transaction-based fees for providing securities valuation and trade-execution. Investment operations and investment management fees are earned as a percentage of average assets under management or administration. As of December 31, 2015, through our subsidiaries and partnerships in which we have a significant interest, we manage or administer \$670.3 billion in mutual fund and pooled or separately managed assets, including \$262.5 billion in assets under management and \$407.8 billion in client assets under administration.

Our Condensed Consolidated Statements of Operations for the years ended 2015, 2014 and 2013 were:

Year Ended December 31,	2015	2014	Percent Change	2013	Percent Change
Revenues	\$1,334,208	\$1,266,005	5 %	\$1,126,132	12 %
Expenses	975,995	913,221	7 %	877,723	4 %
Income from operations	358,213	352,784	2 %	248,409	42 %
Net (loss) gain from investments	(456 )	614	NM	659	(7 )%
Interest income, net of interest expense	2,875	2,896	(1 )%	2,713	7 %
Equity in earnings of unconsolidated affiliates	137,057	127,786	7 %	118,076	8 %
Gain on sale of subsidiary	2,791	5,582	NM	22,112	NM
Other income	—	—	— %	43,429	NM
Income before income taxes	500,480	489,662	2 %	435,398	12 %
Income taxes	168,825	170,949	(1 )%	146,924	16 %
Net income	331,655	318,713	4 %	288,474	10 %
Less: Net income attributable to the noncontrolling interest	—	—	— %	(350 )	NM
Net income attributable to SEI Investments Company	\$331,655	\$318,713	4 %	\$288,124	11 %
Diluted earnings per common share	\$1.96	\$1.85	6 %	\$1.64	13 %

## Significant Items Impacting Our Financial Results in 2015

Revenues increased \$68.2 million, or five percent, to \$1.3 billion in 2015 compared to 2014. Net income increased \$12.9 million, or four percent, to \$331.7 million and diluted earnings per share increased to \$1.96 per share in 2015 compared to \$1.85 per share in 2014. We believe the following items were significant to our business results during

2015:

Revenue growth was primarily driven by higher Asset management, administration and distribution fees from improved cash flows from new and existing clients and the market appreciation of assets from the favorable market conditions which prevailed during the first six months of 2015. The market volatility occurring during the second half of 2015 negatively impacted our asset-based fee revenues and partially offset our revenue growth. Despite the volatility, our average assets under management, excluding LSV, increased \$11.6 billion, or seven percent, to \$176.5 billion during

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2015 as compared to \$164.9 billion during 2014. Our average assets under administration increased \$42.3 billion, or 12 percent, to \$396.6 billion during 2015 as compared to \$354.3 billion during 2014.

Sales of new business in our Institutional Investors and Investment Managers business segments as well as positive cash receipts from new and existing advisor relationships in our Investment Advisors business segment contributed to the increase in our revenues and profits. Additionally, increased investment management fees from international clients in our Private Banks segment during the first six months of 2015 also contributed to our revenue growth.

Information processing and software servicing fees in our Private Banks segment increased \$6.0 million in 2015 primarily due to the increase in assets from existing clients processed on the SEI Wealth Platform.

Our proportionate share in the earnings of LSV was \$138.4 million in 2015 as compared to \$140.2 million in 2014, a decrease of one percent. The decrease was primarily due to increased personnel expenses of LSV.

The direct costs associated with our investment management programs increased in our Private Banks, Investment Advisors and Institutional Investors segments. These costs primarily relate to fees charged by investment advisory firms for day-to-day portfolio management of SEI-sponsored investment products and are included in Sub-advisory, distribution and other asset management costs on the accompanying Consolidated Statements of Operations.

We wrote off approximately \$6.0 million, or \$0.02 diluted earnings per share, of previously capitalized software development costs and purchased software related to the SEI Wealth Platform during 2015. The expense associated with this write off impacted the Private Banks and Investment Advisors business segments and is included in Facilities, supplies and other costs on the accompanying Consolidated Statement of Operations (See Notes 1 and 4 to the Consolidated Financial Statements for more information).

We capitalized \$24.5 million in 2015 for the SEI Wealth Platform as compared to \$34.9 million in 2014. Our expenses related to maintenance and enhancements not eligible for capitalization have increased. A higher portion of these costs are recognized in personnel and consulting costs. These increased costs primarily impacted the Private Banks and Investment Advisors business segments.

Amortization expense related to capitalized software was \$42.4 million during 2015 as compared to \$38.4 million during 2014 due to continued enhancements to the Platform.

Our operating expenses related to personnel costs in our Investment Advisors and Investment Managers segments increased. These increased operational and sales costs are mainly related to servicing new and existing clients.

Additionally, sales compensation expense in our Private Banks, Investment Advisors and Investment Managers segments increased due to new business activity. These increased operational costs are included in Compensation, benefits and other personnel costs on the accompanying Consolidated Statements of Operations.

We recorded a pre-tax gain of \$2.8 million, or \$0.01 diluted earnings per share, in 2015 from the sale of SEI Asset Korea (SEI AK) which was completed during the first quarter 2013. This gain was the result of the second in a series of three annual payments related to the contingent purchase price we received from the sale. The gain from the sale is included in Gain on sale of subsidiary on the accompanying Consolidated Statement of Operations (See Note 15 to the Consolidated Financial Statements for more information).

Our effective tax rate was 33.7 percent in 2015 as compared to 34.9 percent in 2014. The decrease in our tax rate was primarily due to a one-time reduction resulting from a favorable settlement of a tax petition filed with the State of Pennsylvania relating to the apportionment methodology of net income for prior years. (See the caption "Income Taxes" later in this discussion for more information).

We continued our stock repurchase program and purchased approximately 5,951,000 shares at an average price of \$48.66 per share for a total cost of \$289.6 million.

#### Significant Items Impacting Our Financial Results in 2014

Revenues increased \$139.9 million, or 12 percent, to \$1.3 billion in 2014 compared to 2013. Net income attributable to SEI increased \$30.6 million, or 11 percent, to \$318.7 million and diluted earnings per share increased to \$1.85 per share in 2014 compared to \$1.64 per share in 2013. We believe the following items were significant to our business during 2014:

Revenue growth was primarily driven by higher Asset management, administration and distribution fees from positive cash flows from new and existing clients and market appreciation. Our average assets under management, excluding LSV, increased \$19.5 billion, or 13 percent, to \$164.9 billion during 2014 as compared to \$145.4 billion during 2013.

Our average assets under administration increased \$54.5 billion, or 18 percent, to \$354.3 billion during 2014 as compared to \$299.8 billion during 2013.

The increase in our average assets under management primarily resulted from the favorable capital market conditions and new client funding in our Institutional Investors segment, increased investment management fees from international clients in our Private Banks segment, and positive net cash flows from new and existing advisor relationships in our

Investment Advisors segment. The increase in our assets under administration primarily resulted from market appreciation and new client funding across all of our products offered in our Investment Managers segment. Revenue growth was also driven by increased information processing fees in our Private Banks segment. The increase in our information processing fees was primarily attributable to higher fees from the growth in assets processed on the SEI Wealth Platform and increased fees from our mutual fund trading solution. In addition, we also recognized \$6.0 million in non-recurring professional services fees from a single project in the second quarter 2014.

Our proportionate share in the earnings of LSV was \$140.2 million in 2014 as compared to \$119.0 million in 2013, an increase of 18 percent. The increase was primarily driven by higher assets under management of LSV from existing clients due to market appreciation and an increase in performance fees earned by LSV.

Stock-based compensation expense decreased by \$24.4 million during 2014 due to the acceleration of expense recognition during 2013 for stock options that achieved performance vesting targets earlier than previously estimated as a result of unexpected, non-recurring events which were not part of our normal business operations (See the caption "Stock-Based Compensation" later in this discussion for more information).

The direct costs associated with our investment management programs increased in our Private Banks and Institutional Investors segments. These costs primarily relate to fees charged by investment advisory firms and are included in Sub-advisory, distribution and other asset management costs on the accompanying Consolidated Statements of Operations.

Our operating expenses related to personnel in our Private Banks and Investment Managers segments increased. These increased operational costs, primarily attributable to salary and incentive compensation, are mainly related to servicing new and existing clients.

We capitalized \$34.9 million in 2014 for significant enhancements and new functionality for the SEI Wealth Platform as compared to \$39.5 million in 2013. Included in the amount for 2013 is a one-time contractual payment of \$8.8 million to exercise a conversion option in lieu of periodic fee payments pertaining to a software license related to the Platform. Amortization expense related to capitalized software was \$38.4 million during 2014 as compared to \$34.4 million during 2013 primarily due to continued enhancements to the Platform. Our non-capitalized development costs associated with the Platform increased due to higher personnel and consulting costs.

Our operating margins in all four core business segments improved in 2014 mainly due to increased recurring revenues generated from the higher levels of assets under management and administration as previously discussed. We recorded a pre-tax charge of \$11.3 million against earnings during the fourth quarter for the write down of our investment in a wealth services firm based in China (See the caption "Equity in earnings of unconsolidated affiliates" later in this discussion for more information).

We recorded a pre-tax gain of \$5.6 million, or \$0.02 diluted earnings per share, in 2014 from the sale of SEI AK. This gain was the result of the first in a series of three annual payments related to the contingent purchase price we received from the sale. The gain from the sale is included in Gain on sale of subsidiary on the accompanying Consolidated Statement of Operations (See Note 15 to the Consolidated Financial Statements for more information). Our effective tax rate was 34.9 percent in 2014 as compared to 33.7 percent in 2013. The increase in our tax rate was primarily due to a one time reduction in 2013 from a Pennsylvania state tax law change (See the caption "Income Taxes" later in this discussion for more information).

We continued our stock repurchase program and purchased approximately 7,888,000 shares at an average price of \$35.29 per share for a total cost of \$278.4 million.

#### Product Development - SEI Wealth Platform

Much of our product development efforts have been focused on building and delivering the SEI Wealth Platform which provides a global, unified and scalable platform for operating a wealth management business. The Platform combines internally built functionality and third-party applications and integrates them into a single solution with a single user experience. The goal is to provide straight through business processing and transform the middle and back office operations that exist today. The capabilities of the Platform will expand our service offerings to include large global financial institutions, investment advisors, and other similar institutions. In addition, the capabilities of the Platform provide us the opportunity to enter into new global markets.

We will continue to focus our development efforts on enhancing the functionality of the Platform and building the operational infrastructure for a wider deployment of the Platform under the business processing solution and SaaS delivery models to financial institutions and investment advisors in the United States. Future enhancements to the Platform may replace significant existing components or functionality. Once these enhancements are completed and ready to be placed into service, the components or functionality that are being replaced will be abandoned. If this occurs, the remaining net book value of the previously capitalized software development costs will be expensed over the remaining useful life of those components or written off.



An area of continued focus is improving the operational efficiency of the Platform that would promote scale more quickly. Our operational costs consist mainly of third-party vendor costs and SEI personnel. We are investing in the operational infrastructure that will attempt to provide a sustainable operating model that minimizes cost as revenues increase. Additionally, we expect to increase the resources devoted to enhancing the Platform's development, installation and service teams in order to prepare for the conversion of our first large national bank client which entails expanding the Platform to operate under the SaaS delivery model. These resources will also be directed towards migrating existing bank clients from TRUST 3000 to the Platform. We also expect to migrate larger, more sophisticated existing investment advisor clients to the Platform. Our continued investments in the SEI Wealth Platform and its infrastructure will allow for a more aggressive migration of these clients.

As we progress through the different stages of deployment of the Platform to a broader market, we expect to encounter numerous challenges; however, in our opinion, the Platform promises to provide a significant opportunity to expand our services into new markets that will increase revenues and profits in the long-term. Until we attain a level of revenues that technological and operational scale can be achieved, we expect continued pressure on our operating margins in the Private Banks business segment and an increased level of pressure on our operating margins in the Investment Advisors business segment.

Sensitivity of our revenues and earnings to capital market fluctuations

The majority of our revenues are based on the value of assets invested in investment products that we manage or administer which are affected by changes in the capital markets. The prevailing capital market conditions during 2014 and the first six months of 2015 had a net positive impact on our asset-based fees thereby increasing our base revenues. Conversely, the market volatility during the second half of 2015 negatively impacted our asset-based fee revenues and partially offset our revenue growth. The recent market volatility occurring at the start of 2016 is expected to have a negative impact on our asset-based fee revenues. Prolonged future downturns in the general capital markets could have adverse effects on our revenues and earnings derived from assets under management and administration.

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Ending Asset Balances

This table presents ending asset balances of our clients, or of our clients' customers, for which we provide management or administrative services through our subsidiaries and partnerships in which we have a significant interest.

Ending Asset Balances

(In millions)

As of December 31,

	2015	2014	Percent Change	2013	Percent Change	
<b>Private Banks:</b>						
Equity and fixed income programs	\$18,150	\$18,666	(3 )%	\$15,472	21	%
Collective trust fund programs	4	8	(50 )%	14	(43	)%
Liquidity funds	5,835	5,889	(1 )%	5,685	4	%
Total assets under management	\$23,989	\$24,563	(2 )%	\$21,171	16	%
Client proprietary assets under administration	17,532	16,741	5	% 15,272	10	%
Total assets	\$41,521	\$41,304	1	% \$36,443	13	%
<b>Investment Advisors:</b>						
Equity and fixed income programs	\$46,123	\$43,845	5	% \$38,574	14	%
Collective trust fund programs	7	9	(22 )%	11	(18	)%
Liquidity funds	4,924	3,173	55	% 2,846	11	%
Total assets under management	\$51,054	\$47,027	9	% \$41,431	14	%
<b>Institutional Investors:</b>						
Equity and fixed income programs	\$72,263	\$72,828	(1 )%	\$66,548	9	%
Collective trust fund programs	96	95	1	% 109	(13	)%
Liquidity funds	2,883	2,929	(2 )%	2,644	11	%
Total assets under management	\$75,242	\$75,852	(1 )%	\$69,301	9	%
<b>Investment Managers:</b>						
Equity and fixed income programs	\$66	\$27	144	% \$69	(61	)%
Collective trust fund programs	32,117	20,833	54	% 22,377	(7	)%
Liquidity funds	832	946	(12 )%	718	32	%
Total assets under management	\$33,015	\$21,806	51	% \$23,164	(6	)%
Client proprietary assets under administration	390,282	355,890	10	% 311,992	14	%
Total assets	\$423,297	\$377,696	12	% \$335,156	13	%
<b>Investments in New Businesses:</b>						
Equity and fixed income programs	\$764	\$736	4	% \$619	19	%
Liquidity funds	47	98	(52 )%	46	113	%
Total assets under management	\$811	\$834	(3 )%	\$665	25	%
<b>LSV:</b>						
Equity and fixed income programs	\$78,335	\$82,665	(5 )%	\$76,189	8	%
<b>Total:</b>						
Equity and fixed income programs	\$215,701	\$218,767	(1 )%	\$197,471	11	%
Collective trust fund programs	32,224	20,945	54	% 22,511	(7	)%
Liquidity funds	14,521	13,035	11	% 11,939	9	%
Total assets under management	\$262,446	\$252,747	4	% \$231,921	9	%
Client proprietary assets under administration	407,814	372,631	9	% 327,264	14	%
Total assets under management and administration	\$670,260	\$625,378	7	% \$559,185	12	%



## Average Asset Balances

This table presents average asset balances of our clients, or of our clients' customers, for which we provide management or administrative services through our subsidiaries and partnerships in which we have a significant interest.

## Average Asset Balances

(In millions)

For the Year Ended December 31,

	2015	2014	Percent Change	2013	Percent Change	
<b>Private Banks:</b>						
Equity and fixed income programs	\$19,106	\$17,838	7	% \$15,188	17	%
Collective trust fund programs	7	12	(42)	)% 11	9	%
Liquidity funds	5,491	5,547	(1)	)% 5,252	6	%
Total assets under management	\$24,604	\$23,397	5	% \$20,451	14	%
Client proprietary assets under administration	17,652	15,648	13	% 13,626	15	%
Total assets	\$42,256	\$39,045	8	% \$34,077	15	%
<b>Investment Advisors:</b>						
Equity and fixed income programs	\$45,968	\$41,346	11	% \$35,290	17	%
Collective trust fund programs	9	12	(25)	)% 14	(14)	)%
Liquidity funds	3,550	2,840	25	% 2,355	21	%
Total assets under management	\$49,527	\$44,198	12	% \$37,659	17	%
<b>Institutional Investors:</b>						
Equity and fixed income programs	\$73,804	\$70,796	4	% \$64,003	11	%
Collective trust fund programs	95	108	(12)	)% 106	2	%
Liquidity funds	3,082	2,773	11	% 2,937	(6)	)%
Total assets under management	\$76,981	\$73,677	4	% \$67,046	10	%
<b>Investment Managers:</b>						
Equity and fixed income programs	\$34	\$66	(48)	)% \$74	(11)	)%
Collective trust fund programs	23,476	21,929	7	% 18,985	16	%
Liquidity funds	1,004	857	17	% 554	55	%
Total assets under management	\$24,514	\$22,852	7	% \$19,613	17	%
Client proprietary assets under administration	378,970	338,645	12	% 286,208	18	%
Total assets	\$403,484	\$361,497	12	% \$305,821	18	%
<b>Investments in New Businesses:</b>						
Equity and fixed income programs	\$776	\$671	16	% \$577	16	%
Liquidity funds	68	81	(16)	)% 33	145	%
Total assets under management	\$844	\$752	12	% \$610	23	%
<b>LSV:</b>						
Equity and fixed income programs	\$82,785	\$80,440	3	% \$68,870	17	%
<b>Total:</b>						
Equity and fixed income programs	\$222,473	\$211,157	5	% \$184,002	15	%
Collective trust fund programs	23,587	22,061	7	% 19,116	15	%
Liquidity funds	13,195	12,098	9	% 11,131	9	%
Total assets under management	\$259,255	\$245,316	6	% \$214,249	15	%
Client proprietary assets under administration	396,622	354,293	12	% 299,834	18	%
Total assets under management and administration	\$655,877	\$599,609	9	% \$514,083	17	%



In the preceding tables, assets under management are total assets of our clients or their customers invested in our equity and fixed-income investment programs, collective trust fund programs, and liquidity funds for which we provide asset management services. Assets under management and administration also include total assets of our clients or their customers for which we provide administrative services, including client proprietary fund balances for which we provide administration and/or distribution services. All assets presented in the preceding tables are not included in the accompanying Consolidated Balance Sheets because we do not own them.

#### Business Segments

Revenues, Expenses, and Operating profit (loss) for our business segments for the year ended 2015 compared to the year ended 2014, and for the year ended 2014 compared to the year ended 2013 are:

Year Ended December 31,	2015	2014	Percent Change	2013	Percent Change		
<b>Private Banks:</b>							
Revenues	\$456,516	\$441,467	3	% \$397,138	11	%	
Expenses	410,975	399,620	3	% 392,399	2	%	
Operating profit	\$45,541	\$41,847	9	% \$4,739	NM		
Gain on sale of subsidiary	2,791	5,582	NM	22,112	NM		
Total profit	\$48,332	\$47,429	NM	\$26,851	NM		
Operating margin (a)	10	% 9	%	1	%		
<b>Investment Advisors:</b>							
Revenues	306,620	283,811	8	% 241,252	18	%	
Expenses	171,968	146,500	17	% 133,962	9	%	
Operating profit	\$134,652	\$137,311	(2)	)% \$107,290	28	%	
Operating margin	44	% 48	%	44	%		
<b>Institutional Investors:</b>							
Revenues	297,568	284,677	5	% 257,658	10	%	
Expenses	145,851	140,659	4	% 133,218	6	%	
Operating profit	\$151,717	\$144,018	5	% \$124,440	16	%	
Operating margin	51	% 51	%	48	%		
<b>Investment Managers:</b>							
Revenues	267,963	251,310	7	% 226,081	11	%	
Expenses	172,094	159,176	8	% 148,977	7	%	
Operating profit	\$95,869	\$92,134	4	% \$77,104	19	%	
Operating margin	36	% 37	%	34	%		
<b>Investments in New Businesses:</b>							
Revenues	5,541	4,740	17	% 4,003	18	%	
Expenses	20,656	18,377	12	% 15,723	17	%	
Operating loss	\$(15,115 )	\$(13,637 )	NM	\$(11,720 )	NM		

(a) Percentage determined exclusive of gain from sale of subsidiary (See Note 15 to the Consolidated Financial Statements).

For additional information pertaining to our business segments, see Note 13 to the Consolidated Financial Statements.

## Private Banks

Year Ended December 31,	2015	2014	Percent Change	2013	Percent Change
Revenues:					
Investment processing and software servicing fees	\$289,056	\$283,021	2 %	\$260,085	9 %
Asset management, administration & distribution fees	138,606	132,427	5 %	108,792	22 %
Transaction-based and trade execution fees	28,854	26,019	11 %	28,261	(8) %
Total revenues	\$456,516	\$441,467	3 %	\$397,138	11 %

Revenues increased \$15.0 million, or three percent, in 2015 compared to the prior year. Revenues during 2015 were primarily affected by:

- Increased recurring investment processing fees from the growth in existing client assets processed on the SEI Wealth Platform; and

- Increased investment management fees from existing international clients due to increased net cash flows and higher average assets under management from favorable market conditions; partially offset by

- Lower recurring investment processing fees earned on our mutual fund trading solution due to price reductions, and

- The negative impact from foreign currency exchange rate fluctuations.

Revenues increased \$44.3 million, or 11 percent, in 2014 compared to the prior year. Revenues during 2014 were primarily affected by:

- Increased investment management fees from existing international clients due to higher average assets under management from improved capital markets and increased net cash flows;

- Increased fees from the growth in existing client assets processed on the SEI Wealth Platform;

- Increased fees earned on our mutual fund trading solution due to an increase in assets processed on the system from new and existing clients; and

- \$6.0 million in non-recurring professional services fees from a single project recorded in the second quarter 2014 related to investment processing services; partially offset by

- Lower recurring investment processing fees due to price reductions provided to existing clients that recontracted for longer periods and client losses.

Operating margins were ten percent in 2015 and nine percent in 2014. Operating income increased \$3.7 million, or nine percent, in 2015 compared to the prior year. Operating income in 2015 was primarily affected by:

- An increase in revenues;

- Decreased salary, incentive compensation and other personnel-related costs; and

- Decreased expenses from foreign operations due to foreign currency exchange rate fluctuations; partially offset by

- Increased direct expenses associated with increased investment management fees from existing international clients;

- The write off of approximately \$3.6 million of previously capitalized software development costs and purchased software related to the SEI Wealth Platform in the third quarter 2015;

- Increased non-capitalized costs, mainly personnel costs, related to maintenance and enhancements to the SEI Wealth Platform;

- Increased amortization expense related to the SEI Wealth Platform; and

- Increased sales compensation expense due to new business activity.

Operating margins were nine percent in 2014 and one percent in 2013. Operating income increased \$37.1 million in 2014 compared to the prior year. Operating income in 2014 was primarily affected by:

- An increase in revenues; and

- Decreased stock-based compensation costs of \$7.3 million; partially offset by

- Increased direct expenses associated with increased investment management fees from existing international clients;

- Increased non-capitalized development costs, mainly personnel and consulting costs, related to the SEI Wealth Platform;

- Increased operational costs, mainly salary and consulting costs, for servicing investment processing clients;

Increased third-party expenses associated with clients processed on the SEI Wealth Platform; and  
Increased amortization expense related to the SEI Wealth Platform.

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## Investment Advisors

Year Ended December 31,	2015	2014	Percent Change	2013	Percent Change	
Revenues:						
Investment management fees-SEI fund programs	\$238,120	\$223,371	7	% \$191,473	17	%
Separately managed account fees	54,987	45,404	21	% 35,382	28	%
Other fees	13,513	15,036	(10)	)% 14,397	4	%
Total revenues (a)	\$306,620	\$283,811	8	% \$241,252	18	%

(a) All amounts are reflected in Asset management, administration and distribution fees except for \$1,126, \$2,406 and \$1,921 in 2015, 2014 and 2013, respectively, which are reflected in Transaction-based and trade execution fees.

Revenues increased \$22.8 million, or eight percent, in 2015 and increased \$42.6 million, or 18 percent, in 2014 compared to 2013. Revenues during 2015 and 2014 were primarily affected by:

- Increased investment management fees and separately managed account program fees from existing clients due to an increase in net cash flows from new and existing advisors and higher average assets under management caused by market appreciation during 2014 and the first six months of 2015; and

- An increase in average basis points earned on assets in 2014 due to the increase in average assets under management and product mix; partially offset by

- A decrease in average basis points earned on assets in 2015 due to client-directed shifts into lower fee investment products.

Operating margins were 44 percent in 2015 and 48 percent in 2014. Operating income decreased \$2.7 million, or two percent, in 2015 compared to the prior year. Operating income in 2015 was primarily affected by:

- Increased direct expenses associated with the increased assets in our investment management programs;

- Increased personnel costs, mainly salary, related to acquiring and servicing new advisors as well as increased sales compensation expense due to new business activity,

- The write off of approximately \$2.4 million of previously capitalized software development costs related to the SEI Wealth Platform in the third quarter 2015;

- Increased non-capitalized costs, mainly personnel costs, related to maintenance and enhancements to the SEI Wealth Platform; and

- Increased amortization expense related to the SEI Wealth Platform; partially offset by

- An increase in revenues.

Operating margins were 48 percent in 2014 and 44 percent in 2013. Operating income increased \$30.0 million, or 28 percent, in 2014 compared to the prior year. Operating income in 2014 was primarily affected by:

- An increase in revenues; and

- Decreased stock-based compensation costs of \$4.2 million; partially offset by

- Increased direct expenses associated with increased investment management programs;

- Increased non-capitalized development costs, mainly personnel and consulting costs, related to the SEI Wealth Platform; and

- Increased amortization expense related to the SEI Wealth Platform.

## Institutional Investors

Revenues increased \$12.9 million, or five percent, in 2015 and increased \$27.0 million, or ten percent, in 2014 compared to 2013. Revenues during 2015 and 2014 were primarily affected by:

- Increased investment management fees from existing clients due to higher average assets under management caused by improved capital markets during 2014 and the first six months of 2015 as well as additional asset funding from existing clients; and

- Asset funding from new sales of our retirement and not-for-profit solutions; partially offset by the negative impact from foreign currency exchange rate fluctuations in 2015 and client losses.



Operating margins were 51 percent in 2015 and 2014. Operating income increased \$7.7 million, or five percent, in 2015 compared to the prior year. Operating income during 2015 was primarily affected by:

- ▲ An increase in revenues; partially offset by
- Increased direct expenses associated with higher investment management fees.

Operating margins were 51 percent in 2014 and 48 percent in 2013. Operating income increased \$19.6 million, or 16 percent, in 2014 compared to the prior year. Operating income during 2014 was primarily affected by:

- ▲ An increase in revenues; and
- Decreased stock-based compensation costs of \$3.9 million; partially offset by
- Increased direct expenses associated with higher investment management fees, and
- Increased personnel costs, mainly salary and incentive-based compensation expenses.

#### Investment Managers

Revenues increased \$16.7 million, or seven percent, in 2015 and increased \$25.2 million, or 11 percent, in 2014 compared to 2013. Revenues during 2015 and 2014 were primarily affected by:

- Net positive cash flows from existing clients due to new funding along with higher valuations from improved capital markets during 2014 and the first six months of 2015; and
- Positive cash flows from new clients; partially offset by client losses.

Operating margins were 36 percent in 2015 and 37 percent in 2014. Operating income increased \$3.7 million, or four percent, in 2015 compared to the prior year. Operating income during 2015 was primarily affected by:

- ▲ An increase in revenues; partially offset by
- Increased personnel expenses, technology and other operational costs to service new and existing clients; and
- Increased discretionary marketing and promotion expenses.

Operating margins were 37 percent in 2014 and 2013. Operating income increased \$15.0 million, or 19 percent, in 2014 compared to the prior year. Operating income during 2014 was primarily affected by:

- ▲ An increase in revenues; and
- Decreased stock-based compensation costs of \$4.5 million; partially offset by
- Increased personnel expenses, technology and other operational costs to service new and existing clients.

#### Other

##### Corporate overhead expenses

Corporate overhead expenses primarily consist of general and administrative expenses and other costs not directly attributable to a reportable business segment. Corporate overhead expenses were \$54.5 million, \$48.9 million and \$53.7 million in 2015, 2014 and 2013, respectively. The increase in corporate overhead expenses in 2015 was primarily due to higher salary and other personnel-related costs as well as costs incurred for the relocation of our London operations. The decrease in 2014 was primarily due to decreased stock-based compensation costs of \$4.2 million.

##### Other income and expense items

Other income and expense items on the accompanying Consolidated Statements of Operations consist of:

Year Ended December 31,	2015	2014	2013
Net (loss) gain from investments	\$(456	) \$614	\$659
Interest and dividend income	3,358	3,354	3,248
Interest expense	(483	) (458	) (535
Equity in earnings of unconsolidated affiliates	137,057	127,786	118,076
Gain on sale of subsidiary	2,791	5,582	22,112
Other income	—	—	43,429
Total other income and expense items, net	\$142,267	\$136,878	\$186,989

##### Equity in earnings of unconsolidated affiliates

Equity in earnings of unconsolidated affiliates primarily includes our ownership in LSV. At December 31, 2015, our interest in LSV was approximately 39.2 percent. Our proportionate share in the earnings of LSV declined slightly to \$138.4 million in 2015 as compared to \$140.2 million in 2014. The decrease in our earnings was primarily due to increased personnel expenses of LSV. LSV's average assets under management increased \$2.3 billion to \$82.8 billion

during 2015 as compared to \$80.4

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billion during 2014, an increase of three percent. In 2014, our proportionate share in the earnings of LSV increased to \$140.2 million from \$119.0 million in 2013, an increase of 18 percent. The increase in 2014 was primarily due to increased assets from new and existing clients due to market appreciation and increased performance fees.

Equity in earnings of unconsolidated affiliates in 2015 and 2014 also included our proportionate share in the losses of Gao Fu, a wealth services firm based in China. In December 2014, we wrote down our investment in Gao Fu to its net realizable value based on our ownership percentage of the remaining net assets of the firm and recognized an impairment charge of \$11.3 million during the fourth quarter 2014. This charge is reflected in Equity in earnings of unconsolidated affiliates on the accompanying Consolidated Statements of Operations (See Note 2 to the Consolidated Financial Statements for more information). We wrote off our remaining investment in Gao Fu during 2015.

#### Gain on sale of subsidiary

On July 31, 2012, we entered into a agreement to sell all of our ownership interest in SEI AK and completed the sale on March 28, 2013. We recorded gains from the sale of \$2.8 million, \$5.6 million and \$22.1 million during 2015, 2014 and 2013, respectively. The gains recorded in 2014 and 2015 were the result of the first and second in a series of three annual payments related to the contingent purchase price we received from the sale. These gains are included in Gain on sale of subsidiary on the accompanying Consolidated Statement of Operations (See Note 15 to the Consolidated Financial Statements for more information).

#### Other income

On April 24, 2013, we entered into a Settlement Agreement with respect to litigation captioned Abu Dhabi Commercial Bank, et. al. v. Morgan Stanley & Co., Incorporated, et. al., related to the purchase of Cheyne Finance LLC, a SIV security. In accordance with the Settlement Agreement, we received a cash settlement payment after fees and expenses of \$43.4 million during 2013 which is included in Other income on the accompanying Consolidated Statement of Operations (See Note 16 to the Consolidated Financial Statements for more information).

#### Income Taxes

Our effective tax rate was 33.7 percent in 2015, 34.9 percent in 2014, and 33.7 percent in 2013. Our effective tax rate is affected by recurring items, such as tax rates in various states and foreign jurisdictions and the relative amount of income we earned in those jurisdictions. These amounts have been fairly consistent in prior years. In 2015 and 2014, there was an increase in the taxable income earned in certain foreign jurisdictions which was taxed at a lower rate or was offset by the foreign tax credit.

Our effective tax rate is also affected by discrete items that may occur in any given year, but are not consistent from year to year. Below are the most significant recurring and discrete items (See Note 12 to the Consolidated Financial Statements for more information):

#### 2015

- There was a reduction in our effective rate due to a favorable settlement of a tax petition with the Pennsylvania Department of Revenue regarding prior year apportionment methodology.

#### 2014

• There was a reduction in our effective rate due to more pre-tax income being taxed in foreign jurisdictions with lower effective tax rates or offset by a foreign tax credit;

• There was a reduction in our state effective rate as a result of Pennsylvania Tax Law changes that became effective January 1, 2014. The 2013 tax rate was benefited by a one-time reduction in deferred taxes; and

• There was a reduction in our effective rate due to the reinstatement of the Research and Development Tax Credit. The tax credit was retroactively extended for 2014 through the Tax Increase Prevention Law, signed into law on December 19, 2014. The 2013 tax rate reflected the Research and Development Tax Credit for two years.

#### 2013

• There was a reduction in our effective rate that was the result of Pennsylvania Tax Law changes enacted on July 18, 2013 which became effective on January 1, 2014. These changes have reduced the deferred tax liability which had accumulated during prior years. In accordance with the tax accounting rules, the effect of the law change is recorded in the year in which the law was signed. The primary change that affects SEI results from the reduction of net income apportioned to the State of Pennsylvania. The bill adopts “market-based” sourcing for apportionment. This method apportions sales to the state where the benefits are being derived by the customer. The current method apportions

sales of services to the state where the cost was incurred to perform those services; and  
There was a reduction in our effective rate from the reinstatement of the Research and Development Tax Credit. The tax credit was reinstated retroactively from January 1, 2012 through December 31, 2013 by The American Taxpayer Relief Act of 2012 (the Act), signed into law on January 2, 2013. The accounting rules require the determination of current and deferred taxes be based upon the provisions of the enacted tax law as of the balance sheet date. Since the

Act was not signed into law until January 2, 2013, the effect was not reflected in the tax provision for 2012. The 2013 effective tax rate reflects a Research and Development Tax Credit for both 2012 and 2013.

#### Stock-Based Compensation

During 2015, 2014 and 2013, we recognized approximately \$17.3 million, \$13.5 million and \$37.9 million, respectively, in stock-based compensation expense. All of our stock options have performance-based vesting provisions that tie vesting of the options to our financial performance and do not contain any time-based vesting provisions. The amount of stock-based compensation expense recognized is based upon an estimate of when the earnings per share targets may be achieved. If our estimate proves to be inaccurate, the amount of stock-based compensation expense could be accelerated, spread out over a longer period, or reversed. This may cause volatility in the recognition of stock-based compensation expense and materially affect our earnings.

During 2013, we revised our estimate of when certain vesting targets were expected to be achieved. This change in estimate resulted in an increase of \$19.6 million in stock-based compensation expense. The change in our estimate resulted from the positive earnings impacts from the unexpected cash payment received for a litigation settlement and the gain recognized from the sale of SEI AK during 2013. These non-recurring events, which were not part of our normal business operations, had a significant positive impact on our earnings and were not initially incorporated into our estimate made at December 31, 2012 for the achievement of our option vesting targets.

As of December 31, 2015, there was approximately \$51.7 million of unrecognized compensation cost related to unvested employee stock options that we expect will vest and is being amortized.

#### Fair Value Measurements

The fair value of our financial assets and liabilities is determined in accordance with the fair value hierarchy. The fair value of our financial assets are determined using Level 1 or Level 2 inputs and consist mainly of investments in equities or mutual funds that are quoted daily and GNMA and other U.S. government agency securities that are single issuer pools that are valued based on current market data of similar assets. We did not have any financial liabilities at December 31, 2015 or 2014 (See Note 5 to the Consolidated Financial Statements for more information).

#### Regulatory Matters

Like many firms operating within the financial services industry, we are experiencing a challenging regulatory environment across our markets. Our current scale and reach as a provider to the financial services industry; the introduction and implementation of new solutions for our financial services industry clients; the increased regulatory oversight of the financial services industry generally; new laws and regulations affecting the financial services industry and ever-changing regulatory interpretations of existing laws and regulations; and a greater propensity of regulators to pursue enforcement actions and other sanctions against regulated entities, have made this an increasingly challenging and costly regulatory environment in which to operate.

During the last twelve months, SEI and some of our regulated subsidiaries have undergone or been scheduled to undergo a range of periodic or thematic reviews or examinations by more than eight regulatory authorities around the world, including the Office of the Comptroller of the Currency, the Securities and Exchange Commission, the Financial Industry Regulatory Authority, the Financial Conduct Authority of the United Kingdom, the Central Bank of Ireland and others. These examinations typically result in the identification of matters or practices to be addressed by us or our subsidiaries and, in certain circumstances, the regulatory authorities could require remediation activities or pursue enforcement proceedings against us or our subsidiaries. As described under the caption "Regulatory Considerations" in Item 1 of this report, the range of possible sanctions that are available to regulatory authorities include limitations on our ability to engage in business for specified periods of time, the revocation of registration, censures and fines. The direct and indirect costs of responding to these examinations and reviews and of complying with new or modified regulations, as well as the potential financial costs and potential reputational impact against us of any enforcement proceedings that might result, is uncertain but could have a material adverse impact on our operating results or financial position.

## Liquidity and Capital Resources

Year Ended December 31,	2015	2014	2013
Net cash provided by operating activities	\$391,460	\$374,803	\$351,224
Net cash used in investing activities	(78,015)	) (53,385	) (62,413
Net cash used in financing activities	(289,805	) (224,750	) (162,785
Effect of exchange rate changes on cash and cash equivalents	(11,425	) (7,495	) —
Net increase in cash and cash equivalents	12,215	89,173	126,026
Cash and cash equivalents, beginning of year	667,446	578,273	452,247
Cash and cash equivalents, end of year	\$679,661	\$667,446	\$578,273

Cash requirements and liquidity needs are primarily funded through our cash flow from operations and our capacity for additional borrowing. At December 31, 2015, our unused sources of liquidity consisted of cash and cash equivalents and the full amount available under our credit facility.

Our credit facility provides for borrowings of up to \$300.0 million and is scheduled to expire in February 2017 (See Note 7 to the Consolidated Financial Statements). The availability of the credit facility is subject to compliance with certain covenants set forth in the agreement. The credit facility contains covenants which restrict our ability to engage in mergers, consolidations, asset sales, investments, transactions with affiliates, or to incur liens, as defined in the agreement. In the event of a default under the credit facility, we would also be restricted from paying dividends on, or repurchasing, our common stock. Currently, our ability to borrow from the credit facility is not limited by any covenant of the agreement. We currently have no borrowings under our credit facility.

The majority of our excess cash reserves are primarily placed in accounts located in the United States that invest in SEI-sponsored money market mutual funds denominated in the U.S. dollar. We also utilize demand deposit accounts or money market accounts at several well-established financial institutions located in the United States. Accounts used to manage these excess cash reserves do not impose any restrictions or limitations that would prevent us from being able to access such cash amounts immediately. As of January 29, 2016, the amount of cash and cash equivalents considered free and immediately accessible for other general corporate purposes was \$330.4 million.

Our cash and cash equivalents include accounts managed by our subsidiaries that are used in their operations or to cover specific business and regulatory requirements. The availability of this cash for other purposes beyond the operations of these subsidiaries may be limited. Also, some of our foreign subsidiaries may have excess cash reserves which are considered to be undistributed earnings and indefinitely reinvested. Upon distribution of these earnings, in the form of dividends or otherwise, we would be immediately subject to both U.S. and foreign withholding taxes which would reduce the amount we would ultimately realize. In addition to the foreign withholding taxes, the negative impact resulting from unfavorable exchange rate fluctuations on the cash balances held by our foreign subsidiaries would also reduce the amount realized. We do not include accounts of our foreign subsidiaries in our calculation of free and immediately accessible cash for other general corporate purposes.

Cash flows from operations increased \$16.7 million in 2015 compared to 2014 primarily from the increase in our net income, an increase in the distribution payments received from LSV and non-cash items such as the increase in depreciation, amortization and stock-based compensation expense. The increase was partially offset by the larger negative impact from the net change in our working capital accounts in 2015 as compared to 2014.

Cash flows from operations increased \$23.6 million in 2014 compared to 2013 primarily from the increase in our net income, the non-cash adjustments related to the gains from the sale of SEI AK and deferred tax expense. These increases were partially offset by the non-cash adjustment for stock-based compensation and the net change in our working capital accounts (See Note 15 to the Consolidated Financial Statements for more information regarding the sale of SEI AK).

Cash flows from investing activities decreased \$24.6 million in 2015 compared to 2014 and increased \$9.0 million in 2014 compared to 2013. Net cash used in investing activities includes:

•Purchases, sales and maturities of marketable securities. Our purchases, sales and maturities of marketable securities during 2015, 2014 and 2013 were as follows:

2015	2014	2013
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Purchases	\$(52,538	)	\$(56,754	)	\$(57,560	)
Sales and maturities	46,312		63,434		47,574	
Net investing activities from marketable securities	\$(6,226	)	\$6,680		\$(9,986	)

Marketable securities purchased generally consisted of additional GNMA securities to satisfy applicable regulatory requirements of SPTC, investments in short-term U.S. government agency and commercial paper securities through

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SIDCO's cash management program and investments for the start-up of new investment products. Proceeds received from sales and maturities primarily included maturities of short-term securities owned by SIDCO and sales and principal prepayments related to the GNMA securities owned by SPTC.

The capitalization of costs incurred in developing computer software. We capitalized \$29.4 million, \$34.9 million and \$39.5 million of software development costs in 2015, 2014 and 2013, respectively. Amounts capitalized primarily include costs for significant enhancements and upgrades for the expanded functionality of the SEI Wealth Platform. A higher portion of these costs are recognized in personnel and consulting costs and are not capitalized. Included in the amount for 2013 is a one-time contractual payment of \$8.8 million to exercise a conversion option in lieu of periodic fee payments pertaining to a software license for functionality utilized by the Platform.

Capital expenditures. Our capital expenditures in 2015, 2014 and 2013 primarily include purchased software and equipment for our data center operations. We completed the relocation of our London operations to a new leased facility in 2015. The total cost of the improvements to this facility was \$13.8 million. Our expenditures in 2014 include \$8.4 million related to the construction of an additional building at our corporate headquarters.

The sale of our subsidiary. The sale of SEI AK was completed during the first quarter of 2013. Prior to the transaction, cash and cash equivalents held in the accounts of SEI AK were not considered free and immediately available. As a result of the sale, the net cash proceeds received significantly increased our amount of cash considered free and immediately accessible for other general corporate purposes. The net effect of the cash received from the sale of SEI AK and the transfer of cash balances to the owners is reflected in Sale of subsidiary, net of cash transferred. The cash received in 2014 and 2015 were the result of annual payments related to the contingent purchase price from the sale. Additional information pertaining to the sale is presented in Note 15 to the Consolidated Financial Statements.

Cash flows from financing activities decreased \$65.1 million in 2015 compared to 2014 and decreased \$62.0 million in 2014 compared to 2013. Net cash used in financing activities includes:

The repurchase of our common stock. Our Board of Directors has authorized the repurchase of our common stock through multiple authorizations. Currently, there is no expiration date for our common stock repurchase program. The following table lists information regarding repurchases of our common stock during 2015, 2014 and 2013:

Year	Total Number of Shares Repurchased	Average Price Paid per Share	Total Cost
2015	5,951,000	\$48.66	\$289,587
2014	7,888,000	35.29	278,357
2013	6,789,000	30.92	209,942

Proceeds from the issuance of our common stock. We received \$65.5 million, \$104.9 million and \$66.4 million in proceeds from the issuance of our common stock during 2015, 2014 and 2013, respectively. The proceeds we receive from the issuance of our common stock is directly attributable to the levels of stock option exercise activity.

Dividend payments. Our cash dividends paid during 2015, 2014 and 2013 were as follows:

Year	Cash Dividends Paid	Cash Dividends Paid per Share
2015	\$80,030	\$0.48
2014	74,294	0.44
2013	34,400	0.20

Our Board of Directors declared a semi-annual cash dividend of \$0.26 per share on December 8, 2015. The dividend was paid on January 5, 2016 for a total of \$42.6 million.

We believe our operating cash flow, available borrowing capacity, and existing cash and cash equivalents should provide adequate funds for ongoing operations; continued investment in new products and equipment; our common stock repurchase program and future dividend payments.

#### Significant Arrangement

On October 1, 2012, we provided an unsecured guaranty of the obligations of LSV Employee Group III to The PrivateBank and Trust Company and certain other lenders. We entered into this agreement in order to facilitate the acquisition of certain partnership interests of LSV by LSV Employee Group III. Additional information pertaining to

the agreement is presented in Note 2 to the Consolidated Financial Statements.

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### Contractual Obligations and Contingent Obligations

As of December 31, 2015, the Company is obligated to make payments in connection with its lines of credit, operating leases, maintenance contracts and other commitments in the amounts listed below. The Company has no unrecorded obligations other than the items noted in the following table:

	Total	2016	2017	2018 to 2019	2020 and thereafter
Line of credit (a)	\$498	\$457	\$41	\$—	\$—
Operating leases and maintenance agreements (b)	63,179	4,397	5,578	15,790	37,414
Other commitments (c)	4,512	4,512	—	—	—
Total	\$68,189	\$9,366	\$5,619	\$15,790	\$37,414

(a) Amounts include estimated commitment fees for our credit facility. See Note 7 to the Consolidated Financial Statements.

(b) See Note 11 to the Consolidated Financial Statements.

(c) Amount includes the portion of uncertain tax liabilities classified as a current liability. The actual cash payment associated with these commitments may differ. See Note 12 to the Consolidated Financial Statements.

### Critical Accounting Policies

The accompanying consolidated financial statements and supplementary information were prepared in accordance with accounting principles generally accepted in the United States. Our significant accounting policies are discussed in Note 1 to the Consolidated Financial Statements. Inherent in the application of many of these accounting policies is the need for management to make estimates and judgments in the determination of certain revenues, expenses, assets and liabilities. Materially different financial results can occur as circumstances change and additional information becomes known. We believe that the following accounting policies require extensive judgment by our management to determine the recognition and timing of amounts recorded in our financial statements.

#### Revenue Recognition:

Revenues are recognized in the periods in which the related services are performed provided that persuasive evidence of an agreement exists, the fee is fixed or determinable, and collectibility is reasonably assured. Cash received by us in advance of the performance of services is deferred and recognized as revenue when earned. Our principal sources of revenues are: (1) asset management, administration and distribution fees calculated as a percentage of the total average daily net assets under management or administration; (2) information processing and software servicing fees that are recurring in nature and earned based upon the number of trust accounts being serviced and non-recurring project fees that are earned based upon contractual agreements related to client implementations; and (3) transaction-based fees for providing trade-execution services.

Our revenues are based on contractual arrangements. Certain portions of our revenues require management's consideration of the nature of the client relationship in determining whether to recognize as revenue the gross amount billed or net amount retained after payments are made to vendors for certain services related to the product or service offering. For the majority of our services, we are the primary obligor responsible for fulfilling the performance obligations of the contract. In addition, we retain full discretion in establishing the price charged to the customer, control the nature, type, characteristics or specifications of the performance obligations identified in the contract, and assume all credit risk associated with the client. Based on the foregoing, fees received from our clients for these services are recorded as gross revenues and vendor costs are recorded as gross expenses. However, we are also party to certain arrangements whereby we are not the primary obligor responsible for fulfilling the performance obligations of the contract. Fees received for those arrangements are reported net of costs associated with the provision of those services.

#### Computer Software Development Costs:

We utilize internally developed computer software as part of our product offerings. In the development of a new software product, substantial consideration must be given by management to determine whether costs incurred are research and development costs, or internal software development costs eligible for capitalization. Management must consider a number of different factors during their evaluation of each computer software development project that

includes estimates and assumptions. Costs considered to be research and development are expensed as incurred. After meeting specific requirements, internal software development costs are capitalized as incurred. The capitalization and ongoing assessment of recoverability of software development costs requires considerable judgment by management with respect to certain external factors, including, but not limited to, technological and economic feasibility, and estimated economic life. Amortization of capitalized software development costs begins when the product is ready for its intended use. Capitalized software development costs are amortized on a project basis using the straight-line method over the estimated economic life of the product or enhancement.

We evaluate the carrying value of our capitalized software when circumstances indicate the carrying value may not be recoverable. The review of capitalized software for impairment requires significant assumptions about operating strategies, underlying technologies utilized, and external market factors. Our capitalized software was developed using mainstream technologies that are industry standards and are based on technology developed by multiple vendors that are significant industry leaders. External market factors include, but are not limited to, expected levels of competition, barriers to entry by potential competitors, stability in the target market and governmental regulations.

**Income Tax Accounting:**

We use the asset and liability method of accounting for income taxes. Under this method, income tax expense is recognized for the amount of taxes payable or refundable for the current year. In addition, deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial reporting and tax bases of assets and liabilities, and for operating losses and tax credit carryforwards. Management must make assumptions, judgments and estimates to determine our current provision for income taxes and also our deferred tax assets and liabilities and any valuation allowance to be recorded against a deferred tax asset.

Our assumptions, judgments and estimates relative to the current provision for income taxes take into account current tax laws, our interpretation of current tax laws and possible outcomes of current and future audits conducted by foreign and domestic tax authorities. We have established reserves for income taxes to address potential exposures involving tax positions that could be challenged by tax authorities. Although we believe our assumptions, judgments and estimates are reasonable, changes in tax laws or our interpretation of tax laws and the resolution of any future tax audits could significantly impact the amounts provided for income taxes in our consolidated financial statements.

Our assumptions, judgments and estimates relative to the value of a deferred tax asset take into account predictions of the amount and category of future taxable income, such as income from operations or capital gains income. Actual operating results and the underlying amount and category of income in future years could render our current assumptions, judgments and estimates of recoverable net deferred taxes inaccurate. Any of the assumptions, judgments and estimates mentioned above could cause our actual income tax obligations to differ from our estimates, thus materially impacting our financial position and results of operations.

**Stock-Based Compensation:**

Stock-based compensation cost is measured at the grant date based on the fair value of the award and is recognized as expense over the requisite service period, which is the vesting period. We currently use the Black-Scholes option pricing model to determine the fair value of stock options. The determination of the fair value of stock-based payment awards on the date of grant using an option-pricing model is affected by our stock price as well as various other assumptions. These assumptions include our expected stock price volatility over the term of the awards, actual and projected employee stock option exercise behaviors, risk-free interest rate and expected dividends. We are required to estimate forfeitures at the time of grant and revise those estimates in subsequent periods if actual forfeitures differ from those estimates. The amount of stock-based compensation expense that is recognized in a given period is dependent upon management's estimate of when the earnings per share targets are expected to be achieved. If this estimate proves to be inaccurate, the remaining amount of stock-based compensation expense could be accelerated, spread out over a longer period, or reversed. We currently base our expectations for these assumptions from historical data and other applicable factors. These expectations are subject to change in future periods.

The assessment of critical accounting policies is not meant to be an all-inclusive discussion of the uncertainties to financial results that can occur from the application of the full range of our accounting policies. Materially different financial results could occur in the application of other accounting policies as well. Also, materially different results can occur upon the adoption of new accounting standards.

**Item 7A. Quantitative and Qualitative Disclosures About Market Risk.**

Information required by this item is set forth under the captions "Our revenues and earnings are affected by changes in capital markets" and "Changes in interest rates may affect the value of our fixed-income investment securities" in Item 1A "Risk Factors" and under the caption "Sensitivity of our revenues and earnings to capital market fluctuations" in Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations."



Item 8. Financial Statements and Supplementary Data.

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Schedule II - Valuation and Qualifying Accounts and Reserves — For the years ended December 31, 2015, 2014 and 2013	<u>68</u>
All other schedules are omitted because they are not applicable, or not required, or because the required information is included in the Consolidated Financial Statements or notes thereto.	



Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders

SEI Investments Company:

We have audited the accompanying consolidated balance sheets of SEI Investments Company and subsidiaries as of December 31, 2015 and 2014, and the related consolidated statements of operations, comprehensive income, changes in equity, and cash flows for each of the years in the two-year period ended December 31, 2015. In connection with our audits of the consolidated financial statements, we also have audited financial statement Schedule II referred to in Item 15(2) in this Form 10-K for each of the years in the two-year period ended December 31, 2015. These consolidated financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of SEI Investments Company and subsidiaries as of December 31, 2015 and 2014, and the results of their operations and their cash flows for each of the years in the two-year period ended December 31, 2015, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the related financial statement schedule for each of the years in the two-year period ended December 31, 2015, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), SEI Investments Company's internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 22, 2016 expressed an unqualified opinion on the effectiveness of SEI Investments Company's internal control over financial reporting.

/s/ KPMG LLP

Philadelphia, Pennsylvania

February 22, 2016

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders

SEI Investments Company:

We have audited SEI Investments Company's internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). SEI Investments Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting (Item 9A). Our responsibility is to express an opinion on SEI Investments Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, SEI Investments Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of SEI Investments Company and subsidiaries as of December 31, 2015 and 2014, and the related consolidated statements of operations, comprehensive income, changes in equity, and cash flows for each of the years in the two-year period ended December 31, 2015, and our report dated February 22, 2016 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP

Philadelphia, Pennsylvania

February 22, 2016

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders  
of SEI Investments Company:

In our opinion, the consolidated statements of operations, comprehensive income, changes in equity and cash flows for the year ended December 31, 2013, present fairly, in all material respects, the results of operations and cash flows of SEI Investments Company and its subsidiaries for the year ended December 31, 2013, in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule for the year ended December 31, 2013 presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audit. We conducted our audit of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP

Philadelphia, PA  
February 27, 2014

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Consolidated Balance Sheets (In thousands)		SEI Investments Company and Subsidiaries	
		2015	2014
Assets	December 31,		
	Current Assets:		
	Cash and cash equivalents	\$679,661	\$667,446
	Restricted cash	5,500	5,801
	Receivables from regulated investment companies	48,098	48,393
	Receivables, net of allowance for doubtful accounts of \$649 and \$784	223,023	194,419
	Securities owned	21,235	21,175
	Other current assets	26,207	18,193
	Total Current Assets	1,003,724	955,427
	Property and Equipment, net of accumulated depreciation of \$259,501 and \$241,295	143,977	125,535
	Capitalized Software, net of accumulated amortization of \$259,358 and \$218,514	290,522	309,040
	Investments Available for Sale	81,294	77,609
	Investments in Affiliated Funds, at fair value	4,039	4,523
	Investment in Unconsolidated Affiliates	49,580	54,290
	Other Assets, net	15,492	16,451
	Total Assets	\$1,588,628	\$1,542,875
Liabilities and Equity	Current Liabilities:		
	Accounts payable	\$4,511	\$10,588
	Accrued liabilities	217,587	207,429
	Deferred revenue	2,385	1,749
	Total Current Liabilities	224,483	219,766
	Deferred Income Taxes	63,028	65,169
	Other Long-term Liabilities	11,397	10,327
	Total Liabilities	298,908	295,262
	Commitments and Contingencies		
	Shareholders' Equity:		
	Series Preferred stock, \$.05 par value, 50 shares authorized; no shares issued and outstanding	—	—
	Common stock, \$.01 par value, 750,000 shares authorized; 163,733 and 166,688 shares issued and outstanding	1,637	1,667
	Capital in excess of par value	910,513	834,615
	Retained earnings	402,860	420,226
	Accumulated other comprehensive loss, net	(25,290	) (8,895 )
	Total Shareholders' Equity	1,289,720	1,247,613
	Total Liabilities and Equity	\$1,588,628	\$1,542,875

The accompanying notes are an integral part of these consolidated financial statements.

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Consolidated Statements of Operations  
(In thousands, except per-share data)

SEI Investments Company  
and Subsidiaries

Year Ended December 31,	2015	2014	2013	
<b>Revenues:</b>				
Asset management, administration and distribution fees	\$1,010,511	\$948,932	\$831,720	
Information processing and software servicing fees	290,893	285,463	261,691	
Transaction-based and trade execution fees	32,804	31,610	32,721	
Total revenues	1,334,208	1,266,005	1,126,132	
<b>Expenses:</b>				
Subadvisory, distribution and other asset management costs	160,062	149,791	121,989	
Software royalties and other information processing costs	31,497	33,522	31,255	
Brokerage commissions	24,388	23,002	24,649	
Compensation, benefits and other personnel	395,774	376,873	357,453	
Stock-based compensation	17,312	13,463	37,865	
Consulting, outsourcing and professional fees	146,436	136,818	131,399	
Data processing and computer related	58,884	52,512	51,401	
Facilities, supplies and other costs	74,968	66,113	64,613	
Amortization	42,630	38,679	34,602	
Depreciation	24,044	22,448	22,497	
Total expenses	975,995	913,221	877,723	
Income from operations	358,213	352,784	248,409	
Net (loss) gain from investments	(456	) 614	659	
Interest and dividend income	3,358	3,354	3,248	
Interest expense	(483	) (458	) (535	)
Equity in earnings of unconsolidated affiliates	137,057	127,786	118,076	
Gain on sale of subsidiary	2,791	5,582	22,112	
Other income	—	—	43,429	
Income before income taxes	500,480	489,662	435,398	
Income taxes	168,825	170,949	146,924	
Net income	\$331,655	\$318,713	\$288,474	
Less: Net income attributable to the noncontrolling interest	—	—	(350	)
Net income attributable to SEI Investments Company	\$331,655	\$318,713	\$288,124	
Basic earnings per common share	\$2.00	\$1.89	\$1.68	
Shares used to compute basic earnings per share	165,725	168,246	171,561	
Diluted earnings per common share	\$1.96	\$1.85	\$1.64	
Shares used to compute diluted earnings per share	169,598	172,565	175,718	
Dividends declared per common share	\$0.50	\$0.46	\$0.42	

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Comprehensive Income  
(In thousands)SEI Investments Company  
and Subsidiaries

Year Ended December 31,	2015	2014	2013
Net income	\$331,655	\$318,713	\$288,474
Other comprehensive loss, net of tax:			
Foreign currency translation adjustments	(14,900	) (10,189	) (3,760
Unrealized holding (loss) gain on investments:			
Unrealized holding (losses) gains during the period, net of income taxes of \$822, \$(592) and \$(954)	(1,659	) 441	(1,149
Less: reclassification adjustment for losses (gains) realized in net income, net of income taxes of \$(76), \$319 and \$170	164	(634	) (294
Total other comprehensive loss, net of taxes	(16,395	) (10,382	) (5,203
Comprehensive income	315,260	308,331	283,271
Less: Comprehensive loss attributable to noncontrolling interest	—	—	101
Comprehensive income attributable to SEI Investments	\$315,260	\$308,331	\$283,372

The accompanying notes are an integral part of these consolidated financial statements.

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Consolidated Statements of Changes in Equity  
(In thousands, except per-share data)

SEI Investments Company  
and Subsidiaries

Year Ended December 31, Shares of Common Stock	2015	2014	2013
Beginning balance	166,688	169,242	172,220
Purchase and retirement of common stock	(5,951	) (7,888	) (6,789
Issuance of common stock under the employee stock purchase plan	69	73	78
Issuance of common stock upon exercise of stock options	2,927	5,261	3,733
Ending balance	163,733	166,688	169,242
Common Stock			
Beginning balance	\$1,667	\$1,692	\$1,722
Purchase and retirement of common stock	(60	) (79	) (68
Issuance of common stock under the employee stock purchase plan	1	1	1
Issuance of common stock upon exercise of stock options	29	53	37
Ending balance	\$1,637	\$1,667	\$1,692
Capital In Excess of Par Value			
Beginning balance	\$834,615	\$721,219	\$624,305
Purchase and retirement of common stock	(22,984	) (25,345	) (19,105
Issuance of common stock under the employee stock purchase plan	2,798	2,197	1,950
Issuance of common stock upon exercise of stock options	62,716	102,646	64,379
Stock-based compensation	17,312	13,463	37,865
Tax benefit on stock options exercised	16,056	20,435	11,825
Ending balance	\$910,513	\$834,615	\$721,219
Retained Earnings			
Beginning balance	\$420,226	\$431,604	\$405,914
Net income attributable to SEI Investments Company	331,655	318,713	288,124
Purchase and retirement of common stock	(266,543	) (252,933	) (190,769
Dividends declared (\$0.50, \$0.46 and \$0.42 per share)	(82,478	) (77,158	) (71,665
Ending balance	\$402,860	\$420,226	\$431,604
Accumulated Other Comprehensive (Loss) Income			
Beginning balance	\$(8,895	) \$1,487	\$6,239
Other comprehensive loss	(16,395	) (10,382	) (4,752
Ending balance	\$(25,290	) \$(8,895	) \$1,487
Total Equity	\$1,289,720	\$1,247,613	\$1,156,002

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows  
(In thousands)SEI Investments Company  
and Subsidiaries

Year Ended December 31,	2015	2014	2013
Cash flows from operating activities:			
Net income	\$331,655	\$318,713	\$288,474
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	24,044	22,448	22,497
Amortization	42,630	38,679	34,602
Equity in earnings of unconsolidated affiliates	(137,057	) (127,786	) (118,076
Distributions received from unconsolidated affiliate	141,767	137,866	137,104
Stock-based compensation	17,312	13,463	37,865
Provision for losses on receivables	(135	) 133	(154
Deferred income tax expense	(1,394	) (3,330	) (22,825
Gain from sale of SEI AK	(2,791	) (5,582	) (22,112
Net realized loss (gain) from investments	456	(614	) (659
Change in other long-term liabilities	1,070	1,720	1,575
Change in other assets	783	(5,886	) 600
Write off of capitalized and purchased software	6,055	—	—
Other	(2,440	) (2,439	) (3,972
Change in current assets and liabilities:			
Decrease (increase) in:			
Restricted cash for broker-dealer operations	—	—	500
Receivables from regulated investment companies	295	(9,029	) (8,280
Receivables	(28,469	) (7,888	) (17,513
Other current assets	(8,014	) (2,027	) 1,971
(Decrease) increase in:			
Accounts payable	(5,441	) (6,283	) 5,000
Accrued liabilities	10,498	12,873	15,102
Deferred revenue	636	(228	) (475
Total adjustments	59,805	56,090	62,750
Net cash provided by operating activities	\$391,460	\$374,803	\$351,224

The accompanying notes are an integral part of these consolidated financial statements.



Consolidated Statements of Cash Flows  
(In thousands)SEI Investments Company  
and Subsidiaries

Year Ended December 31,	2015	2014	2013
Cash flows from investing activities:			
Decrease (increase) in restricted cash	301	(301	) —
Additions to property and equipment	(44,465	) (28,469	) (16,351
Additions to capitalized software	(29,416	) (34,877	) (39,500
Purchases of marketable securities	(52,538	) (56,754	) (57,560
Prepayments and maturities of marketable securities	38,551	38,973	40,257
Sales of marketable securities	7,761	24,461	7,317
Purchases of other investments	(1,000	) (2,000	) (2,604
Sale of subsidiary, net of cash transferred	2,791	5,582	6,028
Net cash used in investing activities	(78,015	) (53,385	) (62,413
Cash flows from financing activities:			
Purchase and retirement of common stock	(291,374	) (275,788	) (206,577
Proceeds from issuance of common stock	65,543	104,897	66,367
Tax benefit on stock options exercised	16,056	20,435	11,825
Payment of dividends	(80,030	) (74,294	) (34,400
Net cash used in financing activities	(289,805	) (224,750	) (162,785
Effect of exchange rate changes on cash and cash equivalents	(11,425	) (7,495	) —
Net increase in cash and cash equivalents	12,215	89,173	126,026
Cash and cash equivalents, beginning of year	667,446	578,273	452,247
Cash and cash equivalents, end of year	\$679,661	\$667,446	\$578,273
Interest paid	\$460	\$458	\$458
Income taxes paid	\$159,605	\$151,250	\$163,834
Non-cash financing activities			
Dividends declared but not paid	\$42,625	\$40,178	\$37,314

The accompanying notes are an integral part of these consolidated financial statements.

Notes to Consolidated Financial Statements  
(all figures are in thousands except share and per-share data)

SEI Investments Company  
and Subsidiaries

#### Note 1 – Summary of Significant Accounting Policies

##### Nature of Operations

SEI Investments Company (the Company), a Pennsylvania corporation, provides investment processing, investment management, and investment operations solutions to financial institutions, financial advisors, institutional investors, investment managers and ultra-high-net-worth families in the United States, Canada, the United Kingdom, continental Europe and other various locations throughout the world. Investment processing solutions consist of application and business process outsourcing services, professional services and transaction-based services. Revenues from investment processing solutions are recognized in Information processing and software servicing fees on the accompanying Consolidated Statements of Operations, except for fees earned associated with trade execution services. Investment management programs consist of mutual funds, alternative investments and separate accounts. These include a series of money market, equity, fixed-income and alternative investment portfolios, primarily in the form of registered investment companies. The Company serves as the administrator and investment advisor for many of these products. Revenues from investment management programs are recognized in Asset management, administration and distribution fees on the accompanying Consolidated Statements of Operations.

Investment operations solutions offer investment managers support for traditional investment products such as mutual funds, collective investment trusts, exchange-traded funds, and institutional and separate accounts, by providing outsourcing services including fund and investment accounting, administration, reconciliation, investor servicing and client reporting. These solutions also provide support to managers focused on alternative investments who manage hedge funds, funds of hedge funds, private equity funds and real estate funds, across registered, partnership and separate account structures domiciled in the United States and overseas. Revenues from investment operations solutions are recognized in Asset management, administration and distribution fees on the accompanying Consolidated Statements of Operations.

##### Principles of Consolidation

The Consolidated Financial Statements include the accounts of the Company and its wholly-owned subsidiaries and entities in which it holds a controlling financial interest. The Company determines whether it has a controlling financial interest either by its decision-making ability through voting interests or by the extent of the Company's participation in the economic risks and rewards of the entity through variable interests. The Company's principal subsidiaries are SEI Investments Distribution Co. (SIDCO), SEI Investments Management Corporation (SIMC), SEI Private Trust Company (SPTC), SEI Trust Company (STC), SEI Global Services, Inc. (SGSI) and SEI Investments (Europe) Limited (SIEL). All intercompany accounts and transactions have been eliminated.

The Company accounts for investments in unconsolidated entities that are 20 percent to 50 percent owned or are 20 percent or less owned and have the ability to exercise significant influence over the operating and financial policies of the entity under the equity method of accounting. Under this method of accounting, the Company's interest in the net assets of unconsolidated entities is reflected in Investment in unconsolidated affiliates on the accompanying Consolidated Balance Sheet and its interest in the earnings or losses of unconsolidated entities is reflected in Equity in earnings of unconsolidated affiliates on the accompanying Consolidated Statement of Operations.

##### Variable Interest Entities

The Company has involvement with various variable interest entities (VIE or VIEs). These VIEs consist of LSV Employee Group III, LLC (LSV Employee Group III) and investment products established for clients created in the form of various types of legal entity structures. According to the most recent accounting guidance issued by the Financial Accounting Standards Board (FASB), the determination of whether a company is required to consolidate an entity is based on, among other things, an entity's purpose and design, a company's ability to direct the activities of the entity that most significantly impact the entity's economic performance, and whether a company is obligated to absorb losses or receive benefits that could be potentially significant to the entity. The guidance requires ongoing reassessments of whether an enterprise is the primary beneficiary of a VIE and requires disclosures about an

enterprises involvement in VIEs.

The FASB deferred the accounting guidance for certain types of investment entities. The deferral allows asset managers that have no obligation to fund potentially significant losses of an investment entity to continue to apply the previous guidance to investment entities that have attributes of entities defined in the “Investment Company Guide.” The deferral applies to many mutual funds, hedge funds, private equity funds, venture capital and certain other types of entities. Also, money market funds subject to rule 2a-7 of the Investment Company Act of 1940 qualify for deferral. However, the deferral does not apply to the new disclosure requirements. All of the Company’s investment products where the Company is the sponsor and/or investment

manager that are VIEs qualify for the deferral; therefore, the Company will continue to apply the previous guidance for the consolidation of VIEs (See Note 3).

On February 18, 2015, the FASB issued Accounting Standards Update No. 2015-02, Consolidation (Topic 810) - Amendments to the Consolidation Analysis (ASU 2015-02). The new guidance applies to entities in all industries and provides a new scope exception to registered money market funds and similar unregistered money market funds. It makes targeted amendments to the current consolidation guidance and ends the deferral granted to investment companies from applying the VIE guidance. ASU 2015-02 became effective for the Company during the first quarter 2016. The Company has completed its evaluation of ASU 2015-02 and has determined that the standard will not have any effect on its consolidated financial statements.

#### Management's Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### Revenue Recognition

The Company's principal sources of revenues are: (1) asset management, administration and distribution fees earned based upon a contractual percentage of net assets under management or administration; (2) information processing and software servicing fees that are either recurring and primarily earned based upon the number of trust accounts being serviced or non-recurring and based upon project-oriented contractual agreements related to client implementations; and (3) transaction-based fees for providing trade-execution services.

The Company's revenues are based on contractual arrangements. Revenues are recognized in the periods in which the related services are performed provided that persuasive evidence of an agreement exists, the fee is fixed or determinable, and collectibility is reasonably assured. Cash received by the Company in advance of the performance of services is deferred and recognized as revenue when earned. Reimbursements received for out-of-pocket expenses incurred are recorded as revenue. Certain portions of the Company's revenues require management's consideration of the nature of the client relationship in determining whether to recognize as revenue the gross amount billed or net amount retained after payments are made to suppliers for certain services related to the product or service offering. For the majority of our services, we are the primary obligor responsible for fulfilling the performance obligations of the contract. In addition, we retain full discretion in establishing the price charged to the customer, control the nature, type, characteristics or specifications of the performance obligations identified in the contract, and assume all credit risk associated with the client. Based on the foregoing, fees received from our clients for these services are recorded as gross revenues and vendor costs are recorded as gross expenses. However, we are also party to certain arrangements whereby we are not the primary obligor responsible for fulfilling the performance obligations of the contract. Fees received for those arrangements are reported net of costs associated with the provision of those services.

#### Cash and Cash Equivalents

The Company considers investment instruments purchased with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents include \$448,957 and \$435,268 at December 31, 2015 and 2014, respectively, primarily invested in SEI-sponsored open-ended money market mutual funds. The SEI-sponsored mutual funds are considered Level 1 assets.

#### Restricted Cash

Restricted cash includes \$5,000 at December 31, 2015 and 2014 segregated for regulatory purposes related to trade-execution services conducted by SIEL. Restricted cash also includes \$500 at December 31, 2015 and 2014 segregated in special reserve accounts for the benefit of SIDCO customers in accordance with certain rules established by the Securities and Exchange Commission for broker-dealers.

#### Allowances for Doubtful Accounts

The Company provides an allowance for doubtful accounts equal to the estimated uncollectible amounts. The Company's estimate is based on historical collection experience and a review of the current status of trade accounts receivable.

#### Concentration of Credit Risk

Financial instruments which potentially expose the Company to concentrations of credit risk consist primarily of cash equivalents and trade receivables. Cash equivalents are principally invested in short-term money market funds or placed with major banks and high-credit qualified financial institutions. Cash deposits maintained with institutions are in excess of federally insured limits. Concentrations of credit risk with respect to our receivables are limited due to the large number of clients and

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their dispersion across geographic areas. No single group or customer represents greater than ten percent of total accounts receivable.

#### Property and Equipment

Property and Equipment are recorded at cost. Expenditures for major additions and improvements are capitalized and minor replacements, maintenance, and repairs are charged to expense as incurred. Construction in progress includes the cost of construction and other direct costs attributable to the construction. When property and equipment are retired or disposed of, the related cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the results of operations for the respective period. Depreciation is provided over the estimated useful lives using the straight line method for financial statement purposes. No provision for depreciation is made for construction in progress until such time as the relevant assets are completed and put into service. The Company uses other depreciation methods, generally accelerated, for tax purposes where appropriate. Buildings and building improvements are depreciated over 25 to 39 years. Equipment, purchased software and furniture and fixtures have useful lives ranging from 3 to 5 years. Amortization of leasehold improvements is computed using the straight line method over the shorter of the remaining lease term or the estimated useful lives of the improvements.

#### Marketable Securities

The classification of investments in marketable securities is determined at the time of purchase and reevaluated at each balance sheet date. Debt and equity securities classified as available-for-sale are reported at fair value as determined by the most recently traded price of each security at the balance sheet date. Unrealized gains and losses, net of income taxes, are reported as a separate component of comprehensive income. SIDCO, the Company's broker-dealer subsidiary, reports changes in fair value of marketable securities through current period earnings due to specialized accounting practices related to investments by broker-dealers. The Company records its investments in funds sponsored by LSV on the accompanying Consolidated Balance Sheets at fair value. Unrealized gains and losses from the change in fair value of these securities are recognized in current period earnings. The specific identification method is used to compute the realized gains and losses on all of the Company's marketable securities (See Note 6). The Company evaluates the realizable value of its marketable securities on a quarterly basis. In the event that the carrying value of an investment exceeds its fair value and the decline in value is determined to be other-than-temporary, an impairment charge is recorded and a new cost basis for the investment is established. Some of the factors considered in determining other-than-temporary impairment for equity securities include, but are not limited to, significant or prolonged declines in the fair value of the investments, the Company's ability and intent to retain the investment for a period sufficient to allow the value to recover, and the financial condition of the investment. Some of the factors considered in determining other-than-temporary impairment for debt securities include, but are not limited to, the intent of management to sell the security, the likelihood that the Company will be required to sell the security before recovering its cost, and management's expectation to recover the entire amortized cost basis of the security even if there is no intent to sell the security.

#### Fair Value of Financial Instruments

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The fair value hierarchy describes three levels of inputs that may be used by the Company to measure fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities without adjustment. The Company's Level 1 assets primarily include investments in mutual funds sponsored by SEI that are quoted daily.

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 financial assets consist of Government National Mortgage Association (GNMA) mortgage-backed securities, Federal Home Loan Bank (FHLB) and other U.S. government agency short-term notes and investment grade commercial paper, and investment funds sponsored by LSV. The investments in GNMA mortgage-backed securities were purchased for the sole purpose of satisfying applicable regulatory requirements imposed on our wholly-owned limited purpose federal thrift subsidiary, SPTC. The

investments in FHLB and other U.S. government agency short-term notes and investment grade commercial paper were purchased as part of a cash management program requiring only short term, top-tier investment grade government and corporate securities. The investment funds sponsored by LSV primarily invest in equity securities of non-U.S. developed nations which are traded in active markets.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing

models, or similar techniques, as well as instruments for which the determination of fair value requires significant judgment by management. The Company had no Level 3 financial assets at December 31, 2015 or 2014.

The fair value of an asset or liability may include inputs from more than one level in the fair value hierarchy. The lowest level of significant inputs used to value the asset or liability determines which level the asset or liability is classified in its entirety. Transfers between levels of the fair value hierarchy are reported at fair value as of the beginning of the period in which the transfers occur.

See Note 5 for information on related disclosures regarding fair value measurements.

#### Capitalized Software

Costs incurred for the development of internal use software to be offered in a hosting arrangement is capitalized during the development stage of the software application. These costs include direct external and internal costs to design the software configuration and interfaces, coding, installation, and testing. Costs incurred during the preliminary and post-implementation stages of the software application are expensed as incurred. Costs associated with significant enhancements to a software application are capitalized while costs incurred to maintain existing software applications are expensed as incurred. The capitalization of software development costs requires considerable judgment by management with respect to certain external factors, including, but not limited to, technological and economic feasibility, and estimated economic life. Amortization of capitalized software development costs begins when the product is ready for its intended use. Capitalized software development costs are amortized on a product-by-product basis using the straight-line method over the estimated economic life of the product or enhancement.

The Company capitalized \$29,416, \$34,877 and \$39,500 of software development costs during 2015, 2014 and 2013, respectively. The Company's capitalized software development costs primarily relate to the further development of the SEI Wealth Platform<sup>SM</sup> (the Platform). The Company capitalized \$24,515, \$34,877 and \$39,500 of software development costs for significant enhancements to the Platform during 2015, 2014 and 2013, respectively. Included in the amount for 2013 is a one-time contractual payment of \$8,812 to exercise a conversion option in lieu of periodic fee payments pertaining to a software license for functionality utilized by the Platform. The remaining amount of the Company's software development costs capitalized during 2015 is related to a project within the Investment Managers segment.

As of December 31, 2015, the net book value of the Platform was \$285,621. The Platform has an estimated useful life of 15 years and a weighted average remaining life of 6.5 years. Amortization expense for the Platform was \$42,401, \$38,357 and \$34,045 in 2015, 2014 and 2013, respectively, and is included in Amortization expense on the accompanying Consolidated Statements of Operations.

The Company evaluates the carrying value of capitalized software development costs when circumstances indicate the carrying value may not be recoverable. The review of capitalized software development costs for impairment requires significant assumptions about operating strategies, underlying technologies utilized, and external market factors. External market factors include, but are not limited to, expected levels of competition, barriers to entry by potential competitors, stability in the target market and governmental regulations. During 2015, the Company determined that specific functionality within the Platform is no longer in use and wrote off \$5,533 of previously capitalized software development costs reported under the Private Banks and Investment Advisors business segments. The expense associated with the write off is included in Facilities, supplies and other costs on the accompanying Consolidated Statement of Operations. The Company did not recognize any impairment charges related to its capitalized software development costs in 2014 or 2013.

#### Income Taxes

The Company applies the asset and liability approach to account for income taxes whereby deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The Company has adopted the amendments contained in Accounting Standards Update No. 2015-17, Balance Sheet Classification of Deferred Taxes (ASU 2015-17) for the fiscal year ended December 31, 2015. ASU 2015-17 requires entities with a classified balance sheet to present all



deferred tax assets and liabilities as noncurrent. The Company has elected retrospective application of ASU 2015-17 for all periods presented. As a result of the retrospective application of ASU 2015-17, the Company reclassified \$1,414 from Current liabilities to Long-term liabilities on the accompanying Consolidated Balance Sheet as of December 31, 2014.

Foreign Currency Translation

The assets and liabilities and results of operations of the Company's foreign subsidiaries are measured using the foreign subsidiary's local currency as the functional currency. Assets and liabilities have been translated into U.S. dollars using the rates of exchange at the balance sheet dates. The results of operations have been translated into U.S. dollars at average

exchange rates prevailing during the period. The resulting translation gain and loss adjustments are recorded as a separate component of comprehensive income.

Transaction gains and losses from exchange rate fluctuations are included in the results of operations in the periods in which they occur. There were no material gains or losses from exchange rate fluctuations in 2015, 2014 or 2013.

#### Earnings Per Common Share

Basic earnings per common share is computed by dividing net income attributable to SEI Investments common shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings per common share is computed by dividing net income attributable to SEI Investments common shareholders by the combination of the weighted average number of common shares outstanding and the dilutive potential common shares, such as stock options, outstanding during the period.

The calculations of basic and diluted earnings per share for 2015, 2014 and 2013 are:

	For the Year Ended December 31, 2015		
	Net income attributable to SEI (Numerator)	Shares (Denominator)	Per-Share Amount
Basic earnings per common share	\$331,655	165,725,000	\$2.00
Dilutive effect of stock options	—	3,873,000	
Diluted earnings per common share	\$331,655	169,598,000	\$1.96

	For the Year Ended December 31, 2014		
	Net income attributable to SEI (Numerator)	Shares (Denominator)	Per-Share Amount
Basic earnings per common share	\$318,713	168,246,000	\$1.89
Dilutive effect of stock options	—	4,319,000	
Diluted earnings per common share	\$318,713	172,565,000	\$1.85

	For the Year Ended December 31, 2013		
	Net income attributable to SEI (Numerator)	Shares (Denominator)	Per-Share Amount
Basic earnings per common share	\$288,124	171,561,000	\$1.68
Dilutive effect of stock options	—	4,157,000	
Diluted earnings per common share	\$288,124	175,718,000	\$1.64

Employee stock options to purchase approximately 10,730,000, 10,166,000 and 7,736,000 shares of common stock, with an average exercise price per share of \$33.99, \$30.00 and \$30.54, were outstanding during 2015, 2014 and 2013, respectively, but not included in the computation of diluted earnings per common share because either the performance conditions have not been satisfied or would have been satisfied if the reporting date was the end of the contingency period or the option's exercise price was greater than the average market price of the Company's common stock and the effect on diluted earnings per common share would have been anti-dilutive (See Note 8).

#### Stock-Based Compensation

Stock-based compensation cost is measured at the grant date based on the fair value of the award and is recognized as expense over the requisite service period, which is the vesting period. The Company uses historical data to estimate pre-vesting forfeitures and record stock-based compensation expense only for those awards that are expected to vest. The amount of stock-based compensation expense that is recognized in a given period is dependent upon management's estimate of when the vesting targets are expected to be achieved. If this estimate proves to be

inaccurate, the remaining amount of stock-based compensation expense could be accelerated, spread out over a longer period, or reversed (See Note 8).

**New Accounting Pronouncements**

On May 28, 2014, the FASB issued Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (ASU 2014-09), requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of

promised goods or services to customers. ASU 2014-09 also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The updated standard permits the use of either the retrospective or cumulative effect transition method. ASU 2014-09 currently becomes effective for the Company during the first quarter 2018. The Company is currently evaluating the transition method that will be elected and the effect that the updated standard will have on its consolidated financial statements and related disclosures.

In April 2015, the FASB issued Accounting Standards Update No. 2015-05, Customer's Accounting for Fees Paid in a Cloud Computing Arrangement (ASU 2015-05), which provides explicit guidance to help companies evaluate the accounting for fees paid by a customer in a cloud computing arrangement. The new guidance clarifies that if a cloud computing arrangement includes a software license, the customer should account for the license consistent with its accounting for other software licenses. If the arrangement does not include a software license, the customer should account for the arrangement as a service contract. ASU 2015-05 became effective for the Company during the first quarter 2016. The Company is currently evaluating the guidance in ASU 2015-05 but does not believe it will have a material impact on its consolidated financial statements.

In May 2015, the FASB issued new guidance that eliminates the current requirement to categorize within the fair value hierarchy investments with fair values measured at NAV using the practical expedient in Accounting Standards Codification 820, Fair Value Measurement (ASC 820). The new guidance will require entities to disclose the fair values of such investments as a reconciling item between the amounts reported on the balance sheets and the amounts reported in the fair value hierarchy table. Entities will be required to continue to disclose information describing the nature and risks of the investments measured using the NAV practical expedient. The new disclosures become effective for the Company during the first quarter 2016. Early adoption is permitted. The new guidance only impacts footnote disclosures and will have no impact on the Company's financial statements.

In January 2016, the FASB issued Accounting Standards Update No. 2016-01, Recognition and Measurement of Financial Assets and Financial Liabilities (ASU 2016-01) that will significantly change the income statement impact of equity investments held by an entity, and the recognition of changes in fair value of financial liabilities when the fair value option is elected. ASU 2016-01 becomes effective for the Company during the first quarter 2018. The Company is currently evaluating the effect that the updated standard will have on its consolidated financial statements and related disclosures.

#### Reclassifications

Certain prior year amounts have been reclassified to conform to current year presentation.

#### Note 2 – Investment in Unconsolidated Affiliates

##### LSV Asset Management

The Company has an investment in the general partnership LSV Asset Management (LSV), a registered investment advisor that provides investment advisory services primarily to institutions, including pension plans and investment companies. LSV is currently an investment sub-advisor for a limited number of SEI-sponsored mutual funds. As of December 31, 2015, the Company's total partnership interest in LSV was approximately 39.2 percent. The Company accounts for its interest in LSV using the equity method because of its less than 50 percent ownership. The Company's interest in the net assets of LSV is reflected in Investment in unconsolidated affiliates on the accompanying Consolidated Balance Sheets and its interest in the earnings of LSV is reflected in Equity in earnings of unconsolidated affiliates on the accompanying Consolidated Statements of Operations.

At December 31, 2015, the Company's total investment in LSV was \$49,580. The Company's proportionate share in the earnings of LSV was \$138,407, \$140,211 and \$118,983 in 2015, 2014 and 2013, respectively. The Company receives partnership distributions from LSV on a quarterly basis. The Company received partnership distribution payments from LSV of \$141,767, \$137,866 and \$137,104 in 2015, 2014 and 2013, respectively. The Company received an additional partnership distribution payment from LSV during 2013 due to a change in the payment schedule.

These tables contain condensed financial information of LSV:

Condensed Statement of Operations	2015	2014	2013
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Year ended December 31,			
Revenues	\$427,653	\$422,064	\$354,094
Net income	\$352,845	\$356,824	\$302,316

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Condensed Balance Sheets	2015	2014
December 31,		
Current assets	\$ 127,225	\$ 133,657
Non-current assets	2,375	2,269
Total assets	\$ 129,600	\$ 135,926
Current liabilities	\$ 40,876	\$ 35,208
Partners' capital	88,724	100,718
Total liabilities and partners' capital	\$ 129,600	\$ 135,926

#### Guaranty Agreement with LSV Employee Group III

In October 2012, a group of existing employees of LSV formed a new limited liability company called LSV Employee Group III and agreed to purchase a portion of the partnership interest of existing LSV employees for \$77,700, of which \$69,930 was financed through syndicated term loan facilities contained in a credit agreement with The PrivateBank and Trust Company. LSV Employee Group III owns the purchased partnership interest. The Company provided an unsecured guaranty for \$45,000 of the obligations of LSV Employee Group III to the lenders through a guaranty agreement. In addition, LSV agreed to provide an unsecured guaranty for the remaining \$24,930 of the obligations of LSV Employee Group III to the lenders through a separate guaranty agreement. In September 2014, LSV Employee Group III made the final principal payment related to the term loan guaranteed by LSV.

With regard to the loan facility guaranteed by the Company, the lenders will have the right to seek payment from the Company in the event of a default by LSV Employee Group III. The loan facility has a five year term and will be repaid from the quarterly distributions of LSV. No principal payments were made by LSV Employee Group III on the loan facility guaranteed by the Company until the separate loan facility guaranteed by LSV was fully repaid.

The Company's direct interest in LSV was unchanged as a result of this transaction. The Company has determined that LSV Employee Group III is a VIE; however, the Company is not considered the primary beneficiary because it does not have the power to direct the activities that most significantly impact the economic performance of LSV Employee Group III either directly or through any financial responsibility from the guaranty.

As of January 29, 2016, the remaining unpaid principal balances of the term loan guaranteed by the Company was \$21,468. The Company, in its capacity as guarantor, currently has no obligation of payment relating to the term loan of LSV Employee Group III and, furthermore, fully expects that LSV Employee Group III will meet all of their future obligations regarding the term loan.

#### Investment in Gao Fu Limited

The Company had an investment in Gao Fu, a wealth services firm based in Shanghai, China. The Company accounted for its interest in Gao Fu using the equity method. The Company's interest in the losses of Gao Fu is reflected in Equity in earnings of unconsolidated affiliates on the accompanying Consolidated Statements of Operations. The Company's interest in the net assets of Gao Fu as of December 31, 2014 is reflected in Investment in unconsolidated affiliates on the accompanying Consolidated Balance Sheet.

The Company's proportionate share in the losses of Gao Fu was \$1,350, \$1,159 and \$907 in 2015, 2014 and 2013, respectively. The Company's investment in Gao Fu resulted from a series of cash purchases of common stock between 2011 and 2013 which, in total, amounted to \$13,000. In June and December of 2014, the Company funded an aggregate of \$3,000 of convertible loans to Gao Fu. The June 2014 convertible loan agreement contains specific revenue and net income targets for Gao Fu to achieve by December 31, 2014. In December 2014, the Company conducted a review of the financial statements of Gao Fu and determined that the achievement of such performance targets as stipulated in the June 2014 convertible loan agreement was unlikely. As a result, the Company wrote down its investment in Gao Fu to its net realizable value based on its ownership percentage of the remaining net assets of the firm and recognized an impairment charge of \$11,266 during the three months ended December 31, 2014. The impairment charge is reflected in Equity in earnings of unconsolidated affiliates on the accompanying Consolidated Statements of Operations. During the three months ended June 30, 2015, the Company wrote off the remaining carrying value of its investment and currently has no remaining interest in Gao Fu.

Note 3 – Variable Interest Entities – Investment Products

The Company has created numerous investment products for its clients in various types of legal entity structures. The Company serves as the Manager, Administrator and Distributor for these investment products and may also serve as the Trustee for some of the investment products. Clients are the equity investors and participate in proportion to their ownership percentage

in the net income or loss and net capital gains or losses of the products, and, on liquidation, will participate in proportion to their ownership percentage in the remaining net assets of the products after satisfaction of outstanding liabilities.

An entity that lacks decision-making rights is a VIE. In some circumstances, the Manager or Trustee of the Company's investment products controls the governing decisions about the investment activities with respect to the ongoing operations of the investment products without the equity investors possessing the right to remove the Manager or Trustee. Therefore, the equity investors, as a group, do not have the ability to make decisions that have an impact on the ongoing activities of such investment products. Consequently, some of the Company's investment products have been determined to be VIEs at inception.

The VIEs are marketed with investment objectives to generate positive returns; however, the nature of such investments exposes the investors to the risk that the value of the VIEs may increase or decrease. The purpose and design of the VIEs are to achieve the investment objective by implementing strategies which are designed to minimize potential losses; however, there is no assurance given that these strategies will be successful.

The Company does not have a significant equity investment in any of the VIEs and does not have an obligation to enter into any guarantee agreements with the VIEs. The fees paid to the decision maker of a VIE are considered to be variable interests if the decision maker is not subject to substantive kick-out rights. The fees paid to the Company represent a variable interest when the decision maker is not subject to substantive kick-out rights.

The Company is not the primary beneficiary of the VIEs because the expected fees and the expected return on any investment into the VIE by the Company relative to the expected returns of the VIE to the equity investor holders does not approach 50 percent of the expected losses or gains of the VIEs. Therefore, the Company is not required to consolidate any investment products that are VIEs into its financial statements. The Company's variable interest in the VIEs, which consists of management fees and in some situations, seed capital, would not be considered a significant variable interest.

The risks to the Company associated with its involvement with any of the investment products that are VIEs are limited to the cash flows received from the revenue generated for asset management, administration and distribution services and any equity investments in the VIEs. Both of these items are immaterial. The Company has no other financial obligation to the VIEs.

Amounts relating to fees due from the VIEs included in Receivables and amounts relating to equity investments in the VIEs included in Investments Available for Sale on the Company's Consolidated Balance Sheets are immaterial to the total current assets of the Company.

#### Note 4 – Composition of Certain Financial Statement Captions

##### Receivables

Receivables on the accompanying Consolidated Balance Sheets consist of:

	2015	2014
Trade receivables	\$47,179	\$48,394
Fees earned, not billed	154,919	139,038
Other receivables	21,574	7,771
	223,672	195,203
Less: Allowance for doubtful accounts	(649	) (784
Receivables, net	\$223,023	\$194,419

Fees earned, not billed represents receivables earned but unbilled and results from timing differences between services provided and contractual billing schedules. These billing schedules generally provide for fees to be billed on a quarterly basis.



## Property and Equipment

Property and Equipment on the accompanying Consolidated Balance Sheets consists of:

	2015	2014
Buildings	\$ 151,604	\$ 149,890
Equipment	86,941	78,266
Land	10,003	9,997
Purchased software	122,433	104,964
Furniture and fixtures	16,143	16,944
Leasehold improvements	15,393	5,675
Construction in progress	961	1,094
	403,478	366,830
Less: Accumulated depreciation	(259,501	) (241,295
Property and Equipment, net	\$ 143,977	\$ 125,535

Depreciation expense related to property and equipment for 2015, 2014 and 2013 was \$24,044, \$22,448 and \$22,497, respectively.

During 2015, the Company determined that certain purchased software related to the SEI Wealth Platform is no longer in use and wrote off \$522 of the software classified as Purchased software reported under the Private Banks business segment. The expense associated with the write off of the software is included in Facilities, supplies and other costs on the accompanying Consolidated Statement of Operations.

## Other Assets

Other assets consist of long-term prepaid expenses, deposits, other investments at cost and various other assets.

Amortization expense for certain other assets for 2015 was \$229 and for 2014 and 2013 was \$227.

## Accrued Liabilities

Accrued Liabilities on the accompanying Consolidated Balance Sheets consist of:

	2015	2014
Accrued employee compensation	\$ 74,687	\$ 73,269
Accrued consulting, outsourcing and professional fees	21,575	18,915
Accrued sub-advisory, distribution and other asset management fees	32,674	31,913
Accrued dividend payable	42,625	40,178
Other accrued liabilities	46,026	43,154
Accrued liabilities	\$ 217,587	\$ 207,429

## Note 5 – Fair Value Measurements

The fair value of the Company's financial assets and liabilities is determined in accordance with the fair value hierarchy. The fair value of the Company's Level 1 financial assets consist mainly of investments in open-ended mutual funds that are quoted daily. The fair value of the Company's Level 2 financial assets consist of GNMA mortgage-backed securities held by SPTC, FHLB and other U.S. government agency short-term notes and investment grade commercial paper held by SIDCO, and investment funds sponsored by LSV. The financial assets held by SIDCO were purchased as part of a cash management program requiring only short term, top-tier investment grade government and corporate securities. The financial assets held by SPTC are debt securities issued by GNMA and are backed by the full faith and credit of the U.S. government. These securities were purchased for the sole purpose of satisfying applicable regulatory requirements as a limited-purpose federal thrift subsidiary and have maturity dates which range from 2020 to 2041.

The valuation of the Company's Level 2 financial assets held by SIDCO and SPTC are based upon securities pricing policies and procedures utilized by third-party pricing vendors. As a practical expedient, the Company relies on the net asset values (NAVs) of the investment funds sponsored by LSV as the fair value. The NAVs of the funds are calculated by the funds' independent custodian and are derived from the fair values of the underlying investments as of the reporting date. The Company had no Level 3 financial assets or liabilities at December 31, 2015 or 2014.



## Valuation of GNMA, Other U.S. Government Agency Securities and Investment Grade Commercial Paper

All of the Company's investments in GNMA, FHLB and other U.S. government agency securities and investment grade commercial paper are held in accounts at well-established financial institutions. The Company's selection of a financial institution for the purpose of purchasing securities considered a number of various factors including, but not limited to, securities pricing policies and procedures utilized by that financial institution. Each financial institution utilizes the services of independent pricing vendors. These vendors utilize evaluated and industry accepted pricing models that vary by asset class and incorporate available trade, bid and other market information to determine the fair value of the securities. The market inputs, listed in approximate order of priority, include: benchmark yields, reported trade, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data. The Company evaluated the information regarding the pricing methodologies and processes utilized by the independent pricing vendors during the selection process of the financial institution. The Company analyzed this information for the purpose of classifying the securities into the appropriate level within the fair value hierarchy and to ensure that each pricing model for each asset class provided the fair value of those specific securities in accordance with generally accepted accounting principles. The Company continually monitors the price of each security for any unanticipated deviations from the previously quoted price or deviations from anticipated changes in a security's price based upon an assessment of market factors and other factors relative to a specific issue expected to affect a security's price. In the event of any unanticipated deviations in a security's price, additional analysis is conducted which may include the comparison of the security's price as determined by other independent pricing vendors. The Company's investments in GNMA, FHLB and other U.S. government agency securities and investment grade commercial paper have been recorded at the prices provided by the independent pricing vendor without adjustment.

The fair value of certain financial assets and liabilities of the Company was determined using the following inputs:

December 31, 2015

Fair Value Measurements at Reporting Date Using

Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
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## Assets

Equity available-for-sale securities	\$10,657	\$10,657	\$—
Fixed-income available-for-sale securities	70,637	—	70,637
Fixed income securities owned	21,235	—	21,235
Investment funds sponsored by LSV	4,039	—	4,039
	\$106,568	\$10,657	\$95,911

December 31, 2014

Fair Value Measurements at Reporting Date Using

Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
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## Assets

Equity available-for-sale securities	\$11,588	\$11,588	\$—
Fixed-income available-for-sale securities	66,021	—	66,021
Fixed income securities owned	21,175	—	21,175
Investment funds sponsored by LSV	4,523	—	4,523
	\$103,307	\$11,588	\$91,719



## Note 6 – Marketable Securities

## Investments Available For Sale

Investments available for sale classified as non-current assets consist of:

	At December 31, 2015			
	Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
SEI-sponsored mutual funds	\$8,474	\$—	\$(742	) \$7,732
Equities and other mutual funds	2,857	68	—	2,925
Debt securities	70,308	329	—	70,637
	\$81,639	\$397	\$(742	) \$81,294

  

	At December 31, 2014			
	Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
SEI-sponsored mutual funds	\$8,685	\$134	\$(95	) \$8,724
Equities and other mutual funds	2,695	169	—	2,864
Debt securities	64,333	1,688	—	66,021
	\$75,713	\$1,991	\$(95	) \$77,609

Net unrealized holding losses at December 31, 2015 were \$302 (net of income tax benefit of \$43) and net unrealized holding gains as December 31, 2014 were \$1,193 (net of income tax expense of \$703). These net unrealized gains and losses are reported as a separate component of Accumulated other comprehensive loss on the accompanying Consolidated Balance Sheets.

There were gross realized gains of \$489 and gross realized losses of \$729 from available-for-sale securities during 2015. In 2014, there were gross realized gains of \$1,401 and gross realized losses of \$448 from available-for-sale securities. There were gross realized gains of \$1,236 and gross realized losses of \$772 from available-for-sale securities during 2013. Gains and losses from available-for-sale securities, including amounts reclassified from accumulated comprehensive income (loss), are reflected in Net (loss) gain from investments on the accompanying Consolidated Statements of Operations.

## Investments in Affiliated Funds

The Company has an investment related to the startup of investment funds sponsored by LSV. The Company records this investment on the accompanying Consolidated Balance Sheets at fair value. Unrealized gains and losses from the change in fair value of these funds are recognized in Net (loss) gain from investments on the accompanying Consolidated Statements of Operations.

The investment primarily consists of U.S. dollar denominated funds that invests in equity securities of Canadian, Australian and Japanese companies. The underlying securities held by the funds are translated into U.S. dollars within the funds. The funds had a fair value of \$4,039 and \$4,523 at December 31, 2015 and 2014, respectively. The Company recognized losses of \$389 and \$326 and gains of \$143 from the change in fair value of the funds during 2015, 2014 and 2013, respectively.

## Securities Owned

The Company's broker-dealer subsidiary, SIDCO, has investments in U.S. government agency and commercial paper securities with maturity dates less than one year. These investments are reflected as Securities owned on the accompanying Consolidated Balance Sheets. Due to specialized accounting practices applicable to investments by broker-dealers, the securities are reported at fair value and changes in fair value are recorded in current period earnings. The securities had a fair value of \$21,235 and \$21,175 at December 31, 2015 and 2014, respectively. There were no material net gains or losses from the change in fair value of the securities during 2015, 2014 and 2013.

## Note 7 – Line of Credit

On February 2, 2012, the Company entered into a five-year \$300,000 Credit Agreement (the Credit Facility) with Wells Fargo Bank, National Association, and a syndicate of other lenders. The Credit Facility is scheduled to expire in February 2017, at which time any aggregate principal amount of loans outstanding becomes payable in full. Any borrowings made under the Credit Facility will accrue interest at 1.25 percent above the London Interbank Offer Rate (LIBOR). There is also a commitment fee equal to 0.15 percent per annum on the daily unused portion of the facility. The aggregate amount of the Credit Facility may be increased by an additional \$100,000 under certain conditions set forth in the agreement. The Credit Facility

contains covenants that restrict the ability of the Company to engage in mergers, consolidations, asset sales, investments, transactions with affiliates, or to incur liens, as defined in the agreement. In the event of a default under the Credit Facility, the Company would also be restricted from paying dividends on, or repurchasing, its common stock without the approval of the lenders. None of the covenants of the Credit Facility negatively affect the Company's liquidity or capital resources. Both the interest rate and commitment fee prices may increase if the Company's leverage ratio reaches certain levels. Upon the occurrence of certain financial or economic events, significant corporate events, or certain other events of default constituting an event of default under the Credit Facility, all loans outstanding may be declared immediately due and payable and all commitments under the Credit Facility may be terminated. The Company had no borrowings through the Credit Facility at December 31, 2015 or 2014. The Company was in compliance with all covenants of the Credit Facility during 2015.

The Company incurred \$483 during 2015 and \$458 during 2014 and 2013 in commitment fees related to the Credit Facility which are reflected in Interest expense on the accompanying Consolidated Statements of Operations.

#### Note 8 – Shareholders' Equity

##### Stock-Based Compensation

The Company's active equity compensation plan, the 2014 Omnibus Equity Compensation Plan (the 2014 Plan), is the successor plan to the 2007 Equity Compensation Plan (the 2007 Plan) which was merged with and into the 2014 Plan in May 2014. The 2014 Plan provides for the grant of stock options, stock units, stock awards, stock appreciation rights, dividend equivalents and other stock-based awards.

Outstanding grants under the 2007 Plan will continue according to the terms in effect before the plan merger, but the outstanding shares will be issued or transferred under the 2014 Plan. Permitted grantees under the 2014 Plan include employees, non-employee directors and consultants who perform services for the Company. The plan is administered by the Compensation Committee of the Board of Directors of the Company. The Company has only non-qualified stock options outstanding under the 2014 Plan.

All outstanding stock options have performance-based vesting provisions that tie the vesting of stock options to the Company's financial performance. The Company's stock options vest at a rate of 50 percent when a specified diluted earnings per share target is achieved, and the remaining 50 percent when a second, higher-specified diluted earnings per share target is achieved. Options do not vest due to the passage of time but solely as a result of achievement of the financial vesting targets. Earnings per share targets are calculated exclusive of stock-based compensation expense, net of tax. The diluted earnings per share targets are established at time of grant and are measured annually on December 31. The amount of stock-based compensation expense is based upon management's estimate of when the earnings per share targets may be achieved. If management's estimate of the attainment of the earnings per share targets proves to be inaccurate, the remaining amount of stock-based compensation expense could be accelerated, spread out over a longer period, or reversed. This may cause volatility in the recognition of stock-based compensation expense in future periods and could materially affect the Company's net income and net income per share.

The Company uses the Black-Scholes option pricing model to determine the fair value of stock options. The determination of the fair value of stock options on the date of grant using an option-pricing model is affected by the price of the Company's common stock as well as other variables. These variables include expected stock price volatility over the term of the awards, actual and projected employee stock exercise behaviors, risk-free interest rate and expected dividends. The Company primarily uses historical data to estimate the variables used in the option-pricing model except expected volatility. The Company uses a combination of historical and implied volatility. The Company estimates forfeitures at the time of grant and may revise those estimates in subsequent periods if actual forfeitures differ from those estimates. The Company uses historical data to estimate pre-vesting forfeitures and record stock-based compensation expense only for those awards that are expected to vest. Stock-based compensation is amortized over the requisite service periods of the awards, which are generally the vesting periods.

The weighted average fair value of the Company's stock options granted during 2015, 2014 and 2013 were \$12.16, \$10.88 and \$10.45, respectively, using the following assumptions:

	2015	2014	2013	
Expected term (in years)	5.58	6.79	6.92	
Expected volatility	23.86	% 26.98	% 31.46	%

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Expected dividend yield	1.00	% 1.15	% 1.21	%
Risk-free interest rate	1.90	% 2.04	% 2.12	%

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The Company recognized stock-based compensation expense in its Consolidated Financial Statements in 2015, 2014 and 2013 as follows:

	2015	2014	2013
Stock-based compensation expense	\$17,312	\$13,463	\$37,865
Less: Deferred tax benefit	(6,107)	) (4,704	) (13,823
Stock-based compensation expense, net of tax	\$11,205	\$8,759	\$24,042

During 2015 and 2013, the Company revised its estimate of when some vesting targets were expected to be achieved. These changes in management's estimates resulted in an increase of \$1,360 and \$19,637 in stock-based compensation expense in 2015 and 2013, respectively.

As of December 31, 2015, there was approximately \$51,693 of unrecognized compensation cost, adjusted for estimated forfeitures, related to unvested employee stock options that the Company expects will vest and be expensed through 2020 with a weighted average period of 2.1 years.

This table presents certain information relating to the Company's stock option plans for 2015, 2014 and 2013:

	Number of Shares	Weighted Avg. Price
Balance as of December 31, 2012	25,610,000	\$20.81
Granted	2,281,000	33.67
Exercised	(3,733,000	) 17.26
Expired or canceled	(521,000	) 22.25
Balance as of December 31, 2013	23,637,000	\$22.58
Granted	2,293,000	40.05
Exercised	(5,261,000	) 19.52
Expired or canceled	(208,000	) 28.83
Balance as of December 31, 2014	20,461,000	\$25.26
Granted	2,005,000	53.34
Exercised	(2,927,000	) 21.44
Expired or canceled	(302,000	) 28.97
Balance as of December 31, 2015	19,237,000	\$28.71
Exercisable as of December 31, 2015	8,508,000	\$22.04
Available for future grant as of December 31, 2015	26,890,000	

As of December 31, 2014 and 2013, there were 10,295,000 and 14,601,000 shares exercisable, respectively. The expiration dates for options outstanding at December 31, 2015 range from December 8, 2016 to December 8, 2025 with a weighted average remaining contractual life of 5.7 years.

Upon exercise of stock options, the Company will issue new shares of its common shares. The Company does not hold any shares in treasury. The total intrinsic value of options exercised during 2015 and 2014 was \$76,676 and \$83,196, respectively. The total options exercisable as of December 31, 2015 had an intrinsic value of \$258,270. The total options outstanding as of December 31, 2015 had an intrinsic value of \$455,766. The total intrinsic value for options outstanding and options exercisable is calculated as the difference between the market value of the Company's common stock as of December 31, 2015 and the exercise price of the shares. The market value of the Company's common stock as of December 31, 2015 was \$52.40 as reported by the Nasdaq Stock Market, LLC.

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This table summarizes information relating to all options outstanding and exercisable at December 31, 2015:

Range of Exercise Prices (Per Share)	Options Outstanding at December 31, 2015		Options Exercisable at December 31, 2015
	Number of Shares	Weighted Average	