# JNS 10-K 12/31/2014

# Section 1: 10-K (10-K)



# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
**WASHINGTON, D.C. 20549**

# FORM 10-K

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

**For the fiscal year ended December 31, 2014**

**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 001-15253**

# Janus Capital Group Inc.
(Exact name of registrant as specified in its charter)

| | |
|---|---|
| **Delaware**<br>(State or other jurisdiction of incorporation or organization) | **43-1804048**<br>(I.R.S. Employer Identification No.) |
| **151 Detroit Street, Denver, Colorado**<br>(Address of principal executive offices) | **80206**<br>(Zip Code) |

**(303) 333-3863**

(Registrant's telephone number, including area code)

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

| Title of Each Class | Name of Each Exchange on Which Registered |
|---|---|
| Common Stock, $0.01 Per Share Par Value | New York Stock Exchange |

**Securities registered pursuant to Section 12(g) of the Act:**
**None**

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 Section 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 Company was required to file such reports), and (2) has been subject to the 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 ☐

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 of information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

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 the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

| | | | |
|---|---|---|---|
| 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 Exchange Act). Yes ☐ No ☒

As of June 30, 2014, the aggregate market value of common equity held by non-affiliates was $2,351,890,907. As of February 20, 2015, there were 187,222,360 shares of the Company's common stock, $0.01 par value per share, issued and outstanding.

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the following documents are incorporated herein by reference into Part of the Form 10-K as indicated:

| Document | Part of Form 10-K into Which Incorporated |
|---|---|
| Company's Definitive Proxy Statement for the 2015 Annual Meeting of Stockholders | Part III |

**JANUS CAPITAL GROUP INC.**
**2014 FORM 10-K ANNUAL REPORT**

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# PART I

## FORWARD-LOOKING STATEMENTS

*This Annual Report on Form 10-K contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 21E of the Securities Exchange Act of 1934 ("Exchange Act") and Section 27A of the Securities Act of 1933. In addition, Janus Capital Group Inc. and its subsidiaries (collectively, "JCG" or the "Company") may make other written and oral communications from time to time (including, without limitation, in the Company's 2014 Annual Report to Stockholders) that contain such statements. Forward-looking statements include statements as to industry trends, future expectations of the Company and other matters that do not relate strictly to historical facts and are based on certain assumptions by management. These statements are often identified by the use of words such as "may," "will," "expect," "believe," "anticipate," "intend," "could," "should," "estimate" or "continue," and similar expressions or variations. These statements are based on the beliefs and assumptions of Company management based on information currently available to management. Such forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. Important factors that could cause actual results to differ materially from the forward-looking statements include, among others, the risks described in Part I, Item 1A, Risk Factors, and elsewhere in this report and other documents filed or furnished by JCG from time to time with the Securities and Exchange Commission ("SEC"). JCG cautions readers to carefully consider such factors. Furthermore, such forward-looking statements speak only as of the date on which such statements are made. Except to the extent required under applicable securities law and stock exchange rules, the Company undertakes no obligation to release publicly any revisions to any forward-looking statements, to report events or to report the occurrence of unanticipated events.*

## ITEM 1. BUSINESS

JCG provides investment management, administration, distribution and related services to financial advisors, individuals and institutional clients through mutual funds, other pooled investment vehicles, separate accounts and subadvised relationships (collectively referred to as "investment products") in both domestic and international markets. Over the last several years, JCG has expanded its business to become a more diversified manager with increased investment product offerings and distribution capabilities. JCG provides investment management competencies across a range of disciplines, including fundamental U.S. and global equities (growth and value), mathematical equities, fixed income and alternatives, through its subsidiaries, Janus Capital Management LLC ("Janus"), INTECH Investment Management LLC ("INTECH") and Perkins Investment Management LLC ("Perkins"). These subsidiaries specialize in specific investment styles, and each has its own unique and independent perspective. JCG's investment products are distributed through three primary channels: retail intermediary, institutional and international. Each distribution channel focuses on specific investor groups and the unique requirements of each group. As of December 31, 2014, JCG managed $183.1 billion of assets for mutual fund shareholders, clients and institutions around the globe.

On December 1, 2014, the Company announced the closing of its acquisition of VS Holdings Inc., the parent company of VelocityShares, LLC ("VelocityShares"). VelocityShares is a sponsor of unique exchange-traded products ("ETPs"), including rules-based exchange-traded funds ("ETFs"), that are institutionally-focused and offer sophisticated volatility management solutions. VelocityShares was a sponsor to $2.3 billion in assets upon close of the acquisition.

Although we manage and distribute a wide range of investment products and services, the Company's management directs JCG's operations as one business, the investment management business, and thus operates in one business segment.

Revenues are generally based upon a percentage of the market value of assets under management and are calculated as a percentage of the daily average asset balance in accordance with contractual agreements. Certain investment products are also subject to performance fees, which vary based on a product's relative performance as compared to a benchmark index and the level of assets subject to such fees. Assets under management primarily consist of domestic and international equity and fixed income securities. Accordingly, fluctuations in domestic and international financial markets, relative investment performance, sales and redemptions of investment products, and changes in the composition of assets under management are all factors that have a direct effect on JCG's operating results.

***Subsidiaries***

*Janus*

Janus has managed primarily growth equity portfolios since 1969 with the introduction of the Janus Fund. Janus has leveraged its research-driven investment philosophy and culture to other areas of the markets, including fundamental and global macro fixed income and diversified alternatives. Independent thinking and fundamental research are at the core of Janus' investment culture across the equity and fixed income investment teams. Janus believes its depth of research, willingness to make concentrated investments when Janus believes it has a research edge and commitment to delivering strong long-term results for its investors differentiate Janus from its competitors.

At December 31, 2014, Janus managed $84.2 billion of long-term equity assets, $34.4 billion of fixed income assets and $1.3 billion of money market assets, or 65% of total Company assets under management.

*INTECH*

INTECH has managed institutional portfolios since 1987, establishing one of the industry's longest continuous performance records of mathematical equity investment strategies. INTECH's unique investment process is based on a mathematical theorem that seeks to add value for clients by capitalizing on the volatility in stock price movements. INTECH's goal is to achieve long-term returns that outperform a specified benchmark index while controlling risks and trading costs. At December 31, 2014, INTECH managed $51.0 billion, or 28% of total Company assets under management.

*Perkins*

Perkins has managed value-disciplined investment products since 1980, focusing on building diversified portfolios of what it believes to be high-quality, undervalued stocks with favorable reward characteristics. With its fundamental research and careful consideration for downside risk, Perkins has established a reputation as a leading value manager. Perkins offers value equity investment products across a range of U.S. asset classes and global equity. At December 31, 2014, Perkins managed $12.2 billion, or 7% of total Company assets under management.

*VelocityShares*

VelocityShares is a sponsor of unique ETPs that are institutionally-focused and offers sophisticated volatility management solutions. VelocityShares has recently launched a second business around innovative and intelligent ETFs for diversified investment portfolios, currently focused on volatility-hedged equities and equal-risk weighted solutions. These ETF strategies, along with future product innovation, offer significant potential synergies between VelocityShares and JCG. VelocityShares-branded products had $2.4 billion in assets as of December 31, 2014. The majority of these assets represent tactical trading products serving short-term investors and traders in the form of exchange-traded notes. VelocityShares assets are not included in JCG-wide assets under management as VelocityShares is not the named advisor or subadvisor to its branded products.

***Distribution Channels***

JCG distributes its products through three channels: retail intermediary, institutional and international. Each channel is discussed below.

*Retail Intermediary Channel*

The retail intermediary channel serves financial advisors, third-party intermediaries and retirement platforms in the U.S. In addition, this channel serves existing individual investors who invest in JCG products through a mutual fund supermarket or directly with JCG.

Significant investments have been made to grow the Company's presence in the financial advisor subchannel over the last several years, including doubling the number of external and internal field wholesalers, enhancing the Company's technology platform and recruiting highly seasoned client relationship managers. At December 31, 2014, assets in the retail intermediary channel totaled $112.6 billion, or 61% of total Company assets under management.

*Institutional Channel*

The institutional channel serves U.S. corporations, endowments, foundations, Taft-Hartley funds and public fund clients and focuses on distribution direct to the plan sponsor and through consultants. JCG has recently invested resources to expand the firm's institutional operations with dedicated teams for consultant relations, client strategy and service as well as external sales. Although the current asset base in this channel is weighted heavily toward INTECH's mathematical products, the Company has steadily increased its fixed income penetration, growing fixed income assets to $5.2 billion over the last several years. At December 31, 2014, assets in the institutional channel totaled $41.6 billion, or 23% of total Company assets under management.

*International Channel*

The international channel primarily serves professional retail and institutional investors outside of the U.S., including central and local government pension plans, corporate pension plans, multi-managers, insurance companies and private banks. International products are offered through separate accounts, subadvisory relationships and Janus Capital Funds Plc, a Dublin-domiciled mutual fund trust. During 2014, JCG continued to strategically expand its global distribution and product capabilities in the international channel. At December 31, 2014, assets in the international channel totaled $28.9 billion, or 16% of total Company assets under management. JCG operates international offices in London, Paris, Milan, Munich, Frankfurt, The Hague, Dubai, Zurich, Singapore, Hong Kong, Tokyo, Melbourne and Taipei.

**COMPETITION**

The investment management industry is relatively mature and saturated with competitors that provide services similar to JCG. As such, JCG encounters significant competition in all areas of its business. JCG competes with other investment managers, mutual fund advisers, brokerage and investment banking firms, insurance companies, hedge funds, venture capitalists, banks and other financial institutions, many of which are larger, have proprietary access to certain distribution channels, have a broader range of product choices and investment capabilities, and have greater capital resources. Additionally, the marketplace for investment products is rapidly changing, investors are becoming more sophisticated, the demand for and access to investment advice and information is becoming more widespread, and more investors are demanding investment vehicles that are customized to their individual requirements.

JCG believes its ability to successfully compete in the investment management industry significantly depends upon its ability to achieve consistently strong investment performance, provide exceptional client service and strategic partnerships, and develop and innovate products that will best serve its clients.

**REGULATION**

The investment management industry is subject to extensive federal, state and international laws and regulations intended to benefit and protect the shareholders of investment products such as those managed by JCG's subsidiaries and advisory clients of JCG's subsidiaries. The costs of complying with such laws and regulations have significantly increased and may continue to contribute significantly to the costs of doing business as a global investment adviser. These laws and regulations generally grant supervisory agencies broad administrative powers, including the power to limit or restrict the conduct of businesses and to impose sanctions for failure to comply with laws and regulations. Possible consequences for failure to comply include, but are not limited to, voiding of investment advisory and subadvisory agreements, the suspension of individual employees (particularly investment management and sales personnel), limitations on engaging in certain lines of business for specified periods of time, revocation of registrations, disgorgement of profits, and censures and fines. Further, failure to comply with such laws and regulations may provide the basis for civil litigation that may also result in significant costs and reputational harm to JCG.

***U.S. Regulation***

JCG and certain of its U.S. subsidiaries are subject to laws and regulations from a number of government agencies and regulatory bodies including, but not limited to, the SEC, the U.S. Department of Labor ("DOL"), the Financial Industry Regulatory Authority ("FINRA") and the Commodity Futures Trading Commission ("CFTC").

*Investment Advisers Act of 1940*

Certain subsidiaries of JCG are registered investment advisers under the Investment Advisers Act of 1940, as amended (the "Investment Advisers Act") and, as such, are regulated by the SEC. The Investment Advisers Act requires registered investment advisers to comply with numerous and pervasive obligations including, among others, recordkeeping requirements, operational procedures, registration and reporting requirements, and disclosure obligations. Certain subsidiaries of JCG are also registered with regulatory authorities in various countries and states, and thus are subject to the oversight and regulation by such countries' and states' regulatory agencies.

*Investment Company Act of 1940*

Certain of JCG's subsidiaries act as the adviser or subadviser to mutual funds, which are registered with the SEC pursuant to the Investment Company Act of 1940, as amended (the "1940 Act"). Certain of JCG's subsidiaries also serve as adviser or subadviser to investment products that are not required to be registered under the 1940 Act. As an adviser or subadviser to a registered investment company, these subsidiaries must comply with the requirements of the 1940 Act and related regulations including, among others, requirements relating to operations, fees charged, sales, accounting, recordkeeping, disclosure and governance. In addition, the adviser or subadviser to a registered investment company generally has obligations with respect to the qualification of the registered investment company under the Internal Revenue Code of 1986, as amended (the "Code").

*Broker-Dealer Regulations*

JCG's limited purpose broker-dealer subsidiary, Janus Distributors LLC ("JD"), is registered with the SEC under the Exchange Act and is a member of FINRA, the securities industry's domestic self-regulatory organization. JD is the general distributor and agent for the sale and distribution of shares of domestic mutual funds that are directly advised or serviced by certain of JCG's subsidiaries. The SEC imposes various requirements on JD's operations, including disclosure, recordkeeping and accounting. FINRA has established conduct rules for all securities transactions among broker-dealers and private investors, trading rules for the over-the-counter markets and operational rules for its member firms. The SEC and FINRA also impose net capital requirements on registered broker-dealers.

JD is also subject to regulation under state law. The federal securities laws prohibit states from imposing substantive requirements on broker-dealers that exceed those under federal law. This does not preclude the states from imposing registration requirements on broker-dealers that operate within their jurisdiction or from sanctioning broker-dealers and their employees for engaging in misconduct.

*ERISA*

Certain JCG subsidiaries are also subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and related regulations to the extent they are considered "fiduciaries" under ERISA with respect to some of their clients. ERISA, related provisions of the Code and regulations issued by the DOL impose duties on persons who are fiduciaries under ERISA and prohibit some transactions involving the assets of each ERISA plan that is a client of a JCG subsidiary as well as some transactions by the fiduciaries (and several other related parties) to such plans.

*CFTC*

In 2012, the CFTC adopted regulations that required Janus to register as a Commodity Pool Operator ("CPO") and become a member of the National Futures Association ("NFA") in connection with the operation of certain of the Company's products. The regulations generally impose certain registration, reporting and disclosure requirements on CPOs and products which utilize futures, swaps and other derivatives that are subject to CFTC regulation. The CFTC or NFA may institute proceedings to enforce applicable rules and regulations, and violations may result in fines, censure or the termination of CPO registration and NFA membership.

*Dodd-Frank Wall Street Reform and Consumer Protection Act*

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") was signed into law in July 2010. The Dodd-Frank Act established enhanced regulatory requirements for non-bank financial institutions designated as "systemically important" by the Financial Stability Oversight Council ("FSOC"). Subsequently, in April 2012, the FSOC issued a final rule and interpretive guidance related to the process by which it will designate non-bank financial companies as systemically important financial institutions ("SIFI"). Certain non-bank financial companies have since been designated as SIFIs and additional non-bank financial companies, including large asset management companies, may be designated as SIFIs in the future. If JCG were designated a SIFI, it would be subject to enhanced prudential measures, which could include capital and liquidity requirements, leverage limits, enhanced public disclosures and risk management requirements, annual stress testing by the Federal Reserve, credit exposure and concentration limits, and supervisory and other requirements. These heightened regulatory requirements could adversely affect the Company's business and operations.

***International Regulation***

JCG increased its product offerings and international business activities over the past several years, resulting in increased exposure to international regulation. JCG's international subsidiaries are subject to the laws and regulations of non-U.S. jurisdictions and non-U.S. regulatory agencies and bodies, including the following:

- Financial Conduct Authority in the United Kingdom
- Central Bank of Ireland
- Securities and Futures Commission of Hong Kong
- Monetary Authority of Singapore
- Financial Services Agency of Japan
- Commissione Nazionale per le Societa e la Borsa in Italy
- Federal Financial Supervisory Authority of Germany
- Australian Securities and Investments Commission
- Financial Supervisory Commission of Taiwan
- Authorité des Marchés Financiers of France
- Netherlands Authority for the Financial Markets
- Dubai Financial Services Authority
- Canadian Provincial Securities Commissions
- Financial Supervisory Service and the Financial Services Commission in Korea
- Financial Market Supervisory Authority in Switzerland

These regulatory agencies have broad supervisory and disciplinary powers, including, among others, the power to temporarily or permanently revoke the authorization to conduct regulated business, suspend registered employees, and censure and fine both regulated businesses and their registered employees. As JCG expands its international presence, the costs and risks associated with doing business in other countries will increase.

Many of the non-U.S. securities exchanges and regulatory authorities have imposed rules (and others may impose rules) relating to capital requirements applicable to JCG's foreign subsidiaries. These rules, which specify minimum capital requirements, are designed to measure general financial integrity and liquidity, and require that a minimum amount of assets be kept in relatively liquid form.

**EMPLOYEES**

As of December 31, 2014, JCG had 1,209 full-time employees. None of these employees are represented by a labor union.

**AVAILABLE INFORMATION**

Copies of JCG's filings with the SEC can be obtained from the SEC's Public Reference Room at 100 F Street, N.E., Washington, DC 20549. Information can be obtained about the operation of the Public Reference Room by calling the SEC at (800) SEC-0330. The SEC also maintains an Internet

site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC at http://www.sec.gov.

JCG makes available free of charge its annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K and amendments thereto as soon as reasonably practical after such filing has been made with the SEC. Reports may be obtained through the Investor Relations section of JCG's website (http://ir.janus.com) or by contacting JCG at (888) 834-2536. The contents of JCG's website are not incorporated herein for any purpose.

JCG's Officer Code of Ethics for Chief Executive Officer and Senior Financial Officers (including its Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer) (the "Officer Code"); Corporate Code of Business Conduct for all employees; corporate governance guidelines; and the charters of key committees of the Board of Directors (including the Audit, Compensation, and Nominating and Corporate Governance committees) are available on the Investor Relations section of JCG's website (http://ir.janus.com), and printed copies are available to any shareholder upon request by calling JCG at (888) 834-2536. Any future amendments to or waivers of the Officer Code will be posted to the Investor Relations section of JCG's website.

**ADDITIONAL FINANCIAL INFORMATION**

See additional financial information about segments and geographical areas in Part II, Item 8, Financial Statements and Supplementary Data, Note 18 — Segment and Geographic Information, of this Annual Report on Form 10-K.

**ITEM 1A. RISK FACTORS**

JCG faces numerous risks, uncertainties and other factors that are substantial and inherent to its business, including market, operational, legal and regulatory risks. The following are significant factors that could affect JCG's business.

***JCG's revenues and profits are primarily dependent on the value, composition and relative investment performance of its investment products.***

Any decrease in the value, relative investment performance or amount of assets under management will cause a decline in revenues and operating results. Assets under management may decline for various reasons, many of which are not under JCG's control.

Factors that could cause assets under management and revenues to decline include the following:

- *Declines in equity markets.* JCG's assets under management are concentrated in the U.S. equity markets and, to a lesser extent, in the international equity markets. As such, declines in the financial markets as a whole or the market segments in which JCG's investment products are concentrated will cause assets under management to decrease.

- *Declines in fixed income markets.* In the case of fixed income investment products, which invest in high-quality short-term instruments as well as other fixed income securities of varying quality and duration, the value of the assets may decline as a result of changes in interest rates, available liquidity in the markets in which a security trades, an issuer's actual or perceived creditworthiness, or an issuer's ability to meet its obligations.

- *Redemptions and other withdrawals.* Investors may reduce their investments in specific JCG investment products or in the markets in which JCG's investment products are concentrated in response to adverse market conditions, inconsistent investment performance, the pursuit of other investment opportunities or other factors.

- *Operations in international markets.* The investment products managed by JCG may have significant investments in international markets that are subject to risk of loss from political or diplomatic developments, government policies, civil unrest, currency fluctuations and changes in legislation related to foreign ownership. International markets, particularly emerging markets and frontier markets, which are often smaller and may not have the liquidity of established markets, may lack established regulations and may experience significantly more volatility than established markets.

- *Relative investment performance.* JCG's investment products are often judged on their performance as compared to benchmark indices or peer groups, or on an absolute return basis. Any period of underperformance of investment products may result in the loss of existing assets and affect JCG's ability to attract new assets. In addition, approximately 36% of the Company's assets under management at December 31, 2014, are subject to performance fees. Performance fees are based on each product's investment performance as compared to an established benchmark index over a specified period of time. If investment products subject to performance fees underperform their respective benchmark index for a defined period, JCG's revenues and thus results of operations may be adversely affected. In addition, performance fees subject JCG's revenues to increased volatility.

***JCG's results are dependent on its ability to attract and retain key personnel.***

The investment management business is highly dependent on the ability to attract, retain and motivate highly skilled and often highly specialized technical, executive, sales and investment management personnel. The market for qualified investment and sales professionals is extremely competitive and is increasingly characterized by the frequent movement of portfolio managers, analysts and salespersons among different firms. Any changes to management structure, shifts in corporate culture, changes to corporate governance authority, or adjustments or reductions to compensation could affect JCG's ability to retain key personnel and could result in legal claims. If JCG is unable to retain key personnel, it could adversely affect JCG's assets under management, results of operations and financial condition.

***JCG is dependent upon third-party distribution channels to access clients and potential clients.***

JCG's ability to market and distribute its investment products is significantly dependent on access to the client base of insurance companies, defined contribution plan administrators, securities firms, broker-dealers, financial advisors, banks and other distribution channels. These companies generally offer their clients various investment products in addition to, and in competition with, JCG. Further, the separate account business uses referrals from financial planners, investment advisers and other professionals. JCG cannot be certain that it will continue to have access to these third-party distribution channels or have an opportunity to offer some or all of its investment products through these channels. In addition, JCG's existing relationships with third-party distributors and access to new distributors could be adversely affected by recent consolidation within the financial services industry. Consolidation may result in increased distribution costs, a reduction in the number of third parties distributing JCG's investment products or increased competition to access third-party distribution channels. The inability to access clients through third-party distribution channels could adversely affect JCG's business prospects, assets under management, results of operations and financial condition.

***INTECH's investment process is highly dependent on key employees and proprietary software.***

INTECH's investment process is based on complex and proprietary mathematical models that seek to outperform various indices by capitalizing on the volatility in stock price movements while controlling trading costs and overall risk relative to the index. The maintenance of such models for current products and the development of new products are highly dependent on certain key INTECH employees. If INTECH is unable to retain key personnel or properly transition key personnel responsibilities to others, or if the mathematical investment strategies fail to produce the intended results, INTECH may not be able to maintain its historical level of investment performance, which could adversely affect JCG's assets under management, results of operations and financial condition.

***Changes in the value of seeded investment products could affect JCG's nonoperating income or earnings and could increase the volatility of its earnings.***

JCG periodically adds new investment strategies to its investment product offerings by providing the initial cash investment or "seeding" to facilitate the launch of the product. A decline in the valuation of these seeded investments could increase the volatility of JCG's earnings and result in a decline in earnings and financial condition.

***JCG's international operations are subject to foreign risks, including political, regulatory, economic and currency risks.***

JCG operates offices and advises clients outside of the U.S., and is thereby subject to risks inherent in doing business internationally. These risks may include changes in applicable laws and regulatory requirements, difficulties in staffing and managing foreign operations, difficulties in collecting investment advisory fees receivable, different, and in some cases, less stringent, legal, regulatory and accounting regimes, political instability, fluctuations in currency exchange rates, expatriation controls, expropriation risks and potential adverse tax consequences. These or other risks related to JCG's international operations could adversely affect the Company's assets under management, results of operations and financial condition.

***The regulatory environment in which JCG operates has changed and may continue to change.***

JCG may be adversely affected as a result of new or revised legislation or regulations, or by changes in the interpretation or enforcement of existing laws and regulations. The Company has increased its product offerings and international business activities over the past several years, resulting in increased exposure to international regulation. The costs and burdens of compliance with these and other new reporting and operational requirements and regulations have increased significantly and may continue to increase the cost of operating mutual funds and other investment products, which could adversely affect JCG's assets under management, results of operations and financial condition. (See Part I, Item 1, Business — Regulation, of this Annual Report on Form 10-K.)

***Any damage to JCG's reputation could harm its business and lead to a loss of assets under management, revenues and net income.***

JCG's reputation is critical to the success of its business. Any damage to the Company's reputation could impede its ability to attract and retain clients and key personnel, and could adversely affect JCG's assets under management, results of operations and financial condition.

***JCG's business may be vulnerable to failures or breaches in support systems and client service functions, and may be subject to cyber-attacks.***

The ability to consistently and reliably obtain securities pricing information, process client transactions and provide reports and other client service to the shareowners of funds and other investment products managed by JCG is essential to JCG's operations. Any delays, errors or inaccuracies in obtaining pricing information, processing client transactions or providing reports, and any other inadequacies in other client service functions could alienate clients, result in financial loss and potentially give rise to regulatory action and claims against JCG. Any failures of the Company's systems could adversely affect JCG's results of operations and financial condition, assets under management, and ability to maintain confidential information relating to its clients and business operations.

JCG's client service capabilities as well as JCG's ability to obtain prompt and accurate securities pricing information and to process client transactions and reports are significantly dependent on communication and information systems and services provided by third-party vendors. Also, JCG's established disaster recovery plans could suffer failures or interruptions due to various natural or man-made causes, and the backup procedures and capabilities may not be adequate to avoid extended interruptions. Furthermore, JCG places significant reliance on its automated systems, thereby increasing the related risks if such systems were to fail. A failure of third-party systems or services, disaster recovery plans or automated systems could adversely affect JCG's assets under management, results of operations and financial condition.

In addition, JCG maintains confidential information relating to its clients and business operations. Authorized persons could inadvertently or intentionally release confidential or proprietary information. Further, JCG's systems could be infiltrated by unauthorized users or damaged by computer viruses or other malicious software code as a result of cyber-attacks by computer programmers and hackers. While JCG has established business continuity plans and risk management systems designed to prevent or reduce the severity of any such cyber-attacks, there are inherent limitations in such plans and systems including the possibility that certain risks have not been identified. JCG also cannot directly control any cyber security plans and systems put in place by third-party service providers. Unauthorized or inadvertent disclosure of confidential or proprietary information could be detrimental to JCG's reputation and lead to legal claims, negative publicity, regulatory action, increased costs or loss of revenue, among other things.

***JCG's business is dependent on investment advisory agreements that are subject to termination, non-renewal or reductions in fees.***

JCG derives revenue from investment advisory agreements with mutual funds and other investment products. With respect to investment advisory agreements with mutual funds, these agreements may be terminated by either party with notice, or terminated in the event of an "assignment" (as defined in the 1940 Act), and must be approved and renewed annually by the independent members of each fund's board of directors or trustees, or its shareowners, as required by law. In addition, the board of directors or trustees of certain funds generally may terminate these investment advisory agreements upon written notice for any reason and without penalty. The termination of or failure to renew one or more of these agreements or the reduction of the fee rates applicable to such agreements could have a material adverse effect on JCG's revenues and profits, and the Company's assets under management.

***JCG's financial results could be adversely affected by the financial stability of other financial institutions.***

JCG routinely executes transactions with various counterparties in the financial services industry. Historical market volatility highlights the interconnection of the global markets and demonstrates how the deteriorating financial condition of one institution may materially and adversely affect the performance of other institutions. JCG may be exposed to operational, credit or other risks in the event that a counterparty with whom the Company transacts defaults on its obligations or if there are other unrelated systemic failures in the markets.

***JCG's indebtedness could adversely affect its financial condition and results of operations.***

JCG's indebtedness could limit its ability to obtain additional financing for working capital, capital expenditures, acquisitions, debt servicing requirements or other purposes. Debt servicing requirements increase JCG's vulnerability to adverse economic, market and industry conditions; limit JCG's flexibility in planning for or reacting to changes in business operations or to the asset management industry overall; and place JCG at a disadvantage in relation to competitors that have lower debt levels. In addition, JCG's 6.700% Senior Notes due 2017 ("2017 Senior Notes") are subject to an increase in interest rates in the event of a credit rating downgrade by either Standard & Poor's ("S&P") Rating Service or Moody's Investors Service, Inc. ("Moody's"). Certain of JCG's indebtedness is also subject to repurchase at 101% of the principal balance if the Company experiences a change of control, and in connection therewith, the applicable notes become rated below investment grade. (See Part II, Item 8, Financial Statements and Supplementary Data, Note 7 — Debt, of this Annual Report on Form 10-K.) Any or all of the above events and factors could adversely affect JCG's assets under management, results of operations and financial condition.

***JCG is involved in various legal proceedings and regulatory matters and may be involved in such proceedings in the future.***

JCG and its employees are periodically involved in various legal proceedings and regulatory matters. These matters could adversely affect JCG's assets under management, results of operations and financial condition. Additionally, JCG and its employees have received and may receive in the future requests for information in connection with certain investigations or proceedings from various governmental and regulatory authorities. These investigations or proceedings may result in increased costs or reputational harm to the Company, which may lower sales and increase redemptions.

***JCG operates in a highly competitive environment and its current fee structure may be reduced.***

The investment management business is highly competitive and has relatively low barriers to entry. JCG's current fee structure may be subject to downward pressure due to these factors. Moreover, in recent years there has been a trend toward lower fees in the investment management industry. Fee reductions on existing or future new business as well as changes in regulations pertaining to its fee structure could adversely affect JCG's results of operations and financial condition. Additionally, JCG competes with investment management companies on the basis of investment performance, fees, diversity of products, distribution capability, reputation and the ability to develop new investment products to meet the changing needs of investors. Failure to adequately compete could adversely affect JCG's assets under management, results of operations and financial condition.

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***JCG has significant goodwill and intangible assets that are subject to impairment.***

Goodwill and intangible assets totaled $1.8 billion at December 31, 2014. The value of these assets may not be realized for a variety of reasons, including, but not limited to, significant redemptions, loss of clients, damage to brand name and unfavorable economic conditions. JCG has recorded goodwill and intangible asset impairments in the past and could incur similar charges in the future. JCG reviews the carrying value of goodwill and intangible assets not subject to amortization on an annual basis, or more frequently if indications exist suggesting that the fair value of its intangible assets may be below their carrying value. JCG evaluates the value of intangible assets subject to amortization whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Should such reviews indicate impairment, a write-down of the carrying value of the intangible asset could occur, resulting in a non-cash charge that may, in turn, adversely affect JCG's assets under management, results of operations and financial condition.

## ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

## ITEM 2. PROPERTIES

JCG's headquarters are located in Denver, Colorado. JCG leases office space from non-affiliated companies for administrative, investment and client servicing operations in the following locations:

- Denver, Glendale and Aurora, Colorado
- Chicago, Illinois
- Princeton, New Jersey
- West Palm Beach, Florida
- Newport Beach, California
- San Francisco, California
- Darien, Connecticut
- Boston, Massachusetts
- London
- Paris
- Milan
- Munich
- Frankfurt
- The Hague
- Dubai
- Zurich
- Singapore
- Hong Kong
- Tokyo

- Melbourne
- Taipei

In the opinion of management, the space and equipment owned or leased by the Company are adequate for existing operating needs.

## ITEM 3. LEGAL PROCEEDINGS

The information set forth in response to Item 103 of Regulation S-K under "Legal Proceedings" is incorporated by reference from Part II, Item 8, Financial Statements and Supplementary Data, Note 15 — Commitments and Contingencies, of this Annual Report on Form 10-K.

## ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

# PART II

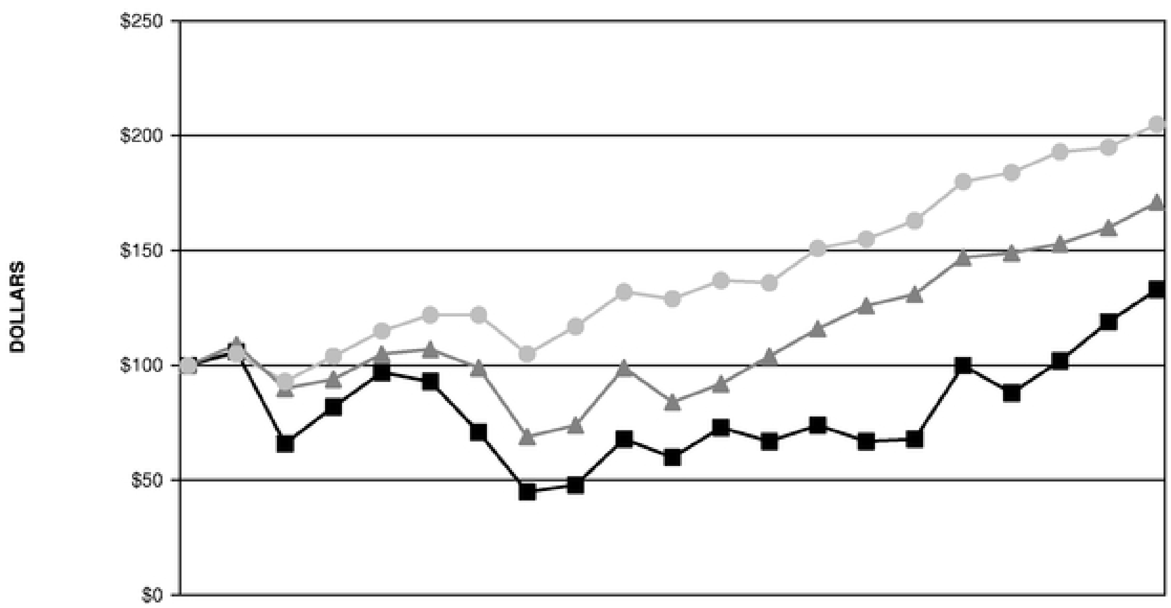
## ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

### *JCG Common Stock*

JCG's common stock is traded on the New York Stock Exchange ("NYSE") (symbol: JNS). The following table presents the high and low sale prices as reported on the NYSE composite tape for each completed quarter in 2014 and 2013.

| | 2014 | | 2013 | |
|---|---|---|---|---|
| **Quarter** | **High** | **Low** | **High** | **Low** |
| First | $ 12.99 | $ 10.32 | $ 9.83 | $ 8.95 |
| Second | $ 12.91 | $ 10.40 | $ 9.41 | $ 8.09 |
| Third | $ 15.89 | $ 11.08 | $ 9.87 | $ 8.35 |
| Fourth | $ 16.47 | $ 13.40 | $ 12.50 | $ 8.56 |

The following graph illustrates the cumulative total shareholder return (rounded to the nearest whole dollar) of JCG's common stock over the five-year period ending December 31, 2014, the last trading day of 2014, and compares it to the cumulative total return on the S&P 500 Index and the S&P Diversified Financials Index. The comparison assumes a $100 investment on December 31, 2009, in JCG's common stock and in each of the foregoing indices and assumes reinvestment of dividends, if any. This table is not intended to forecast future performance of JCG's common stock.




| | Dec 09 | Mar 10 | Jun 10 | Sep 10 | Dec 10 | Mar 11 | Jun 11 | Sep 11 | Dec 11 | Mar 12 | Jun 12 | Sep 12 | Dec 12 | Mar 13 | Jun 13 | Sep 13 | Dec 13 | Mar 14 | Jun 14 | Sep 14 | Dec 14 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Janus Capital Group Inc. (JNS) | 100 | 106 | 66 | 82 | 97 | 93 | 71 | 45 | 48 | 68 | 60 | 73 | 67 | 74 | 67 | 68 | 100 | 88 | 102 | 119 | 133 |
| S&P 500 / Diversified Financials SUBIND (SP637.R) | 100 | 109 | 90 | 94 | 105 | 107 | 99 | 69 | 74 | 99 | 84 | 92 | 104 | 116 | 126 | 131 | 147 | 149 | 153 | 160 | 171 |
| S&P 500 Index (SP50.R) | 100 | 105 | 93 | 104 | 115 | 122 | 122 | 105 | 117 | 132 | 129 | 137 | 136 | 151 | 155 | 163 | 180 | 184 | 193 | 195 | 205 |

On December 31, 2014, there were approximately 2,696 holders of record of JCG's common stock.

*Dividends*

The payment of cash dividends is within the discretion of JCG's Board of Directors and depends on many factors, including, but not limited to, JCG's results of operations, financial condition, capital requirements, restrictions imposed by financing arrangements, general business conditions and legal requirements. Dividends are subject to quarterly declaration by JCG's Board of Directors.

On April 17, 2014, JCG's Board of Directors approved an increase of $0.01 per share, or 14%, in the Company's regular quarterly dividend. The approved quarterly rate of $0.08 per share represents an expected annualized dividend rate of $0.32 per share of common stock.

On January 15, 2015, JCG's Board of Directors declared a regular quarterly cash dividend of $0.08 per share, which will be paid on February 27, 2015, to stockholders of record at the close of business on February 13, 2015.

The following cash dividends were declared and paid during 2014:

| Record date | Payment date | Dividend per share | |
|---|---|---|---|
| February 7, 2014 | February 21, 2014 | $ | 0.07 |
| May 9, 2014 | May 23, 2014 | $ | 0.08 |
| August 8, 2014 | August 22, 2014 | $ | 0.08 |
| November 7, 2014 | November 21, 2014 | $ | 0.08 |

JCG declared and paid three $0.07 per share dividends in 2013. JCG declared and paid one $0.05 per share dividend and four $0.06 per share dividends in 2012.

***Common Stock Repurchases***

JCG's Board of Directors authorized five separate $500 million share repurchase programs beginning in July 2004 with the most recent authorization in July 2008. JCG did not repurchase any of its common stock from the end of 2008 through the end of 2011.

As part of its capital and liquidity management, JCG resumed stock repurchases in the first quarter 2012 with the intention to offset dilution resulting from stock-based compensation and to return capital to shareholders. During the year ended December 31, 2014, JCG repurchased 6,755,292 shares of its common stock at an average price of $12.49 per share and a total cost of $84.4 million as part of the share repurchase program. Any future repurchases of common stock will depend on prevailing market conditions, the Company's liquidity requirements, contractual and legal restrictions, and other factors.

In addition to the stock repurchase program, JCG repurchased 206,313 shares totaling $2.8 million throughout 2014 from employees as part of a share withholding program to satisfy the employees' minimum statutory income tax liabilities attributable to the vesting of restricted stock. JCG also repurchased 295,850 shares of common stock from The Dai-ichi Life Insurance Company ("Dai-ichi Life") on January 27, 2015, for a total cost of $4.6 million, in order for Dai-ichi Life to comply with the ownership limit obligations under the investment agreement between JCG and Dai-ichi Life.

The stock repurchase program is within the parameters of Rule 10b5-1 of the Exchange Act.

The following table presents total 2014 JCG common stock repurchases by month as part of the share repurchase programs:

| Period | Total number of shares purchased | Average price paid per share | | Total number of shares purchased as part of publicly announced programs | Approximate dollar value of shares that may yet be purchased under the programs (end of month) | |
|---|---|---|---|---|---|---|
| January | — | | n/a | — | $ | 472 million |
| February | 458,967 | $ | 10.92 | 381,100 | $ | 468 million |
| March | 573,932 | $ | 11.02 | 573,932 | $ | 461 million |
| April | 582,934 | $ | 11.33 | 580,700 | $ | 455 million |
| May | 796,860 | $ | 11.75 | 796,860 | $ | 445 million |
| June | 770,900 | $ | 12.22 | 770,900 | $ | 436 million |
| July | 782,652 | $ | 12.40 | 780,600 | $ | 426 million |
| August | 652,000 | $ | 11.92 | 652,000 | $ | 419 million |
| September | 662,200 | $ | 12.04 | 662,200 | $ | 411 million |
| October | 582,100 | $ | 14.31 | 582,100 | $ | 402 million |
| November | 550,900 | $ | 14.66 | 550,900 | $ | 394 million |
| December | 548,160 | $ | 15.91 | 424,000 | $ | 387 million |
| **Total** | **6,961,605** | **$** | **12.54** | **6,755,292** | | |

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## ITEM 6. SELECTED FINANCIAL DATA

The selected financial data below should be read in conjunction with Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, of this Annual Report on Form 10-K and Part II, Item 8, Financial Statements and Supplementary Data, of this Annual Report on Form 10-K.

| | Year ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2014 | 2013 | 2012 | 2011 | 2010 |
| | (dollars in millions, except operating data and per share data) | | | | |
| **Income statement:** | | | | | |
| Revenues | $ 953.2 | $ 873.9 | $ 850.0 | $ 981.9 | $ 1,015.7 |
| Operating expenses | 663.5 | 634.8 | 635.5 | 670.1 | 734.1 |
| Operating income | 289.7 | 239.1 | 214.5 | 311.8 | 281.6 |
| Interest expense | (33.1) | (41.1) | (45.0) | (51.0) | (63.2) |
| Investment gains (losses), net | (1.9) | 6.5 | 11.1 | (21.9) | 24.7 |
| Other income, net | 3.0 | 4.5 | 3.2 | 3.8 | 1.9 |
| Loss on early extinguishment of debt | — | (13.5) | (7.2) | (9.9) | — |
| Income tax provision | (102.3) | (73.3) | (64.7) | (79.4) | (76.4) |
| Net income | 155.4 | 122.2 | 111.9 | 153.4 | 168.6 |
| Noncontrolling interests | (1.0) | (7.5) | (9.6) | (10.5) | (8.7) |
| Net income attributable to JCG common shareholders | $ 154.4 | $ 114.7 | $ 102.3 | $ 142.9 | $ 159.9 |
| **Earnings per share attributable to JCG common shareholders:** (1) | | | | | |
| Basic | $ 0.82 | $ 0.62 | $ 0.56 | $ 0.78 | $ 0.89 |
| Diluted | $ 0.81 | $ 0.62 | $ 0.55 | $ 0.78 | $ 0.88 |
| **Weighted-average diluted common shares outstanding** | 184.9 | 185.9 | 185.1 | 184.2 | 182.0 |
| **Dividends declared and paid per share** | $ 0.31 | $ 0.21 | $ 0.29 | $ 0.15 | $ 0.04 |
| **Balance sheet (as of December 31):** | | | | | |
| Total assets | $ 2,793.2 | $ 2,747.3 | $ 2,660.4 | $ 2,644.0 | $ 2,726.8 |
| Long-term debt (including current portion) | $ 450.5 | $ 544.6 | $ 545.1 | $ 595.2 | $ 799.8 |
| Other non-current liabilities | $ 519.6 | $ 480.1 | $ 477.8 | $ 465.5 | $ 453.3 |
| Redeemable noncontrolling interests | $ 5.4 | $ 7.3 | $ 42.9 | $ 85.4 | $ 82.8 |
| **Operating data (in billions):** | | | | | |
| Year-end assets under management (2) | $ 183.1 | $ 173.9 | $ 156.8 | $ 148.2 | $ 169.5 |
| Average assets under management (2) | $ 175.8 | $ 165.4 | $ 156.3 | $ 162.3 | $ 160.7 |
| Long-term net flows (2) (3) | $ (4.9) | $ (19.7) | $ (12.0) | $ (12.2) | $ (10.8) |

(1) Each component of earnings per share presented has been individually rounded.

(2) Does not include VelocityShares assets at December 31, 2014, as VelocityShares is not the named advisor or subadvisor to its branded products.

(3) Long-term net flows represent total Company net sales and redemptions, excluding money market assets. Money market flows have been excluded due to the short-term nature of such investments.

## ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### 2014 SUMMARY

JCG finished 2014 with assets under management of $183.1 billion, an increase of 5.3% from the end of 2013, as a result of market appreciation partially offset by long-term net outflows. Long-term net outflows improved significantly from $19.7 billion in 2013 to $4.9 billion in 2014 driven by lower net redemptions in JCG's fundamental and mathematical equity strategies and higher net sales in JCG's fixed income strategies.

Total revenue for JCG in 2014 of $953.2 million increased $79.3 million, or 9.1%, from 2013 as a result of higher assets under management and lower negative mutual fund performance fees.

The Company remains focused on operating efficiently by managing operating expenses in relation to total revenue. JCG realized operating margins of 30.4% and 27.4% for 2014 and 2013, respectively.

Net income attributable to JCG common shareholders for 2014 totaled $154.4 million, or $0.81 per diluted share, compared with $114.7 million, or $0.62 per diluted share, for 2013. The main contributor to the increase in net income attributable to JCG common shareholders was increased assets under management.

JCG made significant progress on a number of strategic priorities in 2014, including the following:

- **Continue to focus on the fundamental equity franchise —** As of December 31, 2014, 66% and 81% of fundamental equity assets were in the top two Morningstar quartiles on a 1- and 3-year basis, respectively, compared to 38% and 39% a year ago.

- **Grow the fixed income franchise —** In 2014, the fixed income franchise posted its sixth consecutive year of positive flows, growing at an organic growth rate of 15%. In September 2014, the Company announced the hiring of William H. Gross as portfolio manager. Mr. Gross manages the Company's global macro fixed income strategies.

- **Expand non-U.S. distribution capabilities and product offerings —** Full-year 2014 net flows of $3.4 billion, a 14% organic growth rate, marked the fourth consecutive year of positive flows into non-U.S. operations and represented the strongest year of non-U.S. net flows in the firm's history. JCG's strategic alliance with Dai-ichi Life continues to assist with the Company's ongoing growth in Japan.

- **Increase U.S. institutional market presence —** JCG has expanded its institutional operations with dedicated teams for consultant relations, client strategy and service as well as external sales, and JCG remains focused on increasing the number of consultant recommendations across investment strategies.

- **Develop solutions-based products —** During 2014, JCG continued to develop products that are less correlated to equity beta and interest rate risk through the INTECH and Liquid Alternatives teams, which the Company believes will help meet the needs of its clients in the future. Additionally, as part of the Company's continued investment to build out asset allocation capabilities, JCG hired Myron Scholes, Ph.D., and Ashwin Alankar, Ph.D., who will lead the Company's efforts to expand JCG's asset allocation investment solutions with strong risk/reward characteristics. Lastly, JCG's acquisition of VelocityShares positions the firm to deliver rules-based and actively managed products within the rapidly growing ETF universe, enhancing the customized solutions JCG can provide to its clients and enabling the Company to work with the growing segment of financial advisors and institutions focused on these instruments.

JCG's focus for 2015 is to deliver excellence in active management across equities, fixed income and asset allocation through strengthening legacy franchises and continuing innovation.

**Investment Performance of Assets Under Management**

Investment products are generally evaluated based on their investment performance relative to other investment products with similar disciplines and strategies or benchmark indices.

The following table is a summary of investment performance as of December 31, 2014:

| | Percentage of mutual fund assets outperforming majority of Morningstar peers (1) | | |
|---|---|---|---|
| | 1-Year | 3-Year | 5-Year |
| Complex-wide mutual fund assets | 57% | 82% | 53% |
| Fundamental equity mutual fund assets | 66% | 81% | 48% |
| Fixed income mutual fund assets | 2% | 85% | 80% |

| | Percentage of relative return strategies outperforming respective benchmarks (2) | | |
|---|---|---|---|
| | 1-Year | 3-Year | 5-Year |
| Mathematical equity strategies | 15% | 54% | 75% |

| | Percentage of complex-wide mutual funds with 4- or 5-star Overall Morningstar Rating™ |
|---|---|
| Complex-wide mutual funds | 50% |

(1) References Morningstar relative performance on an asset-weighted basis.

(2) References performance of relative return strategies, net of fees.

**Assets Under Management**

***Assets Under Management and Flows***

Total Company assets under management increased $9.2 billion, or 5.3%, from 2013 as a result of net market appreciation of $14.2 billion offset by long-term net outflows of $4.9 billion. Long-term net flows represent total Company net sales and redemptions, excluding money market assets. Money market net outflows were $0.1 billion in 2014.

Fundamental equity net outflows were $7.6 billion in 2014 compared with $15.9 billion in 2013. The decrease in net outflows was primarily driven by a decrease in redemptions driven by improved investment performance and an increase in sales in 2014.

JCG continued to grow its fixed income franchise, with positive net inflows of $4.4 billion in 2014 compared to $0.9 billion in 2013. The year-over-year increase was driven by continued strong investment performance in 2014 and the hiring of Mr. Gross in September 2014.

Mathematical equity net outflows were $1.7 billion in 2014 compared with $4.7 billion in 2013. The decrease in net outflows was primarily driven by a decrease in redemptions and an increase in sales in 2014.

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The following table presents the components of JCG's assets under management for the years ended December 31, 2014, 2013 and 2012 (in billions):

| | Year ended December 31, 2014 | 2013 | 2012 |
|---|---|---|---|
| Beginning of year assets | $ 173.9 | $ 156.8 | $ 148.2 |
| Long-term sales [(1)] | | | |
| Fundamental equity | 18.6 | 17.2 | 17.5 |
| Fixed income | 13.7 | 12.6 | 11.6 |
| Mathematical equity | 6.6 | 5.2 | 4.9 |
| Long-term redemptions [(1)] | | | |
| Fundamental equity | (26.2) | (33.1) | (27.9) |
| Fixed income | (9.3) | (11.7) | (7.6) |
| Mathematical equity | (8.3) | (9.9) | (10.5) |
| Long-term net flows [(1)] | | | |
| Fundamental equity | (7.6) | (15.9) | (10.4) |
| Fixed income | 4.4 | 0.9 | 4.0 |
| Mathematical equity | (1.7) | (4.7) | (5.6) |
| Total long-term net flows | (4.9) | (19.7) | (12.0) |
| Net money market flows | (0.1) | (0.1) | — |
| Market/fund performance | 14.2 | 36.9 | 20.6 |
| End of year assets [(2)] | $ 183.1 | $ 173.9 | $ 156.8 |

(1) Excludes money market flows. Sales and redemptions of money market funds are presented net on a separate line due to the short-term nature of the investments.

(2) Does not include $2.4 billion of VelocityShares assets at December 31, 2014 as VelocityShares is not the named advisor or subadvisor to its branded products.

| | Year ended December 31, 2014 | 2013 | 2012 |
|---|---|---|---|
| Average assets under management: [(1)] | | | |
| Fundamental equity | $ 94.0 | $ 93.0 | $ 90.4 |
| Fixed income | 31.3 | 27.7 | 23.9 |
| Mathematical equity | 49.1 | 43.3 | 40.6 |
| Money market | 1.4 | 1.4 | 1.4 |
| Total | $ 175.8 | $ 165.4 | $ 156.3 |

(1) Does not include VelocityShares assets at December 31, 2014 as VelocityShares is not the named advisor or subadvisor to its branded products.

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***Assets and Flows by Investment Discipline***

JCG, through its subsidiaries, offers investment products based on a diversified set of investment disciplines. Janus offers growth and core equity, global and international equity as well as balanced, fixed income and retail money market investment products. INTECH offers mathematical-based investment products, and Perkins offers value-disciplined investment products. Assets and flows by investment discipline are as follows (in billions):

| | Year ended December 31, | | |
|---|---|---|---|
| | 2014 | 2013 | 2012 |
| **Growth/Core** (1) | | | |
| Beginning of year assets | $ 60.8 | $ 53.8 | $ 49.7 |
| Sales | 10.6 | 10.5 | 9.9 |
| Redemptions | (13.7) | (19.2) | (14.8) |
| Net redemptions | (3.1) | (8.7) | (4.9) |
| Market/fund performance | 6.2 | 15.7 | 9.0 |
| End of year assets | $ 63.9 | $ 60.8 | $ 53.8 |
| **Global/International** | | | |
| Beginning of year assets | $ 19.3 | $ 17.9 | $ 18.4 |
| Sales | 5.5 | 3.3 | 3.6 |
| Redemptions | (5.2) | (5.6) | (6.4) |
| Net sales (redemptions) | 0.3 | (2.3) | (2.8) |
| Market/fund performance | 0.7 | 3.7 | 2.3 |
| End of year assets | $ 20.3 | $ 19.3 | $ 17.9 |
| **Mathematical Equity** | | | |
| Beginning of year assets | $ 47.6 | $ 40.2 | $ 39.9 |
| Sales | 6.6 | 5.2 | 4.9 |
| Redemptions | (8.3) | (9.9) | (10.5) |
| Net redemptions | (1.7) | (4.7) | (5.6) |
| Market/fund performance | 5.1 | 12.1 | 5.9 |
| End of year assets | $ 51.0 | $ 47.6 | $ 40.2 |
| **Fixed Income** (1) | | | |
| Beginning of year assets | $ 28.9 | $ 26.4 | $ 20.6 |
| Sales | 13.7 | 12.6 | 11.6 |
| Redemptions | (9.3) | (11.7) | (7.6) |
| Net sales | 4.4 | 0.9 | 4.0 |
| Market/fund performance | 1.1 | 1.6 | 1.8 |
| End of year assets | $ 34.4 | $ 28.9 | $ 26.4 |
| **Value** | | | |
| Beginning of year assets | $ 15.9 | $ 17.0 | $ 18.1 |
| Sales | 2.5 | 3.4 | 4.0 |
| Redemptions | (7.3) | (8.3) | (6.7) |
| Net redemptions | (4.8) | (4.9) | (2.7) |
| Market/fund performance | 1.1 | 3.8 | 1.6 |
| End of year assets | $ 12.2 | $ 15.9 | $ 17.0 |

| | Year ended December 31, | | |
|---|---|---|---|
| | 2014 | 2013 | 2012 |
| **Money Market** | | | |
| Beginning of year assets | $ 1.4 | $ 1.5 | $ 1.5 |
| Sales | 0.6 | 0.6 | 0.8 |
| Redemptions | (0.7) | (0.7) | (0.8) |
| Net redemptions | (0.1) | (0.1) | — |
| Market/fund performance | — | — | — |
| End of year assets | $ 1.3 | $ 1.4 | $ 1.5 |

(1) Growth/core and fixed income assets reflect an even split of the Janus Balanced Fund between the two categories.

*VelocityShares*

VelocityShares-branded products had $2.4 billion, $2.3 billion and $1.1 billion in assets as of December 31, 2014, December 1, 2014, and December 31, 2013, respectively. VelocityShares assets are not included in JCG-wide assets under management as VelocityShares is not the named advisor or subadvisor to its branded products.

***Valuation***

The fair value of assets under management is derived from the cash and investment securities underlying JCG's investment products. Investment security values are determined using unadjusted or adjusted quoted market prices and independent third-party price quotes in active markets. JCG uses adjusted market prices to value certain international equity securities in its domestic and non-domestic mutual funds to adjust for stale pricing that may occur between the close of certain foreign exchanges and the NYSE. Security prices are adjusted based upon historical impacts for similar post-close activity. For fixed income securities with maturities of 60 days or less, the amortized cost method is used to determine the value. Securities for which market prices are not readily available or are considered unreliable are internally valued using appropriate methodologies for each security type or by engaging third-party specialists. The fair value of the vast majority of the equity securities underlying JCG's investment products is derived from readily available and reliable market price quotations while the fair value of a majority of the fixed income securities is derived from evaluated pricing from independent third-party providers.

The pricing policies for mutual funds advised by JCG's subsidiaries (the "Funds") are established by the Funds' Independent Board of Trustees and are designed to test and validate fair value measurements. Responsibility for pricing securities held within separate and subadvised accounts may be delegated by the separate or subadvised clients to JCG or another party. JCG validates pricing received from third-party providers by comparing pricing between primary and secondary vendors. Any discrepancies are identified and resolved.

JCG performs a number of procedures to validate the pricing received from third-party providers. For actively traded equity securities, prices are received daily from both a primary and secondary vendor. For fixed income securities, prices are received daily from a primary vendor and weekly from a secondary vendor. Prices from the primary and secondary vendors are compared to identify any discrepancies. In the event of a discrepancy, a price challenge may be issued to both vendors. Securities with significant price changes require additional research, which may include a review of all news pertaining to the issue and issuer and any corporate actions. All fixed income prices are reviewed by JCG's fixed income trading desk to incorporate market activity information available to

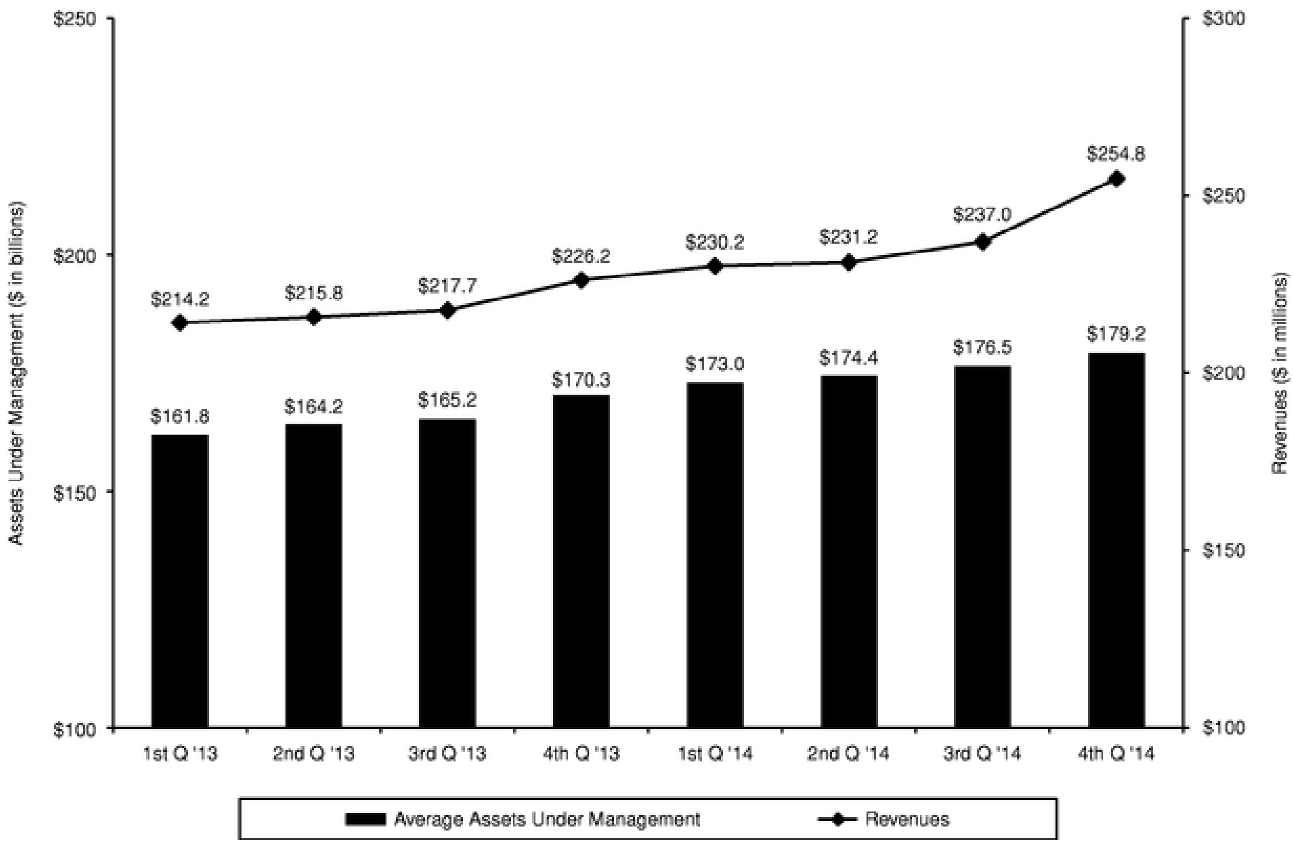
JCG's traders. In the event the traders have received price indications from market makers for a particular issue, this information is transmitted to the pricing vendors.

All pricing vendors are subject to an annual on-site due diligence review that includes a detailed discussion about the methodologies used, particularly for evaluated prices, and any changes to the methodologies.

JCG is generally not the pricing agent for securities held within separate and subadvised accounts. However, JCG does perform a daily reconciliation between the pricing performed by the pricing agent and the pricing applied based on JCG's procedures. Any pricing discrepancies are resolved with the client designated pricing agent.

***Revenues***

Revenues are generally based upon a percentage of the market value of assets under management and are calculated as a percentage of the daily average asset balance in accordance with contractual agreements. Certain mutual funds and separate accounts are also subject to performance fees, which vary based on a product's relative performance as compared to an established benchmark index over a specified period of time and the level of assets subject to such fees. Assets under management primarily consist of domestic and international equity and debt securities. Accordingly, fluctuations in domestic and international financial markets, relative investment performance, sales and redemptions of investment products, and changes in the composition of assets under management are all factors that have a direct effect on JCG's operating results. The following graph depicts the direct relationship between average assets under management and investment management revenues:



**Results of Operations**

***Revenues***

| | Year ended December 31, 2014 | 2013 | 2012 | 2014 vs. 2013 | 2013 vs. 2012 |
|---|---|---|---|---|---|
| **Revenues (in millions):** | | | | | |
| Investment management fees | $ 849.1 | $ 813.0 | $ 782.3 | 4.4% | 3.9% |
| Performance fees | (48.0) | (82.2) | (75.4) | 41.6% | (9.0)% |
| Shareowner servicing fees and other | 152.1 | 143.1 | 143.1 | 6.3% | 0.0% |
| Total revenues | $ 953.2 | $ 873.9 | $ 850.0 | 9.1% | 2.8% |

*Investment Management Fees*

Investment management fees increased $36.1 million, or 4.4%, from 2013 to 2014 primarily as a result of a 6.3% increase in average assets under management driven by market appreciation in addition to a reduction in long-term net outflows. Revenue increased at a lower rate than average assets primarily due to a product mix shift toward lower yielding products and channels.

Investment management fees increased $30.7 million, or 3.9%, from 2012 to 2013 primarily as a result of a 5.8% increase in average assets under management driven by market appreciation partially offset by long-term net outflows. Revenue increased at a lower rate than average assets primarily due to a product mix shift toward lower yielding products and channels.

*Performance Fees*

Performance fee revenue is derived from certain mutual funds and separate accounts. Negative performance fees were driven by underperformance of certain mutual funds against their respective benchmarks. Negative performance fees improved $34.2 million, or 41.6%, from 2013 to 2014 primarily as a result of improved investment performance and the roll-off of historical underperformance of certain mutual funds against their respective benchmarks.

Negative performance fees increased $6.8 million, or 9.0%, from 2012 to 2013 primarily due to a decrease in positive performance fees on separate accounts. The decrease in positive performance fees on separate accounts was due to an annual $6.7 million nonrecurring fee from an existing client that switched from a performance-based fee to a fixed fee in December 2012.

A summary of mutual fund and separate account assets subject to performance fees as of December 31, 2014 and 2013, is as follows (in billions):

| | December 31, 2014 | 2013 |
|---|---|---|
| Mutual fund assets | $ 49.0 | $ 54.3 |
| Separate account assets | $ 17.3 | $ 14.1 |

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***Operating Expenses***

| | Year ended December 31, 2014 | 2013 | 2012 | 2014 vs. 2013 | 2013 vs. 2012 |
|---|---|---|---|---|---|
| **Operating Expenses (in millions):** | | | | | |
| Employee compensation and benefits | $ 322.8 | $ 292.7 | $ 274.5 | 10.3% | 6.6% |
| Long-term incentive compensation | 51.3 | 63.1 | 66.7 | (18.7)% | (5.4)% |
| Marketing and advertising | 19.5 | 20.2 | 23.6 | (3.5)% | (14.4)% |
| Distribution | 131.0 | 125.7 | 126.8 | 4.2% | (0.9)% |
| Depreciation and amortization | 25.6 | 28.7 | 38.5 | (10.8)% | (25.5)% |
| General, administrative and occupancy | 113.3 | 104.4 | 105.4 | 8.5% | (0.9)% |
| Total operating expenses | $ 663.5 | $ 634.8 | $ 635.5 | 4.5% | (0.1)% |

*Employee Compensation and Benefits*

Employee compensation and benefits increased $30.1 million, or 10.3%, from 2013 to 2014 and $18.2 million, or 6.6%, from 2012 to 2013, principally due to higher incentive compensation as a result of higher operating income. Company-wide incentive compensation plans are designed to link variable compensation to operating income.

*Long-Term Incentive Compensation*

Long-term incentive compensation decreased $11.8 million, or 18.7%, from 2013 to 2014, primarily due to a decrease of $13.4 million from the vesting of awards granted in previous years, a decrease of $12.6 million in Perkins senior profits interests awards expense, a decrease of $4.2 million due to lower mark-to-market adjustments for changes in fair value of mutual fund share awards and investments related to deferred compensation plans and a decrease in expense of $2.3 million related to forfeiture rate estimate adjustments. The Perkins senior profits interests awards receive 5% of Perkins' annual taxable income and have a terminal value based on Perkins revenue and relative investment performance of products managed by Perkins. These decreases were partially offset by an increase of $21.2 million of expense from new awards granted during 2014 including $3.4 million of expense related to the new INTECH awards.

Long-term incentive awards granted during 2014 totaled $79.3 million and will generally be recognized ratably over a four-year period. Additionally, in October 2014, INTECH granted new long-term incentive awards to retain and incentivize employees. The new awards consist of appreciation rights, profits interests and phantom interests and are designed to give recipients an equity-like stake in INTECH. Combined, the new awards represent an approximate 12% economic stake in INTECH's pre-incentive operating profits and replace a portion of the prior discretionary bonus pool. The appreciation rights have a grant date fair value of $23.2 million which will be amortized on a straight-line basis over the 10-year vesting schedule.

INTECH profits interests and phantom interests entitle holders to periodic distributions of a portion of INTECH operating income. Distributions are made during employment and, for profits interests, post-employment for up to 10 years. Phantom interests are entitled to a one-time distribution at termination of employment. Compensation expense for post-employment and termination distributions will be based upon the present value of expected future distributions and will be recognized pro rata over the 10-year vesting schedule for profits interests and five years for phantom interests.

JCG generally grants long-term incentive awards in January of each year. The 2015 annual grant totaled $75.2 million and will generally be recognized ratably over a four-year period. The 2015 annual grant is not subject to performance-based accelerated vesting. Long-term incentive compensation expense for the year ended December 31, 2015, is currently expected to be approximately $70 million to $75 million.

Long-term incentive compensation decreased $3.6 million, or 5.4%, from 2012 to 2013, primarily due to a $5.0 million decrease related to forfeiture rate estimate adjustments and a net $4.0 million decrease from the vesting of awards in previous years partially offset by awards granted in 2013. These decreases were partially offset by a $2.4 million increase due to mark-to-market adjustments for changes in fair value of mutual fund share awards and investments related to deferred compensation plans and a $2.3 million increase in Perkins senior profits interests awards expense.

*Marketing and Advertising*

Marketing and advertising decreased $0.7 million, or 3.5%, from 2013 to 2014 and $3.4 million, or 14.4%, from 2012 to 2013, primarily due to lower brand positioning and advertising expenses as JCG continued to maintain focused marketing and advertising strategies in 2013 and 2014.

*Depreciation and Amortization*

Depreciation and amortization decreased $3.1 million, or 10.8% from 2013 to 2014 primarily due to the intangible assets associated with INTECH client relationships becoming fully amortized in the first quarter of 2014. Depreciation and amortization decreased $9.8 million, or 25.5%, from 2012 to 2013, primarily due to $7.7 million of intangible asset impairment charges in 2012 from the loss of JCG subadvised relationships. JCG recognizes an impairment charge equal to the unamortized value of the associated intangible asset when notification of termination is received. As of December 31, 2014, JCG no longer has intangible assets that are specifically identified to specific clients.

***Non-Operating Income and Expenses***

*Interest Expense and Loss on Early Extinguishment of Debt*

Interest expense decreased $8.0 million, or 19.5%, from 2013 to 2014 primarily as a result of the June 2013 exchange of $110.0 million aggregate principal amount of JCG's existing, 3.250% Convertible Senior Notes due 2014 ("2014 Convertible Notes") for $116.6 million aggregate principal amount of newly issued, 0.750% Convertible Senior Notes due 2018 ("2018 Convertible Notes"). The decrease was also driven by the repayment of the 6.119% Senior Notes due 2014 ("2014 Senior Notes") that matured on April 15, 2014, and the repayment of the remainder of the 2014 Convertible Notes that matured on July 15, 2014.

Interest expense decreased $3.9 million, or 8.7%, from 2012 to 2013, primarily as a result of the June 2013 exchange of the 2014 Convertible Notes for the newly issued 2018 Convertible Notes and the repurchase of the Company's outstanding 2017 Senior Notes for $8.9 million in cash in August 2013. JCG recognized a loss of $12.6 million related to the exchange of notes and a loss of $0.9 million on the repurchase.

*Investment Gains (Losses), Net*

The components of investment gains (losses), net for the years ended December 31, 2014, 2013 and 2012, are as follows (in millions):

| | Year ended December 31, | | |
|---|---|---|---|
| | 2014 | 2013 | 2012 |
| Seeded investment products | $ 8.6 | $ 28.9 | $ 17.8 |
| Noncontrolling interest in seeded investment products | (0.6) | 3.4 | 2.0 |
| Investments in advised mutual funds | (0.1) | 8.5 | 8.6 |
| Index swaps and index futures | (11.2) | (37.4) | (12.5) |
| Economic hedge for deferred compensation plans | 1.3 | 3.0 | 1.3 |
| Put spread option contracts | — | — | (6.1) |
| Other | 0.1 | 0.1 | — |
| Investment gains (losses), net | $ (1.9) | $ 6.5 | $ 11.1 |

Investment gains (losses), net decreased $8.4 million, or 129.2%, from 2013 to 2014, and $4.6 million, or 41.4%, from 2012 to 2013, primarily due to the mark-to-market of seeded investment products and investments in advised mutual funds partially offset by the net investment losses on the index swaps and index futures. Also affecting the 2013 vs. 2012 variance is a $6.1 million loss recognized in 2012 related to the put spread option contracts. The put spread option contracts were purchased to mitigate potential negative impacts on 2012 profitability in the event of a market downturn.

The index swaps and index futures are part of the Company's seed capital hedging strategy to mitigate a portion of the earnings volatility created by the mark-to-market accounting of seeded investment products. JCG may modify or discontinue this hedging strategy at any time.

*Income Tax Provision*

JCG's effective tax rate was 39.7%, 37.5% and 36.6% for the years ended December 31, 2014, 2013 and 2012, respectively. JCG's income tax provision for the years ended December 31, 2014, 2013 and 2012, includes the following (in millions):

| | December 31, | | |
|---|---|---|---|
| | 2014 | 2013 | 2012 |
| Reversal of income tax contingency reserves as a result of the expiration of statutes of limitations and audit settlements | $ 1.0 | $ 1.3 | $ 2.8 |
| Tax benefit from the reversal of income tax contingency reserves | $ 0.6 | $ 0.8 | $ 1.8 |
| Tax expense related to the expiration and vesting of certain equity-based compensation awards | $ 7.8 | $ 5.0 | $ 4.3 |

**LIQUIDITY AND CAPITAL RESOURCES**

JCG's capital structure, together with available cash balances, cash flows generated from operations, existing capacity under the Company's credit facility and further capital and credit market activities, if necessary, should provide JCG with sufficient resources to meet present and future cash needs, including operating, debt and other obligations as they come due and anticipated future capital requirements.

**Short-Term Liquidity and Capital Resources**

The following table summarizes key balance sheet data relating to JCG's liquidity and capital resources as of December 31, 2014 and 2013 (in millions):

| | December 31, 2014 | December 31, 2013 |
|---|---|---|
| Cash and cash equivalents: | | |
| Cash and cash equivalents held domestically | $ 392.3 | $ 265.7 |
| Cash and cash equivalents held outside the United States [(1)] | 60.2 | 78.8 |
| Total cash and cash equivalents | $ 452.5 | $ 344.5 |
| Accounts receivable | $ 130.9 | $ 108.8 |
| Investment securities: | | |
| Seeded investment products | $ 285.6 | $ 314.8 |
| Noncontrolling interests [(2)] | 41.0 | 8.8 |
| Debt securities [(3)] | — | 101.5 |
| Investments in advised mutual funds and the economic hedging of deferred compensation plans [(4)] | 17.4 | 60.4 |
| Total investment securities | $ 344.0 | $ 485.5 |
| Long-term debt (including current portion) | $ 450.5 | $ 544.6 |

(1) As of December 31, 2014 and 2013, cash held outside of the United States may not be entirely available for general corporate purposes due to approximately $24 million of capital requirements associated with foreign subsidiaries of JCG.

(2) The noncontrolling interests balance is associated with seeded investment products.

(3) The debt securities as of December 31, 2013, matured in 2014 and were intended to match the debt maturity payments due in 2014.

(4) Represents investments in advised mutual funds and the economic hedging of deferred compensation plans.

Cash and cash equivalents consist primarily of cash on hand and short-term investments with an initial maturity of three months or less when purchased, including investments in money market funds. JCG believes that existing cash and cash generated from operations should be sufficient to satisfy its short-term capital requirements. Expected short-term uses of cash include ordinary operating expenditures, seed capital investments, dividend payments, income tax payments, common share repurchases and interest payments on outstanding debt. JCG may use available cash for general corporate purposes and acquisitions. In addition, JCG may repurchase its outstanding debt securities in open market transactions, privately negotiated transactions, exchanges, tender offers or otherwise. Any repurchase of outstanding debt securities and common stock will depend on prevailing market conditions, JCG's liquidity requirements, contractual and legal restrictions, and other factors.

The current portion of long-term debt was $96.9 million as of December 31, 2013. The December 31, 2013, balance represents $60.0 million of principal related to the 2014 Convertible Notes that was paid with cash on hand on July 15, 2014, and $38.9 million of principal related to the 2014 Senior Notes that was paid with cash on hand on April 15, 2014. JCG's remaining debt matures in 2017 and 2018.

*Common Stock Repurchase Program*

As part of its capital and liquidity management, JCG maintains a share repurchase program to offset dilution resulting from stock-based compensation and to return capital to shareholders. Share repurchases as part of publicly announced programs during the years ended December 31, 2014 and 2013, were as follows:

| | December 31, | |
|---|---|---|
| | 2014 | 2013 |
| Total cost | $ 84.4 million | $ 31.8 million |
| Shares repurchased | 6,755,292 | 3,419,001 |
| Average price per share | $ 12.49 | $ 9.30 |

The share repurchase program is within the parameters of Rule 10b5-1 of the Exchange Act.

As of December 31, 2014, $387.4 million is available for share repurchases under the current authorization.

*Dividends*

Dividends paid during the year ended December 31, 2014, are summarized as follows:

| Record date | Payment date | Dividend per share |
|---|---|---|
| February 7, 2014 | February 21, 2014 | $ 0.07 |
| May 9, 2014 | May 23, 2014 | $ 0.08 |
| August 8, 2014 | August 22, 2014 | $ 0.08 |
| November 7, 2014 | November 21, 2014 | $ 0.08 |

On April 17, 2014, JCG's Board of Directors approved an increase of $0.01 per share, or 14%, in the Company's regular quarterly dividend. The approved quarterly rate of $0.08 per share represents an expected annualized dividend rate of $0.32 per share of common stock. JCG currently targets return of cash to shareholders, in the form of dividends and stock repurchases, to be 70% to 80% of cash flows from operations.

The payment of cash dividends is within the discretion of JCG's Board of Directors and depends on many factors, including, but not limited to, JCG's results of operations, financial condition, capital requirements, restrictions imposed by financing agreements, general business conditions and legal requirements.

**Long-Term Liquidity and Capital Resources**

The following table presents contractual obligations and associated maturities at December 31, 2014 (in millions):

| | Less than 1 year | 1 to 3 years | 3 to 5 years | More than 5 years |
|---|---|---|---|---|
| Debt | $ — | $ 344.7 | $ 116.6 | $ — |
| Interest payments | 24.7 | 37.9 | 1.6 | — |
| Capital leases | 0.6 | 0.2 | — | — |
| Operating leases | 16.3 | 29.3 | 24.4 | 52.6 |
| Total | $ 41.6 | $ 412.1 | $ 142.6 | $ 52.6 |

The information presented above does not include commitments for capital expenditures in the normal course of business. JCG expects to fund its long-term commitments using existing cash,

cash generated from operations, refinancing debt or accessing capital and credit markets as necessary.

Operating lease obligations are presented net of estimated sublease income of $0.3 million, which is expected to be recognized over the remaining life of the related lease.

*Perkins Senior Profits Interests Awards*

On December 31, 2008, Perkins granted senior profits interests awards designed to retain and incentivize key employees to grow the business. These awards vested on the fifth anniversary of grant and were entitled to a total of 5% of Perkins' annual taxable income. These awards had a formula-driven terminal value based on revenue and relative investment performance of products managed by Perkins. Participants carried a put right that would require JCG to terminate the awards in exchange for the then-applicable formula price on December 31, 2014, the sixth anniversary of grant. The value of the put right at December 31, 2014, was $5.9 million. On January 27, 2015, participants exercised their right to put the senior profits interests awards to JCG. The Company settled the awards with a $5.9 million cash payment to participants on February 13, 2015.

On November 18, 2013, Perkins granted additional senior profits interests awards, which fully vest on December 31, 2018, and are entitled to a total of 10% of Perkins' annual taxable income. The entitlement to a percentage of Perkins' annual taxable income over the vesting period is tiered and starts at 2% in 2015 and increases 2% each year thereafter until reaching 10% after fully vesting on December 31, 2018. In addition, these awards have a formula-driven terminal value based on Perkins' revenue. JCG can call and terminate any or all of the awards on December 31, 2018, and each year thereafter. Holders of such interests can require JCG to purchase the interests in exchange for the then-applicable formula price on December 31, 2018. The senior profits interests awards are also subject to termination at premiums or discounts to the formula at the option of JCG or certain employees, as applicable, upon certain corporate or employment-related events affecting Perkins or certain employees. As of December 31, 2014, the formula-driven value was zero and there was no liability on JCG's Consolidated Balance Sheets associated with the Perkins senior profits interests awards granted in 2013.

*INTECH Long-Term Incentive Awards*

In October 2014, INTECH granted new long-term incentive awards to retain and incentivize employees. The new awards consist of appreciation rights, profits interests and phantom interests and are designed to give recipients an equity-like stake in INTECH. Combined, the new awards represent an approximate 12% economic stake in INTECH's pre-incentive profits and replace a portion of the prior discretionary bonus pool.

The appreciation rights have a grant date fair value of $23.2 million, which will be amortized on a straight-line basis over the 10-year vesting schedule and are exercisable upon termination of employment from INTECH and to the extent vested. Upon exercise, the appreciation rights are settled in INTECH equity. The fair value of the appreciation rights was estimated using the Black-Scholes option pricing model.

INTECH profits interests and phantom interests entitle holders to periodic distributions of a portion of INTECH operating income. Distributions are made during employment and, for profits interests, post-employment for up to 10 years. Phantom interests are entitled to a one-time distribution at termination of employment. Compensation expense for post-employment distributions is based upon the present value of expected future distributions and will be recognized pro rata over the 10-year vesting schedule for profits interests and five years for phantom interests. The present value of these payments was determined using a 2% discount rate, which represents the interest rate on a 20-year U.S. Treasury note. As of December 31, 2014, the total undiscounted estimated post-employment payments for profits interests and phantom interests is $38.0 million (the majority will not be paid until 10 to 20 years after the grant date). The estimated post-employment payments will be evaluated and adjusted quarterly, as necessary, with changes recorded in results of operations.

*Acquisition of VelocityShares*

On October 13, 2014, the Company entered into an agreement to acquire 100% of the outstanding equity of VS Holdings Inc., the parent company of VelocityShares. VelocityShares is a sponsor of ETPs, including rules-based ETFs, that provide volatility management solutions to institutional clients. As of December 31, 2014, VelocityShares-branded products had approximately $2.4 billion in assets. The majority of these assets represent tactical trading products serving short-term investors and traders in the form of exchange-traded notes. The acquisition of VelocityShares is expected to facilitate JCG's entrance into the ETP business.

On December 1, 2014, the Company announced the closing of the VelocityShares acquisition. The transaction included initial upfront cash consideration of $32.7 million with up to an additional $36.0 million in contingent cash consideration if certain revenue targets are achieved over a four-year period. At acquisition, JCG estimated that contingent consideration with a current fair value of $17.9 million will be paid over a four year period. The purchase price, including the upfront payment and the present value of the expected contingent payments, was largely allocated to intangible assets and goodwill.

*INTECH Noncontrolling Interests*

INTECH ownership interests held by a founding member had an estimated fair value of $5.9 million and $5.3 million as of December 31, 2014 and 2013, respectively, representing approximately 1.0% aggregate ownership of INTECH for both periods. This founding member is entitled to retain his remaining INTECH interests until his death and has the option to require JCG to purchase his ownership interest of INTECH at fair value.

*Perkins Noncontrolling Interests*

On February 1, 2013, the noncontrolling owners of Perkins (who then owned 22.2% of the equity units of Perkins) exercised their right to put 98% of their equity units to JCG. Under the terms of the put, the noncontrolling ownership units were redeemed at fair value of $33.8 million as determined on August 31, 2013, six full months following the month of the put exercise. Following the redemption, JCG owned 99.6% of Perkins.

On February 3, 2014, JCG exercised its right to purchase the remaining noncontrolling ownership units in Perkins of 0.4%. Under the terms of the call, the remaining noncontrolling ownership units were redeemed for $0.6 million on March 14, 2014, based on the fair value as of the call exercise date. The fair value of the ownership units was based on a contractual formula driven by revenue and investment performance of products managed by Perkins.

The noncontrolling interests were primarily held by founding members who are not involved in the management of Perkins. Perkins management continues to hold the majority of their interests in Perkins through senior profits interests awards granted in 2013 and long-term incentive compensation plans. The Perkins senior profits interests awards and long-term incentive compensation plans provide active members of Perkins management an ongoing stake in the success of Perkins.

## Other Sources of Liquidity

*Long-Term Incentive Stock Plans*

On May 10, 2005, JCG shareholders approved the 2005 Long-Term Incentive Stock Plan ("2005 Plan"), which allowed the Board of Directors to grant up to 15.0 million shares of equity-based awards, including stock options and restricted stock. Subsequent to the 2015 annual grant in January 2015, 3.3 million shares of stock options and less than 0.1 million shares of restricted stock are available to be granted under the 2005 Plan.

On April 29, 2010, JCG shareholders approved the 2010 Long-Term Incentive Stock Plan ("2010 Plan"), which allows JCG to grant up to 4.4 million shares of equity-based awards, including stock options and restricted stock. On April 26, 2012, JCG shareholders approved an amendment to the 2010 Plan to increase the number of shares available to grant by 9.0 million shares for a total of 13.4 million shares of equity-based awards available to grant under the 2010 Plan. Subsequent to the 2015 annual grant in January 2015, approximately 0.2 million shares of equity-based awards are available to be granted under the 2010 Plan. The Company intends to seek shareholder approval at the 2015 Annual Meeting of Stockholders to increase the equity-based awards available for grant.

JCG also has a 2012 Employment Inducement Award Plan ("EIA Plan") with 0.8 million shares of equity-based awards available to be granted as of December 31, 2014. The EIA Plan is not a shareholder-approved plan.

*Off-Balance Sheet Arrangements*

Other than certain lease agreements, JCG is not party to any off-balance sheet arrangements that may provide, or require the Company to provide, financing, liquidity, market or credit risk support that is not reflected in JCG's consolidated financial statements.

*Credit Facility*

At December 31, 2014, JCG had a $200 million, unsecured, revolving credit facility (the "Credit Facility") with JPMorgan Chase Bank, N.A., as administrative agent and swingline lender. The Credit Facility can be used by JCG and its subsidiaries for working capital needs and general corporate purposes. The Credit Facility bears interest on borrowings outstanding at the London Interbank Offered Rate plus a spread, which is based on JCG's credit rating. JCG is required to pay a quarterly commitment fee on any unused portion of the Credit Facility, which is also based on JCG's credit rating. The Credit Facility has a maturity date of November 23, 2018.

The Credit Facility contains financial covenants with respect to leverage and interest coverage. The financing leverage ratio cannot exceed 3.00x, and the interest coverage ratio must equal or exceed 4.00x. At December 31, 2014, JCG's financing leverage ratio was 1.44x and the interest coverage ratio was 11.13x. JCG was in compliance with all covenants, and there were no borrowings under the Credit Facility at December 31, 2014, or during the year ended December 31, 2014.

**Cash Flows**

A summary of cash flow data for the years ended December 31, 2014, 2013 and 2012, is as follows (in millions):

| | Year ended December 31, 2014 | 2013 | 2012 |
|---|---|---|---|
| Cash flows provided by (used for): | | | |
| Operating activities | $ 218.4 | $ 224.1 | $ 208.9 |
| Investing activities | 128.4 | (141.7) | (38.2) |
| Financing activities | (238.3) | (123.3) | (143.7) |
| Effect of exchange rate changes on cash and cash equivalents | (0.5) | (1.6) | — |
| Net change in cash and cash equivalents | 108.0 | (42.5) | 27.0 |
| Cash balance at beginning of period | 344.5 | 387.0 | 360.0 |
| Cash balance at end of period | $ 452.5 | $ 344.5 | $ 387.0 |

*Operating Activities*

Fluctuations in operating cash flows are attributable to changes in net income and working capital items, which can vary from period to period based on the amount and timing of cash receipts and payments. Cash flows from operations decreased from 2013 to 2014 due to changes in working capital items offset by an increase in net income. Cash flows from operations increased from 2012 to 2013 due to changes in working capital items and an increase in net income.

*Investing Activities*

Cash provided by (used for) investing activities for the years ended December 31, 2014, 2013 and 2012, is as follows (in millions):

| | Year ended December 31, 2014 | 2013 | 2012 |
|---|---|---|---|
| Acquisition of VelocityShares, net of $4.3 million cash acquired | $ (28.4) | $ — | $ — |
| Purchase of property and equipment | (11.4) | (7.6) | (7.2) |
| Purchases and settlements of investment securities: | | | |
| Seeded investment products | (144.1) | (118.6) | (70.3) |
| Investments related to deferred compensation plans | (0.1) | (0.2) | (39.7) |
| Debt securities | — | (102.7) | — |
| Seed capital derivative instruments | (24.4) | (70.2) | (21.0) |
| Total purchases and settlements of investment securities | (168.6) | (291.7) | (131.0) |
| Proceeds from sales, settlements and maturities of investment securities: | | | |
| Seeded investment products | 178.5 | 73.8 | 51.0 |
| Investments related to deferred compensation plans | 44.4 | 52.3 | 34.5 |
| Debt securities | 100.0 | — | — |
| Seed capital derivative instruments | 13.9 | 31.5 | 11.3 |
| Other investment securities | — | — | 3.2 |
| Total proceeds from sales, settlements and maturities of investment securities | 336.8 | 157.6 | 100.0 |
| Cash provided by (used for) investing activities | $ 128.4 | $ (141.7) | $ (38.2) |

During 2014, seeding of investment products included a $100.0 million investment in the Global Unconstrained Bond strategy. The investment included $48.0 million and $52.0 million allocated to JCG's domestic and international trusts, respectively.

During 2013, seeding of investment products included a $73.7 million investment in a euro-denominated investment product. JCG's investment in the euro-denominated investment product was fully redeemed in 2014.

*Financing Activities*

Cash used for financing activities for the years ended December 31, 2014, 2013 and 2012, is as follows (in millions):

| | Year ended December 31, | | |
|---|---|---|---|
| | 2014 | 2013 | 2012 |
| Repayment of long-term debt | $ (98.9) | $ (8.9) | $ (65.8) |
| Proceeds from issuance of stock warrants | — | 10.5 | — |
| Purchase of convertible note hedge | — | (16.1) | — |
| Debt issuance costs | — | (4.8) | — |
| Purchase of noncontrolling interests | (1.5) | (34.1) | (8.3) |
| Repurchase of common stock | (87.2) | (33.4) | (17.5) |
| Dividends paid to JCG shareholders | (58.4) | (39.8) | (54.4) |
| Other financing activities | 7.7 | 3.3 | 2.3 |
| Cash used for financing activities | $ (238.3) | $ (123.3) | $ (143.7) |

***Exchange of Convertible Senior Notes***

On June 14, 2013, JCG entered into separate privately negotiated exchange agreements pursuant to which $110.0 million aggregate principal amount of JCG's then existing, 2014 Convertible Notes was exchanged for $116.6 million aggregate principal amount of newly-issued, 2018 Convertible Notes. Immediately following the exchange, $60.0 million aggregate principal amount of 2014 Convertible Notes remained outstanding.

The 2018 Convertible Notes pay interest semiannually at a rate of 0.75% per annum on January 15 and July 15 of each year, beginning on January 15, 2014, and will be convertible, under certain circumstances, into cash, shares of JCG common stock or a combination of cash and shares of JCG common stock, at the Company's election.

The initial conversion rate of the 2018 Convertible Notes was 92.06 shares of JCG common stock per $1,000 principal amount of the 2018 Convertible Notes, which was equivalent to an initial conversion price of approximately $10.86 per share of common stock. The initial conversion rate was most recently adjusted during the fourth quarter 2014 when JCG paid a quarterly cash dividend of $0.08 per share, which was greater than the quarterly dividend of $0.07 per share at the time of issuance. As a result of the quarterly cash dividend paid on November 21, 2014, the conversion rate changed to 92.28 shares of JCG common stock per $1,000 principal amount of 2018 Convertible Notes, equivalent to a conversion price of approximately $10.84 per share of common stock.

Holders of the 2018 Convertible Notes may convert the notes early if the last reported sale price of JCG's common stock is greater than or equal to $14.09 per share of common stock for at least 20 trading days during a period of 30 consecutive trading days ending on the last trading day of the preceding quarter. As of January 1, 2015, the 2018 Convertible Notes meet the criteria for early conversion.

The 2018 Convertible Notes will mature on July 15, 2018, unless earlier converted or repurchased.

*Convertible Note Hedge and Warrants*

In connection with the 2018 Convertible Notes issuance in June 2013, JCG entered into convertible note hedge and warrant transactions which, in combination, are intended to reduce the potential for future dilution to existing shareholders by effectively increasing the initial conversion price of the 2018 Convertible Notes to JCG from $10.86 to $12.60 per share of common stock.

The initial $10.86 and $12.60 per share of common stock exercise prices of the call options and warrants, respectively, were adjusted during the fourth quarter 2014 when JCG paid a quarterly cash dividend of $0.08 per share. As a result of the quarterly cash dividend paid on November 21, 2014, which was greater than the quarterly dividend of $0.07 per share at the time of issuance, the exercise price of the call options changed to $10.84 per share of common stock and the exercise price of the warrants changed to $12.57 per share of common stock.

***Money Market Funds Advised by JCG***

JCG advises money market funds that seek to provide capital preservation and liquidity, with current income as a secondary objective. JCG attempts to limit the money market funds' exposure to losses by investing in high-quality securities with short-term durations that present minimal credit risk. Adverse events or circumstances related to individual securities or the market in which the securities trade may cause other-than-temporary declines in value. JCG continuously evaluates the securities held by the money market funds to determine if any holdings are distressed or may become distressed in the near future. In such circumstances, JCG would consider whether taking any action, including, but not limited to, a potential election by JCG to provide support to the money market funds that could result in additional impairments and financial losses for the Company, would be appropriate. Under certain situations, JCG may elect to support one or more of the money market funds to enable them to maintain a net asset value equal to $1 through a variety of means, including but not limited to, purchasing securities held by the money market funds, reimbursing for any losses incurred or providing a letter of credit. However, JCG is not contractually or legally obligated to provide support to the money market funds. As a result of JCG's closing its institutional money market operations in early 2009, JCG's money market assets have significantly declined to $1.3 billion at December 31, 2014, and have remained relatively stable.

**CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

JCG's consolidated financial statements and accompanying notes have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods.

JCG continually evaluates the accounting policies and estimates used to prepare the consolidated financial statements. In general, management's estimates are based on historical experience, information from third-party professionals, as appropriate, and various other assumptions that are believed to be reasonable under current facts and circumstances. Actual results could differ from those estimates made by management. JCG's critical accounting policies and estimates include investment securities, goodwill and intangible assets, equity compensation and income taxes.

***Valuation of Investment Securities***

JCG records investment securities classified as trading and available-for-sale at fair value and investment securities classified as held-to-maturity at amortized cost. Fair value is generally determined using observable market data based on recent trading activity. Where observable market data is unavailable due to a lack of trading activity, JCG uses internally developed models to estimate fair value and independent third parties to validate assumptions, when appropriate. Estimating fair value requires significant management judgment, including benchmarking to similar instruments with observable market data and applying appropriate discounts that reflect differences between the securities that JCG is valuing and the selected benchmark. Depending on the type of securities owned by JCG, other valuation methodologies may be required. Any variation in the assumptions used to approximate fair value could have a material adverse effect on the Company's consolidated financial condition and results of operations.

JCG periodically evaluates the carrying value of investment securities classified as available-for-sale or held-to-maturity for potential impairment. In determining if an impairment exists, JCG considers the duration, extent and circumstances of any decline in fair value.

For debt securities, an other-than-temporary impairment ("OTTI") is evident if JCG intends to sell the debt security or will more likely than not be required to sell the debt security before full recovery of the entire amortized cost basis is realized. However, even if JCG does not intend to sell the debt security and will not likely be required to sell the debt security before recovery of its entire amortized cost basis, JCG must evaluate expected cash flows to be received and determine if a credit loss has occurred. In the event of a credit loss, the credit component of the impairment is recognized within investment gains (losses), net on JCG's Consolidated Statements of Comprehensive Income, and the noncredit component is recognized through other comprehensive income (loss), net of tax on JCG's Consolidated Statements of Comprehensive Income.

For equity securities, JCG evaluates the securities in an unrealized loss position in the available-for-sale portfolio for OTTI on the basis of the duration of the decline in value of the security and severity of that decline as well as JCG's intent and ability to hold these securities for a period of time sufficient to allow for any anticipated recovery in the market value. If it is determined that the impairment on an equity security is other-than-temporary, an impairment loss equal to the difference between the carrying value of the security and its fair value is recognized within investment gains (losses), net on JCG's Consolidated Statements of Comprehensive Income. There were no impairments of investment securities for the years ended December 31, 2014, 2013 and 2012.

***Accounting for Goodwill and Intangible Assets***

Goodwill and intangible assets constitute $1.8 billion, or 63.3%, of total assets at December 31, 2014. Goodwill and intangible assets require significant management estimates and judgment, including the valuation and expected life determination in connection with the initial purchase price allocation and the ongoing evaluation for impairment. JCG separately tests goodwill and indefinite-lived intangible assets for impairment annually or more frequently if events or changes in circumstances indicate that the asset may be impaired.

In connection with the purchase price allocation of acquisitions in which a majority interest is obtained, JCG relies on in-house financial expertise or uses a third-party expert, if considered necessary. Valuations generally rely on management's estimates and judgments as to financial forecasts, including revenue, growth rates and operating margins over a range of possible assumptions for various products, distribution channels and business strategies.

Goodwill represents the excess of cost over the fair value of the identifiable net assets of acquired companies and is not amortized. Goodwill is tested for impairment by comparing the fair value of the "reporting unit" associated with the goodwill to the reporting unit's recorded value. If the fair value of the reporting unit is less than its recorded value, a process similar to a purchase price allocation is undertaken to determine the amount, if any, of the goodwill impairment. All assets, including previously unrecognized intangible assets and liabilities, are allocated based on their respective fair values and any unallocated value is assigned to goodwill. Because the allocation of fair value may include intangible assets not previously recognized, the amount of the goodwill impairment charge may significantly exceed the difference between the fair value of the reporting unit and its recorded value. For purposes of testing goodwill for impairment, JCG has identified one reporting unit.

Indefinite-lived intangible assets primarily represent brand name and trademark and mutual fund advisory contracts. The assignment of indefinite lives to brand name and trademark and mutual fund advisory contracts is based on the assumption that they are expected to generate cash flows indefinitely. Indefinite-lived intangible assets are tested for impairment by comparing the fair value of the assets to their recorded values.

To complete the tests for potential impairment of goodwill and indefinite-lived intangible assets, JCG uses a discounted cash flow analysis that requires assumptions regarding projected future earnings and discount rates. In projecting future earnings, JCG considers equity and fixed income market performance, performance compared to peers, significant changes in the underlying business and products, material and ongoing industry or economic trends, and other factors that may influence future earnings. Changes in the assumptions underlying the discounted cash flow analysis could materially affect JCG's impairment conclusion. Due to the significance of the goodwill and identified indefinite-lived intangible assets to JCG's Consolidated Balance Sheets, any impairment charge could have a material adverse effect on the Company's consolidated financial condition and results of operations.

The October 2014 tests of goodwill and indefinite-lived intangible assets indicated that estimated fair values substantially exceeded their respective carrying values, and as such, no impairment charges were recognized. The October 2014 tests included certain underlying key assumptions regarding future overall market trends and Company operating performance. If actual future market results and Company operating performance vary significantly and unfavorably to those included in the Company's financial forecast, the Company may be subject to impairment charges related to its goodwill and indefinite-lived intangible assets.

No impairment charges were recognized as a result of the October 2013 and 2012 tests of goodwill and indefinite-lived intangible assets.

Definite-lived intangible assets represent client relationships, which are amortized over their estimated lives of 12 years (17 years for VelocityShares intangible assets) using the straight-line method. Definite-lived intangible assets are tested only when there are indications of impairment. To complete the tests for potential impairment of definite-lived intangible assets, JCG uses a two-step process. The first step compares the fair value of the asset, based on undiscounted cash flows, to the recorded value of the asset. If the recorded value of the asset exceeds the fair value, a second step must be performed. The second step compares the fair value of the asset, based on discounted cash flows, to the carrying value of the asset.

No impairment charges were recognized during the years ended December 31, 2014 and 2013. A $7.7 million intangible asset impairment charge from the loss of JCG subadvised relationships was recognized during the year ended December 31, 2012.

***Post-Employment Benefits***

In October 2014, INTECH granted new long-term incentive awards to retain and incentivize employees. The new awards consist of appreciation rights, profits interests and phantom interests and are designed to give recipients an equity-like stake in INTECH. Profits interests and phantom interests entitle holders to periodic distributions of a portion of INTECH operating income. Distributions are made during employment and, for profits interests, post-employment for up to 10 years. Phantom interests are entitled to a one-time distribution at termination of employment. Compensation expense for post-employment distributions is based upon the present value of expected future distributions and will be recognized pro rata over the 10-year vesting schedule for profits interests and five years for phantom interests. The present value of these payments was determined using a 2% discount rate, which represents the interest rate on a 20-year U.S. Treasury note. As of December 31, 2014, the total undiscounted estimated post-employment payments for profits interests and phantom interests is $38.0 million (the majority will not be paid until 10 to 20 years after the grant date). The estimated post-employment payments will be evaluated and adjusted quarterly, as necessary, with changes recorded in results of operations.

***Equity Compensation***

JCG uses the Black-Scholes option pricing model to estimate the fair value of stock options for recording compensation expense. The Black-Scholes model requires management to estimate certain variables, including the lives of options from grant date to exercise date, the volatility of the underlying shares and future dividend rates. The two most significant estimates in the Black-Scholes model are volatility and expected life. An increase in the volatility rate increases the value of stock options and a decrease causes a decline in value. JCG estimates expected volatility using an average of JCG's historical volatility and industry and market averages, as appropriate. For expected lives, an increase in the expected life of an option increases its value. JCG factors in employee termination rates combined with vesting periods to determine the average expected life used in the model.

JCG also uses the Black-Scholes option pricing model to estimate the fair value of the INTECH appreciation rights. The assumptions used in the Black-Scholes option pricing model include dividend yield, expected volatility, risk-free interest rate and expected life. The dividend yield and expected volatility were determined using historical data from publicly traded peers. The risk-free interest rate is based on the 10-year U.S. Treasury note at the time of the grant. The expected life of the appreciation rights was estimated based upon the assumption that recipients terminate upon vesting and exercise 20% of their rights each year over the following five years. See Part II, Item 8, Financial Statements and Supplementary Data, Note 11 — Long-Term Incentive Compensation, of this Annual Report on Form 10-K for more information regarding the INTECH appreciation rights.

JCG granted price-vesting units to its Chief Executive Officer on December 31, 2014, 2013, and on December 30, 2011. There are performance and service conditions associated with the vesting of the price-vesting units. See Part II, Item 8, Financial Statements and Supplementary Data, Note 11 — Long-Term Incentive Compensation, of this Annual Report on Form 10-K for more information regarding the price-vesting units.

JCG records equity compensation net of estimated forfeitures over the vesting term. Determining the forfeiture estimate requires significant judgment about the number of actual awards that will ultimately vest over the term of the award. The estimate is reviewed quarterly and any change in actual forfeitures in comparison to estimates may cause an increase or decrease in the expense recognized in that period and future periods.

***Income Taxes***

Significant management judgment is required in developing JCG's provision for income taxes, including the valuation allowances that might be required against deferred tax assets and the evaluation of various income tax contingencies.

*Valuation Allowance*

JCG has not recorded a valuation allowance on its deferred tax assets of $68.8 million as of December 31, 2014, based on management's belief that future income will more likely than not be sufficient to realize the benefit of the Company's deferred tax assets over time. In the event that actual results differ from these estimates, or if JCG's historical trend of positive income changes, JCG may be required to record a valuation allowance on deferred tax assets, which could have a material adverse effect on the Company's consolidated financial condition and results of operations.

*Income Tax Contingencies*

At December 31, 2014, JCG had an accrued liability of $5.4 million related to tax contingencies for issues that may be raised by various taxing authorities. JCG decreased its income tax contingency reserves in 2014 by $1.0 million as a result of the expiration of statutes of limitations and audit settlements, creating a net tax benefit of $0.6 million. At any one time, tax returns filed in previous years are subject to audit by various taxing authorities. As a result of these audits and negotiations, additional tax assessments may be proposed or tax contingencies recorded in prior years may be reversed.

***Recent Accounting Pronouncements***

Information regarding accounting pronouncements that have been issued but not yet adopted by the Company is incorporated by reference from Part II, Item 8, Financial Statements and Supplementary Data, Note 3 — Recent Accounting Pronouncements, of this Annual Report on Form 10-K.

## ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The following information, together with information included in other parts of this Management's Discussion and Analysis of Financial Condition and Results of Operations, describes the key aspects of certain financial instruments that have market risk to JCG.

***Investment Management Fees***

Revenues are generally based upon a percentage of the market value of assets under management and are calculated as a percentage of the daily average asset balance in accordance with contractual agreements. Accordingly, fluctuations in the financial markets have a direct effect on JCG's operating results. In addition, fluctuations in interest rates may affect the value of assets under management in fixed income investment products. The graph in Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations — Revenues, presents the historical relationship between revenue and average assets under management.

***Performance Fees***

Performance fee revenue is derived from certain mutual funds and separate accounts. As a result, JCG's revenues are subject to volatility beyond market-based fluctuations discussed in the investment management fee section above.

Separate account performance fees are specified in certain client contracts and are based on investment performance as compared to an established benchmark index over a specified period of time. Performance fees are recognized at the end of the contractual period if the stated performance criteria are achieved. JCG recognized separate account performance fees of $11.7 million, $5.6 million and $12.0 million for the years ended December 31, 2014, 2013 and 2012, respectively. At December 31, 2014 and 2013, $17.3 billion and $14.1 billion of assets under management were subject to separate account performance fees, respectively.

The investment management fee paid by each mutual fund subject to a performance fee is the base management fee plus or minus a performance fee adjustment as determined by the relative investment performance of the fund compared to a specified benchmark index. The performance fee adjustment is up to a positive or negative 15 basis points, calculated using each fund's daily net average assets over the measurement period. The measurement period begins as a trailing period ranging from 12 to 18 months, and each subsequent month is added to each successive measurement period until a 36-month period is achieved. At that point, the measurement period becomes a rolling 36-month period. JCG recognized mutual fund performance fees of negative $59.7 million, negative $87.8 million and negative $87.4 million for the years ended December 31, 2014, 2013 and 2012, respectively. At December 31, 2014 and 2013, $49.0 billion and $54.3 billion of assets under management were subject to mutual fund performance fees, respectively. The addition of performance fees to new funds or existing funds without such fees is subject to the approval of both a majority of the shareholders of the Funds and the Funds' Independent Board of Trustees.

***Investment Securities***

At December 31, 2014, JCG had investment securities classified as trading and available-for-sale on its Consolidated Balance Sheets. The following is a summary of the effect that a hypothetical 10% increase or decrease in equity prices would have on JCG's investments subject to equity price fluctuations as of December 31, 2014 (in millions):

| | Fair value | Fair value assuming a 10% increase | Fair value assuming a 10% decrease |
|---|---|---|---|
| Investment securities: | | | |
| Trading: | | | |
| Seeded investment products | $ 113.6 | $ 125.0 | $ 102.2 |
| Investments related to deferred compensation plans | 11.4 | 12.5 | 10.3 |
| Investments in advised mutual funds | 4.4 | 4.8 | 4.0 |
| Available-for-sale: | | | |
| Seeded investment products | 8.3 | 9.1 | 7.5 |
| Total investment securities | $ 137.7 | $ 151.4 | $ 124.0 |

JCG has investments in fixed income securities that have exposure to interest rate risk. The following is a summary of JCG's fixed income securities and the effect that a hypothetical 100 basis point increase and decrease in interest rates would have on the fair value as of December 31, 2014 (in millions):

| | Fair value | Fair value assuming a 100 basis point increase in interest rates | Fair value assuming a 100 basis point decrease in interest rates |
|---|---|---|---|
| Investment securities: | | | |
| Trading: | | | |
| Seeded investment products | $ 144.7 | $ 143.3 | $ 146.1 |
| Investments related to deferred compensation plans | 1.6 | 1.6 | 1.6 |
| Available-for-sale: | | | |
| Seeded investment products | 60.0 | 59.4 | 60.6 |
| Total investment securities | $ 206.3 | $ 204.3 | $ 208.3 |

*Derivative Instruments*

The Company maintains an economic hedge program that uses derivative instruments to hedge against market volatility of certain of its seed investments. Fluctuations in equity markets, debt markets and foreign currency markets are hedged by using index swaps, futures contracts and forward contracts.

JCG was party to the following derivative instruments as of December 31, 2014 and 2013:

| | December 31, 2014 | | December 31, 2013 | |
|---|---|---|---|---|
| | Number of contracts | Notional value (in millions) | Number of contracts | Notional value (in millions) |
| Index swaps | 4 | $ 56.8 | 6 | $ 184.3 |
| Index futures | 6 | $ 74.9 | 6 | $ 66.6 |
| Foreign currency forward contracts | 7 | $ 3.6 | 6 | $ 93.6 |

The derivative instruments are not designated as hedges for accounting purposes. Changes in fair value of the index swaps and index futures contracts are recognized in investment gains (losses), net on the Consolidated Statements of Comprehensive Income while changes in the fair value of the foreign currency forward contracts are recognized in other income, net on JCG's Consolidated Statements of Comprehensive Income.

The fair value of the index swaps as of December 31, 2014 and 2013, was $0.3 million and $(1.4) million, respectively. The fair value of the index futures as of December 31, 2014 and 2013, was $(1.2) million and $0.5 million, respectively. The fair value of the foreign currency forward contracts as of December 31, 2014 and 2013, was less than $0.1 million and $(1.5) million, respectively. All values associated with index swaps, index futures and foreign currency forward contracts are included within other current assets or other accrued liabilities on JCG's Consolidated Balance Sheets.

***Mutual Fund Share Awards***

During 2014, 2013 and 2012, JCG granted $22.7 million, $38.1 million and $39.8 million, respectively, in compensation related awards that are indexed to certain mutual funds managed by the Company. The 2013 grant includes $16.0 million of performance-based mutual fund share awards. The performance-based mutual fund share awards vest five years after the grant date if certain performance fee criteria are achieved. Upon vesting, participants receive the value of the award adjusted for gains or losses attributable to the mutual funds to which the awards were indexed, subject to tax withholding. Mark-to-market adjustments on mutual fund share awards create volatility within long-term incentive compensation expense on JCG's Consolidated Statements of Comprehensive Income. The level of volatility depends upon the amount of mutual fund share awards and the market and investment performance of products to which the awards are indexed.

***Deferred Compensation***

JCG maintains deferred compensation plans for certain highly compensated employees and members of its Board of Directors. Eligible participants may defer a portion of their compensation and have the ability to earn a return by indexing their deferrals to mutual funds managed by the Company. The Company makes no contributions to the plan. To protect against market variability of the liability, the Company creates an economic hedge by investing in mutual funds that are consistent with the deferred amounts and mutual fund elections of the participants. Such investments remain assets of JCG. Changes in market value of the liability to participants are recognized as compensation in JCG's Consolidated Statements of Comprehensive Income, and changes in the market value of the economic hedge are recognized as investment gains (losses), net in JCG's Consolidated Statements of Comprehensive Income. At December 31, 2014 and 2013, investments related to deferred compensation plans totaled $13.0 million and $14.9 million, respectively.

***Perkins Senior Profits Interests Awards***

On December 31, 2008, and November 18, 2013, Perkins granted senior profits interests awards designed to retain and incentivize key employees to grow the business. Long-term incentive compensation expense related to the Perkins senior profits interests awards is subject to market risk volatility, both currently and in the future, due to the revenue growth and investment performance components of the terminal value calculation. Long-term incentive compensation expense (income) related to the Perkins senior profits interests awards totaled $(11.9) million, $0.7 million and $(1.6) million for the years ended December 31, 2014, 2013 and 2012, respectively. On January 27, 2015, participants exercised their right to put the December 31, 2008 senior profits interests awards to JCG. The Company settled the awards with a $5.9 million cash payment to participants on February 13, 2015.

***Foreign Currency Exchange Sensitivity***

JCG has international subsidiaries that conduct business in foreign countries. With respect to these operations, matters arise as to financial accounting and reporting for foreign currency transactions and for translating foreign currency financial statements into U.S. dollars. The exposure to foreign currency fluctuations is not material as the majority of the revenue earned and associated expenses incurred by international subsidiaries are denominated in U.S. dollars. The exposure to foreign currency fluctuations may increase in the future as JCG continues to launch new products denominated in currencies other than the U.S. dollar.

***Interest Rate Risk on Long-Term Debt***

JCG is not exposed to material interest rate risk other than from the potential change in interest rates on the Company's debt in the event of a change in credit ratings by Moody's or S&P. JCG's 2017 Senior Notes are subject to an interest rate adjustment covenant that provides that the interest rate payable will increase by 25 basis points for each level that the Company's debt rating is decreased by Moody's from Baa3 or by S&P from BBB–, up to a maximum increase of 200 basis points. If the interest rate has been adjusted upward as a result of either Moody's or S&P decreasing its rating, then for each level of a subsequent rating increase, the interest payable will be decreased by 25 basis points, but in no event to a rate less than the interest rate payable on the date of issuance of the respective notes. For each 25 basis point increase, JCG's interest expense will increase by approximately $0.9 million on an annualized basis. The interest rate adjustment covenant will permanently terminate if the Company's debt ratings increase to Baa2 (or higher) by Moody's and BBB (or higher) by S&P, with a stable or positive outlook regardless of any subsequent decrease in the ratings by either or both rating agencies. On March 18, 2014, S&P reaffirmed JCG's credit rating of BBB– with a negative outlook. On August 27, 2014, Moody's reaffirmed JCG's credit rating of Baa3 with a stable outlook.

## ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

### Index to Financial Statements



Financial Statement Schedules:

All schedules are omitted because they are not applicable or are insignificant, or the required information is shown in the consolidated financial statements or notes thereto.

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Stockholders of
Janus Capital Group Inc.
Denver, CO

We have audited the accompanying consolidated balance sheets of Janus Capital Group Inc. and subsidiaries (the "Company") as of December 31, 2014 and 2013, and the related consolidated statements of comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2014. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements 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, such consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2014 and 2013, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2014, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2014, based on the criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 24, 2015, expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ Deloitte & Touche LLP

Denver, CO
February 24, 2015

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Janus Capital Group Inc.
Denver, CO

We have audited the internal control over financial reporting of Janus Capital Group Inc. and subsidiaries (the "Company") as of December 31, 2014, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The 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 Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the 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, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and 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 by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel 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 the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the 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, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on the criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the accompanying consolidated financial statements as of and for the year ended December 31, 2014, of the Company, and our report dated February 24, 2015, expressed an unqualified opinion on those financial statements.

/s/ Deloitte & Touche LLP

Denver, CO
February 24, 2015

## MANAGEMENT REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Janus Capital Group Inc. ("JCG") management is responsible for establishing and maintaining adequate internal control over JCG's financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. JCG's internal control system was designed to provide reasonable assurance to JCG's management and board of directors regarding the preparation and fair presentation of published financial statements. There are inherent limitations in the effectiveness of any internal control, including the possibility of human error and the circumvention or overriding of controls. Accordingly, even effective internal controls can provide only reasonable assurances with respect to financial statement preparation. Further, because of changes in conditions, the effectiveness of internal controls may vary over time.

JCG management has assessed the effectiveness of JCG's internal controls over financial reporting as of December 31, 2014. In making this assessment, JCG management used the framework set forth in the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control — Integrated Framework (2013).*

Based on the assessment using those criteria, JCG management believes that as of December 31, 2014, internal control over financial reporting is effective.

JCG's independent registered public accounting firm audited the financial statements included in the Annual Report on Form 10-K and has issued an audit report on management's assessment of JCG's internal control over financial reporting. This report appears on page 46 of this Annual Report on Form 10-K.

February 24, 2015

# JANUS CAPITAL GROUP INC.

## CONSOLIDATED BALANCE SHEETS
## (Dollars in Millions, Except Share Data)

| | December 31, 2014 | December 31, 2013 |
|---|---|---|
| **ASSETS** | | |
| **Current assets:** | | |
| Cash and cash equivalents | $ 452.5 | $ 344.5 |
| Investment securities | 344.0 | 485.5 |
| Accounts receivable | 130.9 | 108.8 |
| Other current assets | 59.8 | 52.0 |
| Total current assets | 987.2 | 990.8 |
| **Other assets:** | | |
| Property and equipment, net | 31.1 | 29.9 |
| Intangible assets, net | 1,257.4 | 1,230.1 |
| Goodwill | 509.7 | 488.2 |
| Other non-current assets | 7.8 | 8.3 |
| Total assets | $ 2,793.2 | $ 2,747.3 |
| **LIABILITIES AND EQUITY** | | |
| **Current liabilities:** | | |
| Accounts payable | $ 8.8 | $ 4.1 |
| Accrued compensation and benefits | 142.8 | 122.7 |
| Current portion of long-term debt | — | 96.9 |
| Other accrued liabilities | 78.0 | 78.0 |
| Total current liabilities | 229.6 | 301.7 |
| **Other liabilities:** | | |
| Long-term debt | 450.5 | 447.7 |
| Deferred income taxes, net | 478.4 | 447.7 |
| Other non-current liabilities | 41.2 | 32.4 |
| Total liabilities | 1,199.7 | 1,229.5 |
| Commitments and contingencies (See Note 15) | | |
| Redeemable noncontrolling interests | 5.4 | 7.3 |
| **Equity:** | | |
| Preferred stock ($1.00 par, 10,000,000 shares authorized, none issued) | — | — |
| Common stock ($0.01 par, 1,000,000,000 shares authorized; 185,153,490 and 188,603,875 shares outstanding, respectively) | 1.9 | 1.9 |
| Retained earnings | 1,540.3 | 1,496.0 |
| Accumulated other comprehensive loss, net of tax | (1.4) | (1.1) |
| Total JCG shareholders' equity | 1,540.8 | 1,496.8 |
| Noncontrolling interests | 47.3 | 13.7 |
| Total equity | 1,588.1 | 1,510.5 |
| Total liabilities, redeemable noncontrolling interests and equity | $ 2,793.2 | $ 2,747.3 |

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

# JANUS CAPITAL GROUP INC.

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
### (Dollars in Millions, Except per Share Data)

| | Year ended December 31, 2014 | 2013 | 2012 |
|---|---|---|---|
| **Revenues:** | | | |
| Investment management fees | $ 849.1 | $ 813.0 | $ 782.3 |
| Performance fees | (48.0) | (82.2) | (75.4) |
| Shareowner servicing fees and other | 152.1 | 143.1 | 143.1 |
| Total revenue | 953.2 | 873.9 | 850.0 |
| **Operating expenses:** | | | |
| Employee compensation and benefits | 322.8 | 292.7 | 274.5 |
| Long-term incentive compensation | 51.3 | 63.1 | 66.7 |
| Marketing and advertising | 19.5 | 20.2 | 23.6 |
| Distribution | 131.0 | 125.7 | 126.8 |
| Depreciation and amortization | 25.6 | 28.7 | 38.5 |
| General, administrative and occupancy | 113.3 | 104.4 | 105.4 |
| Total operating expenses | 663.5 | 634.8 | 635.5 |
| **Operating income** | 289.7 | 239.1 | 214.5 |
| Interest expense | (33.1) | (41.1) | (45.0) |
| Investment gains (losses), net | (1.9) | 6.5 | 11.1 |
| Other income, net | 3.0 | 4.5 | 3.2 |
| Loss on early extinguishment of debt | — | (13.5) | (7.2) |
| Income before taxes | 257.7 | 195.5 | 176.6 |
| Income tax provision | (102.3) | (73.3) | (64.7) |
| Net income | 155.4 | 122.2 | 111.9 |
| Noncontrolling interests | (1.0) | (7.5) | (9.6) |
| **Net income attributable to JCG** | $ 154.4 | $ 114.7 | $ 102.3 |
| **Earnings per share attributable to JCG common shareholders:** | | | |
| Basic | $ 0.82 | $ 0.62 | $ 0.56 |
| Diluted | $ 0.81 | $ 0.62 | $ 0.55 |
| **Dividends paid per share** | $ 0.31 | $ 0.21 | $ 0.29 |
| **Other comprehensive income (loss), net of tax:** | | | |
| Net unrealized gain on available-for-sale securities | $ 1.9 | $ 0.1 | $ 0.6 |
| Foreign currency gain | — | — | 0.4 |
| Reclassifications for items included in net income | (2.2) | (1.8) | 0.1 |
| Total other comprehensive income (loss), net of tax | (0.3) | (1.7) | 1.1 |
| Comprehensive income | 155.1 | 120.5 | 113.0 |
| Comprehensive income attributable to noncontrolling interests | (1.0) | (7.5) | (9.6) |
| **Comprehensive income attributable to JCG** | $ 154.1 | $ 113.0 | $ 103.4 |

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

# JANUS CAPITAL GROUP INC.

## CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in Millions)

| | Year ended December 31, | | |
|---|---|---|---|
| | 2014 | 2013 | 2012 |
| **CASH FLOWS PROVIDED BY (USED FOR):** | | | |
| **Operating activities:** | | | |
| Net income | $ 155.4 | $ 122.2 | $ 111.9 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Depreciation and amortization | 25.6 | 28.7 | 38.5 |
| Deferred income taxes | 20.1 | 2.1 | 11.2 |
| Amortization of stock-based compensation | 19.8 | 25.0 | 26.1 |
| Investment (gains) losses, net | 1.9 | (6.5) | (11.1) |
| Amortization of debt discounts, premiums and deferred issuance costs | 8.1 | 10.9 | 11.3 |
| Loss on early extinguishment of debt | — | 13.5 | 7.2 |
| Payment of deferred commissions, net | (7.2) | (4.4) | (5.1) |
| Other, net | 0.5 | (0.6) | 0.2 |
| Changes in working capital items: | | | |
| Accounts receivable | (20.8) | (7.9) | (3.3) |
| Other current assets | (13.0) | 21.5 | 13.4 |
| Accounts payable and accrued compensation payable | 38.4 | 23.2 | 13.1 |
| Other current and non-current liabilities | (10.4) | (3.6) | (4.5) |
| Net operating activities | 218.4 | 224.1 | 208.9 |
| **Investing activities:** | | | |
| Acquisition of VelocityShares, net of cash acquired of $4.3 million | (28.4) | — | — |
| Purchase of property and equipment | (11.4) | (7.6) | (7.2) |
| Purchases and settlements of investment securities | (168.6) | (291.7) | (131.0) |
| Proceeds from sales, settlements and maturities of investment securities | 336.8 | 157.6 | 100.0 |
| Net investing activities | 128.4 | (141.7) | (38.2) |
| **Financing activities:** | | | |
| Repayment of long-term debt | (98.9) | (8.9) | (65.8) |
| Proceeds from issuance of stock warrants | — | 10.5 | — |
| Purchase of convertible note hedge | — | (16.1) | — |
| Debt issuance costs | — | (4.8) | — |
| Purchase of noncontrolling interests | (1.5) | (34.1) | (8.3) |
| Distributions to noncontrolling interests | (1.6) | (5.9) | (9.1) |
| Proceeds from stock option exercises and employee stock purchases | 8.4 | 8.0 | 6.1 |
| Proceeds from stock option issuances | — | — | 4.9 |
| Excess tax benefit from equity-based compensation | 2.1 | 2.3 | 1.4 |
| Principal payments under capital lease obligations | (1.2) | (1.1) | (1.0) |
| Repurchase of common stock | (87.2) | (33.4) | (17.5) |
| Dividends paid to JCG shareholders | (58.4) | (39.8) | (54.4) |
| Net financing activities | (238.3) | (123.3) | (143.7) |
| **Cash and cash equivalents:** | | | |
| Effect of foreign exchange rate changes | (0.5) | (1.6) | — |
| Net change | 108.0 | (42.5) | 27.0 |
| At beginning of year | 344.5 | 387.0 | 360.0 |
| At end of year | $ 452.5 | $ 344.5 | $ 387.0 |

| | | | | | | |
|---|---|---|---|---|---|---|
| **Supplemental cash flow information:** | | | | | | |
| Cash paid for interest | $ | 27.2 | $ | 31.0 | $ | 33.0 |
| Cash paid for income taxes, net of refunds | $ | 89.7 | $ | 51.5 | $ | 37.7 |

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

# JANUS CAPITAL GROUP INC.

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Amounts in Millions)

| | Shares | Common stock | Retained earnings | Accumulated other comprehensive income (loss) | Nonredeemable noncontrolling interests | Total equity |
|---|---|---|---|---|---|---|
| **Balance at December 31, 2011** | 187.0 | $ 1.9 | $ 1,311.8 | $ (0.5) | $ 35.9 | $ 1,349.1 |
| Net income | — | — | 102.3 | — | 2.1 | 104.4 |
| Other comprehensive income | — | — | — | 1.1 | — | 1.1 |
| Amortization of stock-based compensation | — | — | 27.9 | — | 4.6 | 32.5 |
| Issuance and forfeitures of restricted stock awards, net | 1.6 | — | — | — | (5.0) | (5.0) |
| Stock option exercises and employee stock purchases | 1.1 | — | 6.1 | — | — | 6.1 |
| Stock option issuance | — | — | 4.9 | — | — | 4.9 |
| Changes in noncontrolling interests in consolidated investment products | — | — | — | — | (16.8) | (16.8) |
| Distributions to noncontrolling interests | — | — | — | — | (1.8) | (1.8) |
| Change in fair value of redeemable noncontrolling interests | — | — | 34.3 | — | — | 34.3 |
| Vesting of nonredeemable noncontrolling interests | — | — | — | — | (1.2) | (1.2) |
| Purchase of noncontrolling interests | — | — | — | — | (0.6) | (0.6) |
| Repurchase of common stock | (2.2) | — | (17.5) | — | — | (17.5) |
| Dividends paid to JCG shareholders | — | — | (54.4) | — | — | (54.4) |
| **Balance at December 31, 2012** | 187.5 | 1.9 | 1,415.4 | 0.6 | 17.2 | 1,435.1 |
| Net income | — | — | 114.7 | — | 1.1 | 115.8 |
| Other comprehensive loss | — | — | — | (1.7) | — | (1.7) |
| Amortization of stock-based compensation | — | — | 22.2 | — | 2.1 | 24.3 |
| Issuance and forfeitures of restricted stock awards, net | 3.2 | — | — | — | — | — |
| Stock option exercises and employee stock purchases | 1.4 | — | 8.0 | — | — | 8.0 |
| Convertible senior notes issuance | — | — | 14.7 | — | — | 14.7 |
| Extinguishment of convertible senior notes | — | — | (2.0) | — | — | (2.0) |
| Convertible senior note hedge issuance | — | — | (16.1) | — | — | (16.1) |
| Stock warrants issuance | — | — | 10.5 | — | — | 10.5 |
| Changes in noncontrolling interests in consolidated investment products | — | — | — | — | (3.6) | (3.6) |
| Distributions to noncontrolling interests | — | — | — | — | (1.6) | (1.6) |

| | | | | | | |
|---|---|---|---|---|---|---|
| Change in fair value of redeemable noncontrolling interests | — | — | 1.8 | — | — | 1.8 |
| Vesting of nonredeemable noncontrolling interests | — | — | — | — | (1.2) | (1.2) |
| Purchase of noncontrolling interests | — | — | — | — | (0.3) | (0.3) |
| Repurchase of common stock | (3.5) | — | (33.4) | — | — | (33.4) |
| Dividends paid to JCG shareholders | — | — | (39.8) | — | — | (39.8) |
| **Balance at December 31, 2013** | 188.6 | 1.9 | 1,496.0 | (1.1) | 13.7 | 1,510.5 |
| Net income | — | — | 154.4 | — | 1.1 | 155.5 |
| Other comprehensive loss | — | — | — | (0.3) | — | (0.3) |
| Amortization of stock-based compensation | — | — | 25.9 | — | 1.6 | 27.5 |
| Issuance and forfeitures of restricted stock awards, net | 2.7 | — | — | — | — | — |
| Stock option exercises and employee stock purchases | 0.9 | — | 8.4 | — | — | 8.4 |
| Changes in noncontrolling interests in consolidated investment products | — | — | — | — | 32.2 | 32.2 |
| Distributions to noncontrolling interests | — | — | — | — | (1.0) | (1.0) |
| Change in fair value of redeemable noncontrolling interests | — | — | 1.2 | — | — | 1.2 |
| Vesting of nonredeemable noncontrolling interests | — | — | — | — | 0.6 | 0.6 |
| Purchase of noncontrolling interests | — | — | — | — | (0.9) | (0.9) |
| Repurchase of common stock | (7.0) | — | (87.2) | — | — | (87.2) |
| Dividends paid to JCG shareholders | — | — | (58.4) | — | — | (58.4) |
| **Balance at December 31, 2014** | 185.2 | $ 1.9 | $ 1,540.3 | $ (1.4) | $ 47.3 | $ 1,588.1 |

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

# JANUS CAPITAL GROUP INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Note 1 — Description of the Business

Janus Capital Group Inc. and its subsidiaries (collectively, "JCG" or the "Company") derive revenue from providing investment management, administration, distribution and related services to financial advisors, individuals and institutional investors through mutual funds, other pooled investment vehicles, separate accounts and subadvised relationships (collectively referred to as "investment products") in both domestic and international markets. Revenues are generally based upon a percentage of the market value of assets under management and are calculated as a percentage of the daily average asset balance in accordance with contractual agreements. Certain investment products are also subject to performance fees, which vary based on a product's relative performance as compared to a benchmark index and the level of assets subject to such fees. Assets under management primarily consist of domestic and international equity and debt securities. Accordingly, fluctuations in domestic and international financial markets, relative investment performance, sales and redemptions of investment products, and changes in the composition of assets under management are all factors that have a direct effect on JCG's operating results. A significant portion of JCG's revenue is derived from contracts to manage mutual funds, which are subject to annual review and approval by each fund's Board of Trustees or its shareholders, or both.

JCG's significant subsidiaries at December 31, 2014, include:

- *Janus Capital Management LLC ("Janus") (wholly-owned subsidiary)* — Janus offers growth and core equity, global and international equity as well as balanced and fixed income investment products.

- *Perkins Investment Management LLC ("Perkins") (wholly-owned subsidiary)* — Perkins offers value-disciplined investment products, including small, mid and large cap and global value investment products. On February 3, 2014, JCG exercised its right to purchase the remaining 0.4% noncontrolling interest in Perkins. See Note 10 — Noncontrolling Interests for further discussion.

- *INTECH Investment Management LLC ("INTECH") (96.8% owned subsidiary)* — INTECH offers risk-managed investment products that are based on a mathematical theorem that seeks to add value for clients by capitalizing on the volatility in stock price movements. INTECH's goal is to achieve long-term returns that outperform a specified benchmark index, while controlling risks and trading costs. INTECH manages and subadvises institutional and separate accounts and subadvises certain Janus mutual funds.

- *VelocityShares, LLC ("VelocityShares") (wholly-owned subsidiary)* — On December 1, 2014, the Company announced the closing of its acquisition of VS Holdings Inc., the parent company of VelocityShares. VelocityShares is a sponsor of exchange-traded products ("ETPs"), including rules-based exchange-traded funds ("ETFs"), that provide volatility management solutions to institutional clients. VelocityShares is currently developing a second business around ETFs for diversified investment portfolios, focusing on volatility hedged equities and equal-risk weighted solutions.

### Note 2 — Summary of Significant Accounting Policies

***Basis of Presentation***

The financial statements include all majority-owned subsidiaries, and all intercompany accounts and transactions have been eliminated in consolidation. Events subsequent to the balance sheet date have been evaluated for inclusion in the accompanying financial statements through the issuance date.

***Accounting Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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 and the differences could be material. JCG's significant estimates relate to investment securities, goodwill and intangible assets, equity compensation and income taxes.

***Segment Information***

The Company's management directs JCG's operations as one business, the investment management business, and thus operates in one business segment.

***Cash and Cash Equivalents***

Cash and cash equivalents consist of cash held at banks in the United States and outside the United States, and short-term investments with an initial maturity of three months or less when purchased. JCG's cash equivalents consist primarily of debt securities and totaled $300.2 million and $199.0 million at December 31, 2014 and 2013, respectively. At December 31, 2014 and 2013, approximately $24 million of cash held outside the United States was not available for general corporate purposes due to capital requirements associated with foreign subsidiaries of JCG.

***Property and Equipment***

Property and equipment is recorded at cost. Depreciation and amortization are recorded using the straight-line method over the estimated useful life of the related assets (or the lease term, if shorter). Depreciation and amortization expense totaled $10.4 million, $11.2 million and $13.4 million for the years ended December 31, 2014, 2013 and 2012, respectively. Property and equipment is summarized as follows (in millions):

| | Depreciation and amortization period | December 31, 2014 | December 31, 2013 |
|---|---|---|---|
| Furniture, fixtures, computer equipment and software | 3-7 years | $ 209.6 | $ 199.3 |
| Leasehold improvements | 3-24 years | 38.8 | 37.5 |
| Property and equipment, gross | | 248.4 | 236.8 |
| Accumulated depreciation and amortization | | (217.3) | (206.9) |
| Property and equipment, net | | $ 31.1 | $ 29.9 |

Computer equipment includes certain leased items that have been designated as capital leases and represented $6.8 million and $6.5 million of the gross property and equipment balance at December 31, 2014 and 2013, respectively.

JCG evaluates its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The evaluation is based on an estimate of the future cash flows expected to result from the use of the asset and its eventual disposition. If expected future undiscounted cash flows are less than the carrying amount of the asset, an impairment loss is recognized in an amount equal to the excess of the carrying amount of the asset over the fair value of the asset. There were no impairments of long-lived assets for the years ended December 31, 2014, 2013 and 2012.

Purchased software is recorded at cost and amortized over its estimated useful life. Internal and external costs incurred in connection with developing or obtaining software for internal use are expensed as incurred during the preliminary project stage, as are training and maintenance costs. Internal and external costs incurred for internal use software during the application development stage are capitalized until such time that the software is substantially complete and ready for its intended use. Application development stage costs are amortized on a straight-line basis over the estimated useful life of the software.

Capitalized software costs totaled $10.4 million and $8.3 million at December 31, 2014 and 2013, respectively, and are presented within property and equipment, net on the Consolidated Balance Sheets.

***Deferred Commissions***

Sales commissions paid to financial intermediaries on sales of certain mutual fund shares are deferred and amortized over various periods, not exceeding four years, based on the estimated recoverability of the asset through distribution fee payments and contingent deferred sales charges. Contingent deferred sales charges received from early redemptions reduce the unamortized deferred commissions balance. Amortization expense for the years ended December 31, 2014, 2013 and 2012, totaled $5.6 million, $5.3 million and $5.6 million, respectively.

Deferred commissions, which are recorded as components of other current assets and other non-current assets on the Consolidated Balance Sheets, are summarized as follows as of December 31, 2014 and 2013 (in millions):

| | December 31, | |
|---|---|---|
| | 2014 | 2013 |
| Deferred commissions — current | $ 3.9 | $ 2.2 |
| Deferred commissions — non-current | 0.2 | 0.3 |
| Total | $ 4.1 | $ 2.5 |

***Investment Securities***

JCG classifies investment securities as trading, available-for-sale or held-to-maturity at the time of purchase and periodically re-evaluates such classifications. Trading securities are carried on JCG's Consolidated Balance Sheets at fair value and consist primarily of investments related to seeded investment products, investments in advised funds previously utilized for the economic hedging of mutual fund share awards and investments related to the economic hedging of deferred compensation.

*Seeded Investment Products*

JCG periodically adds new investment strategies to its investment product offerings by providing the initial cash investment or "seeding." The primary purpose of seeded investment products is to generate an investment performance track record in a product to attract third-party investors. JCG's initial investment in a new product represents 100% ownership in that product. Seeded investment products are initially consolidated and the individual securities within the portfolio are accounted for as trading securities. JCG consolidates such investment products as long as it holds a controlling interest in the investment product, defined as greater than 50% ownership.

Upon deconsolidation, JCG continues to account for its investments in seeded products as trading securities if its ownership is between 20% and 50%. JCG may redeem invested seed capital for a variety of reasons, including when third-party investments in the relevant product are sufficient to sustain the given investment strategy. The length of time JCG holds a majority interest in a product varies based on a number of factors including, but not limited to, market demand, market conditions and investment performance. Changes in fair value of securities classified as trading are recognized in investment gains (losses), net on JCG's Consolidated Statements of Comprehensive Income.

The Company has determined that its seeded investment products do not represent variable interest entities. Seed investments are made largely in mutual funds, but may also be made in commingled pools and separate accounts. JCG has determined mutual funds to be voting interest entities rather than variable interest entities. Commingled pools are established as limited liability companies or partnerships, and as such, the Company applies partnership accounting rules. These rules dictate that a managing member or general partner would not consolidate an entity if the members or limited partners carry substantive kick-out rights. All of the Company's commingled pools carry substantive kick-out rights. Seed investments in separate accounts are 100% owned by JCG and are accounted for as trading securities.

*Investments in Advised Funds and Investments Related to the Economic Hedging of Deferred Compensation*

JCG grants mutual fund share awards to employees that are indexed to certain funds managed by JCG. Upon vesting, participants receive the value of the mutual fund share awards adjusted for gains or losses attributable to the mutual funds to which the award was indexed, subject to tax withholding. Historically, JCG made corresponding investments in JCG-managed funds for purposes of economically hedging the mutual fund share awards. Effective January 2013, such corresponding investments are no longer made. The value of the investments in the JCG-managed funds is a component of investment securities on JCG's Consolidated Balance Sheets.

The Company maintains deferred compensation plans for certain highly compensated employees and members of its Board of Directors. Eligible participants may defer a portion of their compensation and have the ability to earn a return by indexing their deferrals to mutual funds managed by the Company and its subsidiaries. The Company makes no contributions to the plan. To protect against market variability of the liability, the Company creates an economic hedge by investing in mutual funds that are consistent with the deferred amounts and mutual fund elections of the participants. Such investments remain assets of JCG. Changes in market value of the liability to participants are recognized as long-term incentive compensation in JCG's Consolidated Statements of Comprehensive Income and changes in the market value of the mutual fund securities are recognized in investment gains (losses), net on JCG's Consolidated Statements of Comprehensive Income.

*Available-for-Sale Securities*

Investment securities classified as available-for-sale consist of seeded investment products in which JCG holds a less than 20% interest and are carried on JCG's Consolidated Balance Sheets at fair value. Changes in fair value are reflected as a component of other comprehensive income (loss), net of tax on JCG's Consolidated Statements of Comprehensive Income until realized. Realized gains, losses and declines in fair value that are judged to be other-than-temporary are reflected as a component of investment gains (losses), net on JCG's Consolidated Statements of Comprehensive Income. Accumulated gains and losses are reclassified to earnings when the securities are sold on a first-in, first-out cost basis.

*Impairment Evaluation*

JCG periodically evaluates the carrying value of investment securities classified as available-for-sale or held-to-maturity for potential impairment. In determining if an impairment exists, JCG considers the duration, extent and circumstances of any decline in fair value.

For debt securities, an other-than-temporary impairment ("OTTI") is evident if JCG intends to sell the debt security or will more likely than not be required to sell the debt security before full recovery of the entire amortized cost basis is realized. However, even if JCG does not intend to sell the debt security and will not likely be required to sell the debt security before recovery of its entire amortized cost basis, JCG must evaluate expected cash flows to be received and determine if a credit loss has occurred. In the event of a credit loss, the credit component of the impairment is recognized within investment gains (losses), net on JCG's Consolidated Statements of Comprehensive Income and the noncredit component is recognized through other comprehensive income (loss), net of tax on JCG's Consolidated Statements of Comprehensive Income.

For equity securities, JCG evaluates the securities in an unrealized loss position in the available-for-sale portfolio for OTTI on the basis of the duration of the decline in value of the security and severity of that decline as well as JCG's intent and ability to hold these securities for a period of time sufficient to allow for any anticipated recovery in the market value. If it is determined that the impairment on an equity security is other-than-temporary, an impairment loss equal to the difference between the carrying value of the security and its fair value is recognized within investment gains (losses), net on JCG's Consolidated Statements of Comprehensive Income. There were no impairments of investment securities for the years ended December 31, 2014, 2013 and 2012.

***Derivative Instruments***

The Company maintains an economic hedge program that uses derivative instruments to hedge against market volatility of certain of its seed investments. Fluctuations in equity markets, interest rate markets and foreign currency markets are hedged by using index swaps, futures contracts and forward contracts. These derivative instruments are not classified as hedges for accounting purposes. The Company records all derivatives as either assets or liabilities on JCG's Consolidated Balance Sheets and measures those investments at fair value. Changes in the value of the index swaps and futures contracts are recognized as a component of investment gains (losses), net on JCG's Consolidated Statements of Comprehensive Income. Changes in the value of the foreign currency forward contracts are recognized as a component of other income, net on JCG's Consolidated Statements of Comprehensive Income.

***Fair Value Measurements***

Fair value of assets and liabilities is determined using observable market data based on recent trading activity. Where observable market data is unavailable due to a lack of trading activity, JCG utilizes internally developed models to estimate fair value and independent third parties to validate assumptions, when appropriate. Estimating fair value requires significant management judgment, including benchmarking to similar instruments with observable market data and applying appropriate discounts that reflect differences between the securities that JCG is valuing and the selected benchmark. Depending on the type of securities owned by JCG, other valuation methodologies may be required.

Measurements of fair value are classified within a hierarchy based upon the transparency of inputs used in the valuation of an asset or liability. Classification within the hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The valuation hierarchy contains three levels:

- Level 1 — Valuation inputs are unadjusted quoted market prices for identical assets or liabilities in active markets.
- Level 2 — Valuation inputs are quoted market prices for identical assets or liabilities in markets that are not active, quoted market prices for similar assets and liabilities in active markets, and other observable inputs directly or indirectly related to the asset or liability being measured.
- Level 3 — Valuation inputs are unobservable and significant to the fair value measurement.

JCG's Level 1 fair value measurements consist of seeded investment products, investments in advised funds and investments related to deferred compensation plans with quoted market prices in active markets. The fair value level of seeded investment products classified as trading securities is determined by the underlying securities of the product. The fair value level of equity-method and unconsolidated seeded investment products are valued using the respective net asset value ("NAV") of each product. All seeded investment products that use the NAV to determine their fair value are classified as Level 1 and primarily represent seeded mutual funds where JCG's ownership level is under 50%.

JCG's Level 2 fair value measurements consist mostly of debt securities within cash equivalents, seeded investment products and JCG's long-term debt. The fair value of consolidated seeded investment products where JCG's ownership level is above 50% is determined by the underlying securities of the product. The fair value of JCG's long-term debt is determined using broker quotes and recent trading activity, which are considered Level 2 inputs.

The underlying securities of mutual funds and separate accounts may be denominated in a foreign currency. In some cases, the closing price of such securities may be adjusted to capture the effects of any post-closing activity affecting the markets in which they trade. Security prices are adjusted based upon historical impacts for similar post-close activity. These adjustments result in the securities being classified as Level 2 and may also result in movements of securities between Level 1 and Level 2.

JCG's Level 3 recurring fair value measurements represent INTECH redeemable noncontrolling interests and contingent cash consideration related to the acquisition of VelocityShares.

Redeemable noncontrolling interests in INTECH are measured at fair value on a quarterly basis or more frequently if events or circumstances indicate that a material change in the fair value of INTECH has occurred. The fair value of INTECH is determined using a relative value methodology that incorporates observable metrics from publicly traded peer companies as valuation comparables, and adjustments related to investment performance and changes in assets under management. The relative value analysis is prepared internally within JCG's finance organization by personnel with appropriate valuation experience and credentials. In preparing the analysis, JCG benchmarks valuation metrics such as multiples of earnings before interest expense, taxes, depreciation and amortization ("EBITDA") against current market observables and recent market transactions of a similar size and nature to ensure that the estimates are reasonable. The analysis is reviewed by senior JCG finance personnel and JCG's Chief Financial Officer. The analysis is also reviewed by the holders of the noncontrolling interests in INTECH. If the valuation is agreed to by both JCG and the holders of noncontrolling interests, JCG uses the analysis to value the redeemable noncontrolling interests. The Company previously employed a discounted cash flow methodology for valuing the redeemable noncontrolling interests in INTECH, but adopted the current relative value methodology for the year ended December 31, 2014, as the relative value methodology represents a more objective approach to measuring the fair value of the noncontrolling interests. The change in methodology did not significantly impact JCG's financial position or results of operations.

Significant inputs related to the relative value analysis include INTECH's trailing 12-month operating results, performance fees, investment performance and trends in assets under management. In addition, market trading comparables from a relevant publicly traded peer set are included to complete the relative valuation process. Publicly available comparables used for the fourth quarter 2014 valuation analysis ranged from approximately 8.0x to 13.0x EBITDA. Significant increases or decreases in historical INTECH operating results would result in a significantly higher or lower fair value measurement, respectively. Additionally, a significant increase or decrease in market trading comparables would result in a significantly higher or lower fair value measurement, respectively. Generally, any period-over-period change in INTECH performance or level of assets under management in isolation is accompanied by a directionally similar change in the fair value measurement.

Contingent cash consideration was a component of the purchase price of the VelocityShares acquisition. The contingent consideration is payable on the first, second, third and fourth anniversaries of the acquisition, in amounts up to $10 million each for the first and second anniversaries, and $8 million each for the third and fourth anniversaries. The payments are contingent on certain VelocityShares' ETPs reaching defined net revenue targets. The fair value of the contingent cash consideration is calculated on a quarterly basis by forecasting net ETP revenue, as defined by the purchase agreement, over the contingency period, and determining whether targets are met given forecasted VelocityShares operating results. Earned contingent payments are then discounted back to the valuation date. Significant unobservable inputs used in the valuation are limited to forecasted gross revenues and certain expense items which are deducted from these revenues. Increases in forecasted net revenue would increase the fair value of the consideration, subject to payment limitations, while decreases in net revenues would decrease the fair value. Refer to Note 5 — Goodwill, Intangible Assets and Acquisitions for further discussion of the VelocityShares acquisition.

Nonrecurring Level 3 fair value measurements include goodwill and intangible assets. JCG measures the fair value of goodwill and intangible assets using a discounted cash flow analysis that requires assumptions regarding projected future earnings and discount rates. Because of the significance of the unobservable inputs in the fair value measurements of these assets and liabilities, such measurements have been classified as Level 3.

***Income Taxes***

Deferred income tax assets and liabilities are recorded for the temporary differences between the financial statement and income tax bases of assets and liabilities as measured by the enacted income tax rates that may be in effect when these differences reverse. The effect of changes in tax rates on deferred tax assets and liabilities is recognized in the period that includes the enactment date. Significant management judgment is required in developing JCG's provision for income taxes, including the valuation allowances that might be required against deferred tax assets and the evaluation of various income tax contingencies.

The accounting guidance for uncertainty in income taxes sets forth a specific method for the financial statement recognition and measurement of a tax position taken or expected to be taken on a tax return. The tax contingencies liability relates primarily to general state tax items and has been recorded in other non-current liabilities and other accrued liabilities on JCG's Consolidated Balance Sheets, as appropriate.

Taxing authorities generally charge interest and may assess penalties in the event that a tax position taken is subsequently reversed upon examination. JCG has accrued interest on its uncertain tax provisions based on the rates specified by the applicable taxing authorities and has recorded the interest as a component of the tax provision. At December 31, 2014, 2013 and 2012, $0.8 million,

$1.3 million and $2.2 million, respectively, of accrued interest is included in the liability for tax contingencies. Any potential penalties associated with a tax contingency will also be included as a component of the tax provision in the period in which the assessment of a penalty becomes likely. JCG does not believe that it is subject to any penalties related to its tax contingencies and, therefore, has not accrued a liability for tax penalties.

In the event of an overpayment of income taxes, taxing authorities generally pay interest from the date of the overpayment. JCG records interest income from taxing authorities as a component of the income tax provision.

***Goodwill and Intangible Assets, Net***

Goodwill represents the excess of cost over the fair value of the identifiable net assets of acquired companies. JCG's identifiable intangible assets generally represent the cost of client relationships and mutual fund advisory contracts acquired as well as brand name and trademark. ETPs associated with the acquisition of VelocityShares are also part of JCG's identifiable intangible assets. Goodwill and indefinite-lived intangible assets are tested for impairment annually as of October 1 or more frequently if events or circumstances indicate that the carrying value may not be recoverable. Intangible assets subject to amortization are tested for impairment whenever events or circumstances indicate that the carrying value may not be recoverable. Goodwill and intangible assets require significant management estimates and judgment, including the valuation and expected life determination in connection with the initial purchase price allocation and the ongoing evaluation for impairment.

***Noncontrolling Interests and Redeemable Noncontrolling Interests***

Noncontrolling interests that are not subject to redemption rights are classified in permanent equity. Redeemable noncontrolling interests are classified outside of permanent equity on the Consolidated Balance Sheets and are measured at estimated fair value as of the balance sheet dates. Changes in fair value of redeemable noncontrolling interests are recognized as increases or decreases to redeemable noncontrolling interests with an offsetting charge to retained earnings. Certain of the INTECH ownership interests granted to employees become subject to redemption rights upon vesting at which time such interests are reclassified to redeemable noncontrolling interests. Earnings attributable to noncontrolling interests that are and are not subject to redemption rights are combined in JCG's Consolidated Statements of Comprehensive Income. Acquisitions of entities in which JCG holds an existing controlling interest are treated as a reduction of noncontrolling interests or redeemable noncontrolling interests in an amount equal to the purchase price. See Note 10 — Noncontrolling Interests for further discussion of noncontrolling interests.

***Revenue Recognition***

Investment management and shareowner servicing fees are recognized as services are provided. These revenues are generally determined in accordance with contracts based upon a percentage of average assets under management.

Performance fee revenue is derived from certain mutual funds and separate accounts. Mutual fund performance fees represent an adjustment to the investment management fee of certain mutual funds and are based on the relative investment performance of each fund compared to a specific benchmark index. The adjustment is up to a positive or negative 15 basis points and is calculated using each fund's daily net average assets based on a trailing 36-month measurement period. Separate account performance fees are specified in client contracts and are based on investment performance as compared to an established benchmark index over a specified period of time. Separate account performance fees are recognized at the end of the contractual period if the stated performance criteria are achieved.

***Marketing***

Marketing and promotional costs are generally expensed as incurred.

***Stock-Based Compensation***

Stock-based compensation cost is based on the grant date fair value of awards expected to vest at the end of the stated service period and consists of the total value of the awards less an estimate for forfeitures. The grant date fair value of stock options is determined using the Black-Scholes option pricing model, and the grant date fair value of restricted stock is determined from the market price on the date of grant. The Black-Scholes model requires management to estimate certain variables, including the lives of options from grant date to exercise date, the volatility of the underlying shares and future dividend rates.

JCG estimates, at the time of grant, the amount of awards that are not expected to vest based on historical forfeiture rates and subsequently records adjustments, as appropriate.

***Other Income, Net***

The components of other income, net for the years ended December 31, 2014, 2013 and 2012, are as follows (in millions):

| | Year ended December 31, | | |
|---|---|---|---|
| | 2014 | 2013 | 2012 |
| Dividend income | $ 5.6 | $ 3.8 | $ 2.3 |
| Interest income | 0.6 | 0.5 | 0.6 |
| Foreign currency gains (losses), net | (3.2) | 0.2 | (1.6) |
| Other, net | — | — | 1.9 |
| Total other income, net | $ 3.0 | $ 4.5 | $ 3.2 |

***Earnings Per Share***

JCG calculates basic and diluted earnings per share using the two-class method, as common shares and participating restricted stock awards are paid nonforfeitable dividends. Under the two-class method, net income attributable to JCG is adjusted for the allocation of earnings to participating restricted stock awards. In addition, the weighted-average diluted common shares outstanding are calculated using the two-class method.

**Note 3 — Recent Accounting Pronouncements**

In May 2014, the Financial Accounting Standards Board issued a new revenue recognition standard. The standard's core principle is that a company will recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In addition, the standard specifies the accounting for certain costs to obtain or fulfill a contract with a customer and expands disclosure requirements for revenue recognition. The standard is effective for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period. The Company is evaluating the effect of adopting this new accounting standard.

**Note 4 — Investment Securities**

JCG's investment securities as of December 31, 2014 and 2013, are summarized as follows (in millions):

| | December 31, 2014 | December 31, 2013 |
|---|---|---|
| Trading securities: | | |
| Seeded investment products | $ 258.3 | $ 312.9 |
| Investments in advised mutual funds | 4.4 | 45.5 |
| Investments related to deferred compensation plans | 13.0 | 14.9 |
| Total trading securities | 275.7 | 373.3 |
| Available-for-sale securities: | | |
| Seeded investment products | 68.3 | 10.7 |
| Debt securities | — | 101.5 |
| Total available-for-sale securities | 68.3 | 112.2 |
| Total investment securities | $ 344.0 | $ 485.5 |

*Trading Securities*

Seeded investment products classified as trading securities consisted of the following as of December 31, 2014 and 2013:

| | December 31, 2014 | | December 31, 2013 | |
|---|---|---|---|---|
| | Fair value (in millions) | Number of products | Fair value (in millions) | Number of products |
| Mutual funds advised by the Company | $ 191.8 | 17 | $ 230.0 | 12 |
| Separately managed accounts | 66.5 | 31 | 82.9 | 28 |
| Total seeded investment products classified as trading securities | $ 258.3 | | $ 312.9 | |

The Company recognized $4.3 million, $23.6 million and $16.8 million of net investment gains related to trading securities still held as of December 31, 2014, 2013 and 2012, respectively.

*Available-for-Sale Securities*

Seeded investment products classified as available-for-sale securities consisted of the following as of December 31, 2014 and 2013:

| | December 31, 2014 | | December 31, 2013 | |
|---|---|---|---|---|
| | Fair value (in millions) | Number of products | Fair value (in millions) | Number of products |
| Mutual funds advised by the Company | $ 68.3 | 40 | $ 10.7 | 34 |

During the year ended December 31, 2014, nine debt securities with an aggregate principal value of $100.0 million matured.

The following is a summary of available-for-sale securities at December 31, 2014 and 2013 (in millions):

| | December 31, 2014 | | | | | |
|---|---|---|---|---|---|---|
| | | Gross unrealized investment | | | | |
| | Cost | Gains | Losses | Foreign currency translation | Estimated fair value | Carrying value |
| Available-for-sale securities: | | | | | | |
| Seeded investment products | $ 68.6 | $ 0.4 | $ (0.6) | $ (0.1) | $ 68.3 | $ 68.3 |

| | December 31, 2013 | | | | | |
|---|---|---|---|---|---|---|
| | | Gross unrealized investment | | | | |
| | Cost | Gains | Losses | Foreign currency translation | Estimated fair value | Carrying value |
| Available-for-sale securities: | | | | | | |
| Seeded investment products | $ 9.9 | $ 0.9 | $ — | $ (0.1) | $ 10.7 | $ 10.7 |
| Debt securities | 101.6 | — | (0.1) | — | 101.5 | 101.5 |
| Total available-for-sale securities | $ 111.5 | $ 0.9 | $ (0.1) | $ (0.1) | $ 112.2 | $ 112.2 |

The Company reviewed the gross unrealized losses on available-for-sale securities and determined that the losses were not other-than-temporary. No OTTI charges were recognized for the years ended December 31, 2014 or 2013.

Realized gains and losses related to the disposition of seeded investment products classified as available-for-sale securities were recognized within investment gains (losses), net on JCG's Consolidated Statements of Comprehensive Income. The following is a summary of realized gains and losses upon disposition of seeded investment products classified as available-for-sale securities for the years ended December 31, 2014, 2013 and 2012 (in millions):

| | Year ended December 31, | | |
|---|---|---|---|
| | 2014 | 2013 | 2012 |
| Realized gains | $ 2.8 | $ 2.6 | $ 0.6 |
| Realized losses | (0.1) | (2.1) | (0.7) |
| Net realized gains (losses) | $ 2.7 | $ 0.5 | $ (0.1) |

*Derivative Instruments*

The Company maintains an economic hedge program that uses derivative instruments to hedge against market volatility of certain seed investments. Fluctuations in equity markets, debt markets and foreign currency markets are hedged by using index swaps, index futures and foreign currency forward contracts.

JCG was party to the following derivative instruments as of December 31, 2014 and 2013:

| | December 31, 2014 | | December 31, 2013 | |
|---|---|---|---|---|
| | Number of contracts | Notional value (in millions) | Number of contracts | Notional value (in millions) |
| Index swaps | 4 | $ 56.8 | 6 | $ 184.3 |
| Index futures | 6 | $ 74.9 | 6 | $ 66.6 |
| Foreign currency forward contracts | 7 | $ 3.6 | 6 | $ 93.6 |

The derivative instruments are not designated as hedges for accounting purposes. Changes in fair value of the index swaps and index futures are recognized in investment gains (losses), net on JCG's Consolidated Statements of Comprehensive Income while changes in the fair value of the foreign currency forward contracts are recognized in other income, net on JCG's Consolidated Statements of Comprehensive Income.

Index swaps are subject to a master netting arrangement. The values of the individual index swap contracts, including any associated cash collateral, are combined and are included on a net basis in other current assets or other accrued liabilities on JCG's Consolidated Balance Sheets. Index futures are also subject to a master netting arrangement and are presented in the same manner as the index swaps. Foreign currency forward contracts are not subject to a master netting arrangement, and as such, fair values of individual contracts are not netted and are included separately within either other current assets or other accrued liabilities on JCG's Consolidated Balance Sheets.

The Company posted $1.7 million and $4.8 million in cash collateral with the counterparty of the index futures as of December 31, 2014 and 2013, respectively. The cash collateral is included in other current assets on JCG's Consolidated Balance Sheets.

The following tables illustrate the effect of offsetting derivative instruments on JCG's Consolidated Balance Sheets as of December 31, 2014 and 2013 (in millions):

| | December 31, 2014 | | | |
|---|---|---|---|---|
| | Gross amounts | Gross amounts offset by derivative instruments | Gross amounts offset by cash collateral | Net amounts |
| Assets: | | | | |
| Index swaps | $ 0.3 | $ — | $ — | $ 0.3 |
| Liabilities: | | | | |
| Index futures | $ 1.2 | $ — | $ (1.2) | $ — |

| | December 31, 2013 | | | |
|---|---|---|---|---|
| | Gross amounts | Gross amounts offset by derivative instruments | Gross amounts offset by cash collateral | Net amounts |
| Assets: | | | | |
| Index swaps | $ 0.1 | $ (0.1) | $ — | $ — |
| Index futures | 0.9 | (0.4) | — | 0.5 |
| Total | $ 1.0 | $ (0.5) | $ — | $ 0.5 |
| Liabilities: | | | | |
| Index swaps | $ 1.5 | $ (1.5) | $ — | $ — |
| Index futures | 0.4 | (0.4) | — | — |
| Foreign currency forward contract | 1.5 | — | — | 1.5 |
| Total | $ 3.4 | $ (1.9) | $ — | $ 1.5 |

JCG recognized the following net gains on hedged seed investments and net losses on associated index futures and index swaps for the years ended December 31, 2014, 2013 and 2012 (in millions):

| | Year ended December 31, 2014 | 2013 | 2012 |
|---|---|---|---|
| Hedged seed investments classified as trading securities [1] | $ 7.3 | $ 31.8 | $ 11.5 |
| Hedged seed investments classified as available-for-sale securities [1] | 2.9 | 1.6 | — |
| Total hedged seed investments | 10.2 | 33.4 | 11.5 |
| Index futures | (8.2) | (20.7) | (12.5) |
| Index swaps | (3.0) | (16.7) | — |
| Total | $ (1.0) | $ (4.0) | $ (1.0) |

(1) Includes entire net gain associated with hedged equity and fixed income seed investment products. Hedging activity is limited to the systematic market risk associated with equity products and the interest rate risk associated with fixed income products.

JCG recognized the following net gains (losses) on hedged seed investments denominated in a foreign currency and net gains (losses) on associated foreign currency forward contracts for the years ended December 31, 2014, 2013 and 2012 (in millions):

| | Year ended December 31, 2014 | 2013 | 2012 |
|---|---|---|---|
| Net gains (losses) in net income related to: | | | |
| Foreign currency translation | $ (1.9) | $ 4.3 | $ 0.1 |
| Foreign currency forward contracts | 1.3 | (4.3) | — |
| Total | $ (0.6) | $ — | $ 0.1 |

*Derivative Instruments in Consolidated Seeded Investment Products*

Certain of the Company's consolidated seeded investment products utilize derivative instruments to contribute to the achievement of defined investment objectives. These derivative instruments are classified within investment securities on JCG's Consolidated Balance Sheets. Gains and losses on these derivative instruments are classified within investment gains (losses), net on JCG's Consolidated Statements of Comprehensive Income.

JCG's consolidated seeded investment products were party to the following derivative instruments as of December 31, 2014 and 2013:

| | December 31, 2014 | | December 31, 2013 | |
|---|---|---|---|---|
| | Number of contracts | Notional value (in millions) | Number of contracts | Notional value (in millions) |
| Swaps | 117 | $ 65.8 | 32 | $ 17.8 |
| Futures | 32 | $ 41.5 | 23 | $ 10.4 |
| Foreign currency forward contracts | 37 | $ 2.4 | 32 | $ 7.4 |
| Options | 29 | $ 0.5 | 5 | $ — |

The following tables illustrate the effect of offsetting derivative instruments within consolidated seeded investment products on JCG's Consolidated Balance Sheets as of December 31, 2014 and 2013 (in millions):

| | December 31, 2014 | | |
|---|---|---|---|
| | Gross amounts | Gross amounts offset by derivative instruments | Net amounts |
| Assets: | | | |
| Swaps | $ 1.4 | $ (0.4) | $ 1.0 |
| Futures | 0.6 | (0.4) | 0.2 |
| Options | 0.2 | — | 0.2 |
| Total | $ 2.2 | $ (0.8) | $ 1.4 |
| Liabilities: | | | |
| Swaps | $ 0.4 | $ (0.4) | $ — |
| Futures | 0.4 | (0.4) | — |
| Total | $ 0.8 | $ (0.8) | $ — |

| | December 31, 2013 | | |
|---|---|---|---|
| | Gross amounts | Gross amounts offset by derivative instruments | Net amounts |
| Assets: | | | |
| Swaps | $ 1.2 | $ (1.2) | $ — |
| Futures | 0.1 | (0.1) | — |
| Total | $ 1.3 | $ (1.3) | $ — |
| Liabilities: | | | |
| Swaps | $ 1.3 | $ (1.2) | $ 0.1 |
| Futures | 0.1 | (0.1) | — |
| Total | $ 1.4 | $ (1.3) | $ 0.1 |

*Investment Gains (Losses), Net*

Investment gains (losses), net on JCG's Consolidated Statements of Comprehensive Income included the following for the years ended December 31, 2014, 2013 and 2012 (in millions):

| | Year ended December 31, | | |
|---|---|---|---|
| | 2014 | 2013 | 2012 |
| Seeded investment products | $ 8.6 | $ 28.9 | $ 17.8 |
| Noncontrolling interests in seeded investment products | (0.6) | 3.4 | 2.0 |
| Investments in advised mutual funds | (0.1) | 8.5 | 8.6 |
| Index swaps and index futures | (11.2) | (37.4) | (12.5) |
| Economic hedge for deferred compensation plans | 1.3 | 3.0 | 1.3 |
| Put spread option contracts | — | — | (6.1) |
| Other | 0.1 | 0.1 | — |
| Investment gains (losses), net | $ (1.9) | $ 6.5 | $ 11.1 |

*Purchases, Sales, Settlements and Maturities*

Cash flows related to investment securities for the years ended December 31, 2014, 2013 and 2012, are summarized as follows (in millions):

| | Year ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2014 | | 2013 | | 2012 | |
| | Purchases and settlements | Sales, settlements and maturities | Purchases and settlements | Sales, settlements and maturities | Purchases and settlements | Sales, settlements and maturities |
| Trading securities | $ (143.5) | $ 148.0 | $ (118.0) | $ 79.1 | $ (108.9) | $ 80.7 |
| Available-for-sale securities | (0.7) | 174.9 | (103.5) | 47.0 | (1.1) | 8.0 |
| Derivative instrument | | | | | | |
| Seed capital economi hedge | (24.4) | 13.9 | (70.2) | 31.5 | (21.0) | 11.3 |
| Total cash flows | $ (168.6) | $ 336.8 | $ (291.7) | $ 157.6 | $ (131.0) | $ 100.0 |

Seeding of investment products in 2014 included a $100.0 million investment in the Global Unconstrained Bond strategy. The investment included $48.0 million and $52.0 million allocated to JCG's domestic and international trusts, respectively.

**Note 5 — Goodwill, Intangible Assets and Acquisitions**

JCG's goodwill and intangible assets are summarized below (in millions):

| | December 31, 2013 | Acquisition | Amortization | December 31, 2014 |
|---|---|---|---|---|
| Indefinite-lived intangible assets: | | | | |
| Advisory contracts | $ 918.6 | $ 3.3 | $ — | $ 921.9 |
| Brand name and trademark | 270.6 | — | — | 270.6 |
| Definite-lived intangible assets: | | | | |
| Client relationships | 150.2 | 33.6 | — | 183.8 |
| Accumulated amortization | (109.3) | — | (9.6) | (118.9) |
| Net intangible assets | $ 1,230.1 | $ 36.9 | $ (9.6) | $ 1,257.4 |
| Goodwill | $ 488.2 | $ 21.5 | $ — | $ 509.7 |

The majority of goodwill and intangible assets were generated from the purchase of the noncontrolling interest of Janus and acquisitions of interests in INTECH, Perkins and VelocityShares. Intangible assets acquired as a result of these transactions include brand name and trademark, advisory contracts and client relationships.

Indefinite-lived intangible assets represent brand name, trademark and advisory contracts.

Definite-lived intangible assets represent client relationships, which are amortized over their estimated lives of 12 years (17 years for VelocityShares intangible assets) using the straight-line method. JCG recognizes an impairment charge equal to the unamortized value of the associated subadvised relationship when notification of termination is received. There were no intangible asset impairment charges recognized during the years ended December 31, 2014 and 2013. During the year ended December 31, 2012, the Company recognized $7.7 million of intangible asset impairment charges in amortization expense from the loss of JCG subadvised relationships.

Amortization expense was $9.6 million, $12.2 million and $19.5 million for the years ended December 31, 2014, 2013 and 2012, respectively. Expected future amortization expense is summarized below (in millions):

| Year ended December 31, | Amount |
|---|---|
| 2015 | $ 9.9 |
| 2016 | 9.6 |
| 2017 | 9.6 |
| 2018 | 6.9 |
| 2019 | 4.7 |
| Thereafter | 24.2 |
| Total | $ 64.9 |

***Impairment Testing***

The October 2014 tests of goodwill and indefinite-lived intangible assets indicated that estimated fair values substantially exceeded their respective carrying values, and as such, no impairment charges were recognized. The October 2014 tests included certain underlying key assumptions regarding future overall market trends and Company operating performance. If actual future market results and Company operating performance vary significantly and unfavorably to those included in the Company's financial forecast, the Company may be subject to impairment charges related to its goodwill and indefinite-lived intangible assets.

No impairment charges were recognized as a result of the October 2013 and 2012 tests of goodwill and indefinite-lived intangible assets.

***Acquisition of VelocityShares***

On October 13, 2014, the Company entered into an agreement to acquire 100% of the outstanding equity of VS Holdings Inc., the parent company of VelocityShares. VelocityShares is a sponsor of ETPs, including rules-based ETFs, that provide volatility management solutions to institutional clients. As of December 31, 2014, VelocityShares-branded products had approximately $2.4 billion in assets. The majority of these assets represent tactical trading products serving short-term investors and traders in the form of exchange-traded notes. The acquisition of VelocityShares is expected to facilitate JCG's entrance into the ETP business.

On December 1, 2014, JCG announced the closing of the VelocityShares acquisition. The transaction included initial upfront cash consideration of $32.7 million with up to an additional $36.0 million in contingent cash consideration if certain revenue targets are achieved over a four-year period. At acquisition, JCG estimated that contingent consideration with a current fair value of $17.9 million will be paid over a four year period. The total purchase price, including the upfront payment and the present value of the expected contingent payments, was allocated as follows:

| | |
|---|---|
| Intangible assets | $ 36.9 |
| Goodwill | 21.5 |
| Cash acquired | 4.3 |
| Deferred tax liability | (11.0) |
| Other liabilities, net | (1.1) |
| Total allocation | $ 50.6 |

**Note 6 — Fair Value Measurements**

The following table presents assets, liabilities and redeemable noncontrolling interests measured or disclosed at fair value on a recurring basis as of December 31, 2014 (in millions):

| | Fair value measurements using: | | | |
|---|---|---|---|---|
| | Quoted prices in active markets for identical assets (Level 1) | Significant other observable inputs (Level 2) | Significant unobservable inputs (Level 3) | Total |
| Assets: | | | | |
| Cash equivalents | $ 7.7 | $ 292.5 | $ — | $ 300.2 |
| Index swaps | — | 0.3 | — | 0.3 |
| Trading securities: | | | | |
| Seeded investment products | 136.6 | 121.7 | — | 258.3 |
| Investments in advised mutual funds | 4.4 | — | — | 4.4 |
| Investments related to deferred compensation plans | 13.0 | — | — | 13.0 |
| Available-for-sale securities: | | | | |
| Seeded investment products | 68.3 | — | — | 68.3 |
| Total investment securities | 222.3 | 121.7 | — | 344.0 |
| Total assets | $ 230.0 | $ 414.5 | $ — | $ 644.5 |
| Liabilities: | | | | |
| Long-term debt | $ — | $ 558.0 | $ — | $ 558.0 |
| VelocityShares contingent consideration | — | — | 17.9 | 17.9 |
| Index futures | 1.2 | — | — | 1.2 |
| Total liabilities | $ 1.2 | $ 558.0 | $ 17.9 | $ 577.1 |
| Redeemable noncontrolling interests | $ — | $ — | $ 5.4 | $ 5.4 |

The following table presents assets, liabilities and redeemable noncontrolling interests measured or disclosed at fair value on a recurring basis as of December 31, 2013 (in millions):

| | Fair value measurements using: | | | |
|---|---|---|---|---|
| | Quoted prices in active markets for identical assets (Level 1) | Significant other observable inputs (Level 2) | Significant unobservable inputs (Level 3) | Total |
| Assets: | | | | |
| Cash equivalents | $ — | $ 199.0 | $ — | $ 199.0 |
| Index swaps | — | 0.1 | — | 0.1 |
| Index futures | — | 0.9 | — | 0.9 |
| Trading securities: | | | | |
| Seeded investment products | 265.9 | 47.0 | — | 312.9 |
| Investments in advised mutual funds | 45.5 | — | — | 45.5 |
| Investments related to deferred compensation plans | 14.9 | — | — | 14.9 |
| Available-for-sale securities: | | | | |
| Seeded investment products | 10.7 | — | — | 10.7 |
| Debt securities | — | 101.5 | — | 101.5 |
| Total investment securities | 337.0 | 148.5 | — | 485.5 |
| Total assets | $ 337.0 | $ 348.5 | $ — | $ 685.5 |
| Liabilities: | | | | |
| Current portion of long-term debt | $ — | $ 101.3 | $ — | $ 101.3 |
| Long-term debt | — | 532.5 | — | 532.5 |
| Index swaps | — | 1.5 | — | 1.5 |
| Index futures | — | 0.4 | — | 0.4 |
| Foreign currency forward contracts | — | 1.5 | — | 1.5 |
| Total liabilities | $ — | $ 637.2 | $ — | $ 637.2 |
| Redeemable noncontrolling interests | $ — | $ — | $ 7.3 | $ 7.3 |

Transfers are recognized at the end of each reporting period. Transfers from Level 1 and Level 2 classifications for the years ended December 31, 2014 and 2013, are summarized as follows (in millions):

| | Year ended December 31, | |
|---|---|---|
| | 2014 | 2013 |
| Transfers from Level 1 to Level 2 | $ 4.9 | $ — |
| Transfers from Level 2 to Level 1 | $ 1.2 | $ 12.7 |

JCG's Level 3 recurring fair value measurements as of December 31, 2014, represent INTECH redeemable noncontrolling interests and contingent cash consideration related to the acquisition of

VelocityShares. The changes in fair value of JCG's Level 3 items, for the years ended December 31, 2014 and 2013, are as follows (in millions):

| | Year ended December 31, 2014 | | 2013 |
|---|---|---|---|
| | Redeemable noncontrolling interests | VelocityShares contingent consideration | Redeemable noncontrolling interests |
| Beginning of year fair value | $ 7.3 | $ — | $ 42.9 |
| Distributions | (0.6) | — | (4.2) |
| Current earnings | 0.5 | — | 3.0 |
| Purchase of redeemable noncontrolling interests | (0.6) | — | (33.8) |
| Vesting of noncontrolling interests | — | — | 1.2 |
| Issuance | — | 17.9 | — |
| Change in fair value | (1.2) | — | (1.8) |
| End of year fair value | $ 5.4 | $ 17.9 | $ 7.3 |

**Note 7 — Debt**

Debt at December 31, 2014 and 2013, consisted of the following (in millions):

| | December 31, 2014 | | December 31, 2013 | |
|---|---|---|---|---|
| | Carrying value | Fair value | Carrying value | Fair value |
| 6.700% Senior Notes due 2017 | $ 344.5 | $ 380.8 | $ 344.4 | $ 383.7 |
| 0.750% Convertible Senior Notes due 2018 | 106.0 | 177.2 | 103.3 | 148.8 |
| 3.250% Convertible Senior Notes due 2014 | — | — | 58.0 | 61.8 |
| 6.119% Senior Notes due 2014 | — | — | 38.9 | 39.5 |
| Total debt | 450.5 | 558.0 | 544.6 | 633.8 |
| Less: Current maturities | — | — | (96.9) | (101.3) |
| Total long-term debt | $ 450.5 | $ 558.0 | $ 447.7 | $ 532.5 |

***Fair Value of Debt***

The fair value of debt was determined using broker quotes and any recent trading activity for each of the notes listed above, which are considered Level 2 inputs.

***6.700% Senior Notes due 2017***

The 6.700% Senior Notes due 2017 ("2017 Senior Notes") include an unamortized discount at December 31, 2014, of $0.2 million, which will be amortized over the remaining term of the notes. Interest expense related to the 2017 Senior Notes includes interest on the outstanding principal balance as well as amortization of capitalized issuance costs and totaled $23.5 million for the year ended December 31, 2014. Interest on the 2017 Senior Notes is paid semiannually in June and December. The 2017 Senior Notes mature on June 15, 2017.

***0.750% Convertible Senior Notes due 2018***

The 0.750% Convertible Senior Notes due 2018 ("2018 Convertible Notes") include an unamortized discount at December 31, 2014, of $10.6 million, which will be amortized over the remaining term of the notes. Interest expense related to the 2018 Convertible Notes includes interest on the outstanding principal balance as well as amortization of capitalized issuance costs and totaled $4.2 million for the year ended December 31, 2014. Interest on the 2018 Convertible Notes is paid semiannually in January and July. The 2018 Convertible Notes mature on July 15, 2018.

The initial conversion rate of the 2018 Convertible Notes was 92.06 shares of JCG common stock per $1,000 principal amount of the 2018 Convertible Notes, which was equivalent to an initial conversion price of approximately $10.86 per share of common stock. The initial conversion rate was most recently adjusted during the fourth quarter 2014 when JCG paid a quarterly cash dividend of $0.08 per share, which was greater than the quarterly dividend of $0.07 per share at the time of issuance. As a result of the quarterly cash dividend paid on November 21, 2014, the conversion rate changed to 92.28 shares of JCG common stock per $1,000 principal amount of 2018 Convertible Notes, equivalent to a conversion price of approximately $10.84 per share of common stock.

Holders of the 2018 Convertible Notes may convert the notes early if the last reported sale price of JCG's common stock is greater than or equal to $14.09 per share of common stock for at least 20 trading days during a period of 30 consecutive trading days ending on the last trading day of the preceding quarter. As of January 1, 2015, the 2018 Convertible Notes meet the criteria for early conversion.

*Convertible Note Hedge and Warrants*

In connection with the 2018 Convertible Notes issuance in June 2013, JCG entered into convertible note hedge and warrant transactions which, in combination, are intended to reduce the potential for future dilution to existing shareholders by effectively increasing the initial conversion price of the 2018 Convertible Notes to JCG from $10.86 to $12.60 per share of common stock.

The initial $10.86 and $12.60 per share of common stock exercise prices of the call options and warrants, respectively, were adjusted during the fourth quarter 2014 when JCG paid a quarterly cash dividend of $0.08 per share. As a result of the quarterly cash dividend paid on November 21, 2014, which was greater than the quarterly dividend of $0.07 per share at the time of issuance, the exercise price of the call options changed to $10.84 per share of common stock, and the exercise price of the warrants changed to $12.57 per share of common stock.

***3.250% Convertible Senior Notes due 2014***

On July 15, 2014, the 3.250% Convertible Senior Notes due 2014 ("2014 Convertible Notes") matured and JCG paid the principal balance of $60.0 million with cash on hand.

***6.119% Senior Notes due 2014***

On April 15, 2014, the 6.119% Senior Notes due 2014 ("2014 Senior Notes") matured and JCG paid the principal balance of $38.9 million with cash on hand.

***Loss on Early Extinguishment of Debt***

During the third quarter 2013, JCG repurchased on the open market $8.0 million aggregate principal amount of the Company's outstanding 2017 Senior Notes for $8.9 million in cash. JCG recognized a loss of $0.9 million on the repurchase.

During the second quarter 2013, JCG recognized a $12.6 million loss on early extinguishment of debt related to the exchange of $110.0 million aggregate principal amount of JCG's outstanding 2014 Convertible Notes.

During the first quarter 2012, JCG completed a debt tender in which $59.4 million aggregate principal amount of the Company's outstanding 2014 Senior Notes and 2017 Senior Notes was repurchased with cash on hand. JCG recognized a $7.2 million loss on early extinguishment of debt related to the repurchase of these notes.

***Change of Control and Rating Downgrade Covenant***

If the Company experiences a change of control, and in connection therewith, the 2017 Senior Notes become rated below investment grade by Standard & Poor's ("S&P") Rating Service and Moody's Investors Service, Inc. ("Moody's"), JCG must offer to repurchase the 2017 Senior Notes at a price equal to 101% of the principal amount plus accrued and unpaid interest to the repurchase date.

***Interest Rate Adjustment Covenant***

The 2017 Senior Notes are subject to an interest rate adjustment covenant that provides that the interest rate payable will increase by 25 basis points for each level that the Company's debt rating is decreased by Moody's from Baa3 or by S&P from BBB–, up to a maximum increase of 200 basis points. If the interest rate has been adjusted upward as a result of either Moody's or S&P decreasing its rating, then for each level of a subsequent rating increase, the interest payable will be decreased by 25 basis points, but in no event to a rate less than the interest rate payable on the date of issuance of the respective notes. The interest rate adjustment covenant will permanently terminate if the Company's debt ratings increase to Baa2 (or higher) by Moody's and BBB (or higher) by S&P, with a stable or positive outlook regardless of any subsequent decrease in the ratings by either or both rating agencies. On March 18, 2014, S&P reaffirmed JCG's credit rating of BBB– with a negative outlook. On August 27, 2014, Moody's reaffirmed JCG's credit rating of Baa3 with a stable outlook.

***Credit Facility***

At December 31, 2014, JCG had a $200 million, unsecured, revolving credit facility ("the Credit Facility") with JPMorgan Chase Bank, N.A., as administrative agent and swingline lender. The Credit Facility can be used by JCG and its subsidiaries for working capital needs and general corporate purposes. The Credit Facility bears interest on borrowings outstanding at the London Interbank Offered Rate plus a spread, which is based on JCG's credit rating. JCG is required to pay a quarterly commitment fee on any unused portion of the Credit Facility, which is also based on JCG's credit rating. Under the Credit Facility, the financing leverage ratio cannot exceed 3.00x, and the interest coverage ratio must equal or exceed 4.00x. At December 31, 2014, JCG's financing leverage ratio was 1.44x and the interest coverage ratio was 11.13x. JCG was in compliance with all covenants, and there were no borrowings under the Credit Facility at December 31, 2014, or during the year ended December 31, 2014. The Credit Facility has a maturity date of November 23, 2018.

For the year ended December 31, 2013, JCG incurred $1.9 million of issuance costs related to the Credit Facility, which are being amortized to interest expense over the remaining term of the Credit Facility.

***Aggregate Maturities of Indebtedness***

The aggregate amounts of debt maturing or callable in the next five years are as follows (in millions):

| Year ended December 31, | Amount |
|---|---|
| 2015 | $ — |
| 2016 | — |
| 2017 | 344.7 |
| 2018 | 116.6 |
| 2019 | — |
| Thereafter | — |
| Total | $ 461.3 |

**Note 8 — Income Taxes**

JCG's components of income before taxes for the years ended December 31, 2014, 2013 and 2012, are as follows (in millions):

| | Year ended December 31, | | |
|---|---|---|---|
| | 2014 | 2013 | 2012 |
| Domestic | $ 245.3 | $ 180.8 | $ 163.7 |
| International | 12.4 | 14.7 | 12.9 |
| Total | $ 257.7 | $ 195.5 | $ 176.6 |

JCG's provision for income taxes for the years ended December 31, 2014, 2013 and 2012, is summarized as follows (in millions):

| | Year ended December 31, | | |
|---|---|---|---|
| | 2014 | 2013 | 2012 |
| Current: | | | |
| Federal | $ 72.7 | $ 61.1 | $ 46.9 |
| State and local | 7.0 | 6.4 | 3.8 |
| International | 2.5 | 3.7 | 2.8 |
| Total current | 82.2 | 71.2 | 53.5 |
| Deferred: | | | |
| Federal | 18.4 | 2.1 | 10.4 |
| State and local | 1.9 | — | 0.8 |
| International | (0.2) | — | — |
| Total deferred | 20.1 | 2.1 | 11.2 |
| Total income tax provision | $ 102.3 | $ 73.3 | $ 64.7 |

JCG's deferred income tax assets (liabilities) as of December 31, 2014 and 2013, are summarized as follows (in millions):

| | December 31, 2014 | December 31, 2013 |
|---|---|---|
| Deferred income tax assets: | | |
| Compensation and benefits | $ 50.0 | $ 60.8 |
| Accrued liabilities | 2.7 | 3.1 |
| Investments | 2.6 | 1.2 |
| Tax attributes | 8.2 | 4.0 |
| Other | 5.3 | 5.5 |
| Total deferred income tax assets | 68.8 | 74.6 |
| Deferred income tax liabilities: | | |
| Intangible assets | (502.9) | (476.7) |
| Debt discounts and issuance costs | — | (0.7) |
| Prepaid expenses | (6.4) | (5.2) |
| Other | (5.0) | (6.5) |
| Total deferred income tax liabilities | (514.3) | (489.1) |
| Net deferred income tax liabilities | $ (445.5) | $ (414.5) |

The current deferred income tax amounts at December 31, 2014 and 2013, are included within other current assets on JCG's Consolidated Balance Sheets. Deferred tax assets and liabilities are reflected on JCG's Consolidated Balance Sheets as follows (in millions):

| | December 31, 2014 | December 31, 2013 |
|---|---|---|
| Current deferred income tax asset | $ 32.9 | $ 33.2 |
| Non-current deferred income tax liability | (478.4) | (447.7) |
| Net deferred income tax liabilities | $ (445.5) | $ (414.5) |

JCG's effective income tax rate differs from the statutory federal income tax rate for the years ended December 31, 2014, 2013 and 2012, as follows:

| | Year ended December 31, 2014 | 2013 | 2012 |
|---|---|---|---|
| Federal statutory rate | 35.0% | 35.0% | 35.0% |
| State and local tax rate, net of federal benefit | 2.3 | 2.3 | 2.3 |
| Noncontrolling interests | (0.1) | (1.4) | (2.0) |
| Tax adjustments | (0.5) | (0.8) | (1.0) |
| Equity-based compensation | 3.0 | 2.5 | 2.4 |
| Other | — | (0.1) | (0.1) |
| Total effective income tax rate | 39.7% | 37.5% | 36.6% |

The accounting guidance for uncertainty in income taxes sets forth a specific method for the financial statement recognition and measurement of a tax position taken or expected to be taken on a tax return. The tax contingencies liability relates primarily to general state tax items and has been recorded in non-current liabilities and other accrued liabilities on JCG's Consolidated Balance Sheets, as appropriate.

A reconciliation of the beginning and ending liability for the years ended December 31, 2014, 2013 and 2012, is as follows (in millions):

| | Year ended December 31, | | |
|---|---|---|---|
| | 2014 | 2013 | 2012 |
| Beginning of year | $ 5.6 | $ 5.9 | $ 7.4 |
| Additions for tax positions of current year | 0.8 | 1.0 | 0.9 |
| Additions for tax positions of prior years | — | — | 0.4 |
| Reduction due to statute expirations | (1.0) | (0.9) | (1.5) |
| Reduction due to settlement of audits | — | (0.4) | (1.3) |
| End of year | $ 5.4 | $ 5.6 | $ 5.9 |

A deferred tax asset of $1.9 million is associated with the tax contingencies liability at December 31, 2014. If the tax contingencies liability and related deferred tax asset are reversed in future periods, the income tax provision would be favorably affected by $3.5 million. As of December 31, 2014, JCG had $5.4 million of accrued reserves for income tax contingencies. JCG decreased its income tax contingency reserves in 2014 by $1.0 million as a result of the expiration of statutes of limitations and audit settlements, creating a net tax benefit of $0.6 million. JCG anticipates that its income tax contingency reserves will decrease by approximately $1.3 million in the next 12 months primarily from the expiration of statutes of limitations and the resolution of audits. Accrued reserves for income tax contingencies are presented in other accrued liabilities on JCG's Consolidated Balance Sheets.

Tax returns filed in previous years are subject to audit by various federal, state and international taxing authorities, and as a result of such audits, additional tax assessments may be proposed. As of December 31, 2014, tax years from 2009 and forward remain subject to audit.

Taxing authorities generally charge interest and may assess penalties in the event that a tax position taken is subsequently reversed upon examination. JCG has accrued interest on its uncertain tax provisions based on the rates specified by the applicable taxing authorities and has recorded the interest as a component of the tax provision. At December 31, 2014, 2013 and 2012, $0.8 million, $1.3 million and $2.2 million, respectively, of accrued interest is included in the liability for tax contingencies. Any potential penalties associated with a tax contingency will also be included as a component of the tax provision in the period in which the assessment of a penalty becomes likely. JCG does not believe that it is subject to any penalties related to its tax contingencies and, therefore, has not accrued a liability for tax penalties.

In the event of an overpayment of income taxes, taxing authorities generally pay interest from the date of the overpayment. JCG records interest income from taxing authorities as a component of the income tax provision.

## Note 9 — Other Balance Sheet Captions

Other current assets at December 31, 2014 and 2013, are composed of the following (in millions):

| | December 31, 2014 | December 31, 2013 |
|---|---|---|
| Deferred commissions | $ 3.9 | $ 2.2 |
| Prepaid insurance | 3.0 | 3.0 |
| Prepaid information technology maintenance | 3.3 | 3.2 |
| Deferred income taxes | 32.9 | 33.2 |
| Stock repurchase program funding | 5.5 | 5.6 |
| Other current assets | 11.2 | 4.8 |
| Total other current assets | $ 59.8 | $ 52.0 |

Other accrued liabilities at December 31, 2014 and 2013, are composed of the following (in millions):

| | December 31, 2014 | December 31, 2013 |
|---|---|---|
| Accrued marketing and distribution | $ 15.2 | $ 14.6 |
| Income tax contingencies | 1.6 | 2.5 |
| Deferred compensation liability | 27.5 | 31.6 |
| Interest payable | 1.4 | 2.9 |
| Income tax payable | 10.1 | 16.7 |
| VelocityShares contingent consideration | 8.6 | — |
| Other accrued liabilities | 13.6 | 9.7 |
| Total other accrued liabilities | $ 78.0 | $ 78.0 |

## Note 10 — Noncontrolling Interests

Noncontrolling interests in net income for the years ended December 31, 2014, 2013 and 2012, consisted of the following (in millions):

| | Year ended December 31, 2014 | 2013 | 2012 |
|---|---|---|---|
| Nonredeemable noncontrolling interests in subsidiaries | $ 1.1 | $ 1.1 | $ 2.1 |
| Nonredeemable noncontrolling interests in consolidated seeded investment products | (0.6) | 3.4 | 2.0 |
| Redeemable noncontrolling interests in subsidiaries | 0.5 | 3.0 | 5.5 |
| Total noncontrolling interests in net income | $ 1.0 | $ 7.5 | $ 9.6 |

### *Nonredeemable Noncontrolling Interests*

At December 31, 2014, noncontrolling interests that are not subject to redemption rights included employee ownership interests in INTECH and third-party investors' ownership in consolidated seeded investment products.

Nonredeemable noncontrolling interests as of December 31, 2014 and 2013, are summarized as follows (in millions):

| | December 31, 2014 | December 31, 2013 |
|---|---|---|
| Nonredeemable noncontrolling interests in consolidated seeded investment products | $ 41.1 | $ 8.8 |
| Nonredeemable noncontrolling interests in INTECH | 6.2 | 4.9 |
| Total nonredeemable noncontrolling interests | $ 47.3 | $ 13.7 |

Changes in noncontrolling interests in consolidated seeded investment products were driven by changes in the market value and changes in ownership of the underlying seeded investment products. Noncontrolling interests in seeded products increased in 2014 due to third-party investment in a number of the Company's mutual funds during 2014.

The following table presents a rollforward of noncontrolling interests in consolidated seeded investment products for the years ended December 31, 2014, 2013 and 2012 (in millions):

| | Year ended December 31, 2014 | 2013 | 2012 |
|---|---|---|---|
| Beginning of year balance | $ 8.8 | $ 12.4 | $ 29.2 |
| Changes in market value | (0.6) | 3.4 | 2.0 |
| Changes in ownership | 32.9 | (7.0) | (18.8) |
| End of year balance | $ 41.1 | $ 8.8 | $ 12.4 |

***Redeemable Noncontrolling Interests***

As of December 31, 2014 and 2013, redeemable noncontrolling interests are summarized as follows (in millions):

| | December 31, 2014 | December 31, 2013 |
|---|---|---|
| Redeemable noncontrolling interests in subsidiaries | $ 5.9 | $ 5.9 |
| Undistributed earnings | (0.5) | 1.4 |
| Total redeemable noncontrolling interests | $ 5.4 | $ 7.3 |

*INTECH*

INTECH ownership interests held by a founding member had an estimated fair value of $5.9 million and $5.3 million as of December 31, 2014 and 2013, respectively, representing approximately 1.0% aggregate ownership of INTECH for both periods. This founding member is entitled to retain his remaining INTECH interests until his death and has the option to require JCG to purchase from him his ownership interests of INTECH at fair value.

*Perkins*

On February 1, 2013, the noncontrolling owners of Perkins (who then owned 22.2% of the equity units of Perkins) exercised their right to put 98% of their equity units to JCG. Under the terms of the put, the noncontrolling ownership units were redeemed at fair value of $33.8 million as determined on August 31, 2013, six full months following the month of the put exercise. Following the redemption, JCG owned 99.6% of Perkins.

On February 3, 2014, JCG exercised its right to purchase the remaining noncontrolling ownership units in Perkins of 0.4%. Under the terms of the call, the remaining noncontrolling ownership units were redeemed for $0.6 million on March 14, 2014, based on the fair value as of the call exercise date. The fair value of the ownership units was based on a contractual formula driven by revenue and investment performance of products managed by Perkins.

The noncontrolling interests were primarily held by founding members who are not involved in the management of Perkins. Perkins management continues to hold the majority of their interests in Perkins through senior profits interests awards and long-term incentive compensation plans. The Perkins senior profits interests awards and long-term incentive compensation plans provide active members of Perkins management an ongoing stake in the success of Perkins.

**Note 11 — Long-Term Incentive Compensation**

The components of JCG's long-term incentive compensation expense for the years ended December 31, 2014, 2013 and 2012, are summarized as follows (in millions):

| | Year ended December 31, | | |
|---|---|---|---|
| | 2014 | 2013 | 2012 |
| Stock options | $ 0.4 | $ 3.1 | $ 6.6 |
| Restricted stock awards | 26.2 | 20.5 | 19.6 |
| Price-vesting units | 0.6 | 0.4 | 0.6 |
| Mutual fund share awards | 32.4 | 38.3 | 41.3 |
| Perkins senior profits interests | (11.9) | 0.7 | (1.6) |
| INTECH profits interests | 3.4 | — | — |
| Employee stock purchase plan | 0.2 | 0.1 | 0.2 |
| Total long-term incentive compensation | $ 51.3 | $ 63.1 | $ 66.7 |

Compensation cost associated with restricted stock includes $1.7 million, $2.4 million and $(1.4) million of amortization of INTECH interests granted to certain key employees of INTECH for the years ended December 31, 2014, 2013 and 2012, respectively. During the year ended December 31, 2012, compensation cost associated with restricted stock included $3.6 million of amortization of INTECH interests and a $5.0 million benefit related to a restricted stock forfeiture as a result of the departure of a former INTECH executive. Compensation cost classified within restricted stock also included $1.2 million of amortization of Perkins ownership interests granted to a Perkins employee for the year ended December 31, 2012. There was no amortization of Perkins ownership interests during the years ended December 31, 2014 and 2013.

Historical long-term incentive awards have been granted with ratable vesting schedules between three and 10 years. The awards granted in 2014, 2013 and 2012 were generally granted with a four-year ratable vesting schedule and are generally not subject to accelerated vesting. INTECH also granted $3.1 million of ownership interests to its employees in 2012, which generally vest and will be recognized over a four-year period.

At December 31, 2014, unrecognized and unearned compensation, net of estimated forfeitures and excluding mark-to-market adjustments on mutual fund share awards, and the weighted-average number of years over which the compensation cost will be recognized are summarized as follows (in millions):

| | Unrecognized compensation | Weighted-average years |
|---|---|---|
| Stock options | $ 0.3 | 1.5 |
| Restricted stock awards | 69.5 | 3.6 |
| Profit interests | 76.4 | 9.1 |
| Mutual fund share awards | 45.9 | 2.6 |
| Total | $ 192.1 | 5.5 |

Unrecognized INTECH interests included in restricted stock awards in the table above totaled $2.7 million and will be recognized over a weighted-average period of 3.4 years.

JCG generally grants annual long-term incentive awards in January of each year. The 2015 annual grant, not included in the table above, totaled $75.2 million and will generally be recognized ratably over a four-year period. The 2015 annual grant is not subject to performance-based accelerated vesting.

***Stock Options***

Stock options were granted to employees in 2013 and 2012. There were no stock options granted to employees in 2014 or in the 2015 annual grant.

The fair value of stock options granted to JCG employees in 2013 and 2012 was estimated on the date of each grant using the Black-Scholes option pricing model with the following assumptions:

| | 2013 | 2012 |
|---|---|---|
| Weighted-average fair value of options granted | $ 4.40 | $ 3.96 |
| ***Assumptions:*** | | |
| Dividend yield | 2.47% | 2.33% |
| Expected volatility | 64% | 66% |
| Risk-free interest rate | 0.84% | 0.71% |
| Expected life | 5 years | 5 years |

Expected volatility was determined using an average of JCG's historical volatility and industry and market averages, as appropriate. Expected life was determined using employee termination rates and vesting periods of each grant. The risk-free interest rate for periods within the contractual life of the options is based on the U.S. Treasury yield curve in effect at the time of each grant. Stock options granted prior to February 2006 have a maximum contractual term of 10 years, and options granted thereafter have a maximum contractual term of seven years.

The table below summarizes JCG's outstanding options, exercisable options and options vested or expected to vest for the years ended December 31, 2014, 2013 and 2012:

| | 2014 | | 2013 | | 2012 | |
|---|---|---|---|---|---|---|
| | Shares | Weighted-average exercise price | Shares | Weighted-average exercise price | Shares | Weighted-average exercise price |
| Outstanding at January 1 | 8,985,562 | $ 14.91 | 12,773,178 | $ 14.56 | 15,000,904 | $ 14.44 |
| Granted | — | — | 45,455 | 9.77 | 151,515 | 8.57 |
| Exercised | (808,583) | 9.18 | (1,341,502) | 5.32 | (953,590) | 5.35 |
| Forfeited | (7,179) | 10.60 | (57,218) | 11.78 | (158,003) | 7.15 |
| Expired | (3,528,237) | 17.65 | (2,434,351) | 18.33 | (1,267,648) | 20.26 |
| Outstanding at December 31 | 4,641,563 | $ 13.84 | 8,985,562 | $ 14.91 | 12,773,178 | $ 14.56 |
| Exercisable (1) | 3,295,557 | $ 8.89 | 3,215,356 | $ 7.80 | 2,139,710 | $ 5.32 |
| Vested or expected to vest | 4,641,563 | $ 13.84 | 8,984,974 | $ 14.91 | 12,754,883 | $ 14.56 |

(1) The number of exercisable options represents instruments for which all vesting criteria have been satisfied and whose exercise price was below the closing price of the Company's common stock as of the end of the period. Options outstanding for which all vesting criteria have been satisified but whose exercise price was above the closing price of the Company's common stock were 1.2 million, 5.2 million, and 8.4 million as of December 31, 2014, 2013 and 2012, respectively.

The following table summarizes the intrinsic value of exercised, outstanding and exercisable options at December 31, 2014, 2013 and 2012 (in millions):

| | December 31, 2014 | December 31, 2013 | December 31, 2012 |
|---|---|---|---|
| Exercised | $ 3.3 | $ 5.1 | $ 3.3 |
| Outstanding | $ 20.1 | $ 15.5 | $ 10.6 |
| Exercisable | $ 23.9 | $ 14.7 | $ 6.8 |

The following table summarizes the information about stock options that were outstanding at December 31, 2014:

| | Options outstanding | | | Options exercisable | | |
|---|---|---|---|---|---|---|
| Range of exercise prices | Number of options outstanding | Weighted-average remaining contractual life (years) | Weighted-average exercise price | Number of options outstanding | Weighted-average remaining contractual life (years) | Weighted-average exercise price |
| $5 to $10 | 1,755,519 | 1.45 | $ 5.72 | 1,645,669 | 1.25 | $ 5.50 |
| $10 to $20 | 1,659,569 | 1.78 | 12.30 | 1,649,888 | 1.78 | 12.27 |
| $20 to $28 | 1,226,475 | 0.09 | 27.54 | — | — | — |
| $5 to $28 | 4,641,563 | 1.21 | 13.84 | 3,295,557 | 1.52 | 8.89 |

***Restricted Stock Awards***

The table below summarizes unvested restricted stock awards for the years ended December 31, 2014, 2013 and 2012:

| | 2014 | | 2013 | | 2012 | |
|---|---|---|---|---|---|---|
| | Shares | Weighted-average grant date fair value | Shares | Weighted-average grant date fair value | Shares | Weighted-average grant date fair value |
| Unvested at January 1 | 5,838,290 | $ 9.71 | 4,656,396 | $ 9.55 | 4,700,134 | $ 9.90 |
| Granted | 4,361,560 | 12.45 | 3,614,397 | 9.61 | 1,853,405 | 8.45 |
| Vested | (1,884,731) | 10.08 | (2,100,456) | 9.07 | (1,672,966) | 9.33 |
| Forfeited | (514,465) | 10.20 | (332,047) | 10.51 | (224,177) | 10.46 |
| Unvested at December 31 | 7,800,654 | $ 11.11 | 5,838,290 | $ 9.71 | 4,656,396 | $ 9.55 |

The total fair value of restricted stock that vested during the years ended December 31, 2014, 2013 and 2012, was $21.6 million, $20.0 million and $13.2 million, respectively.

***Price-Vesting Units***

JCG granted 249,100 price-vesting units to its Chief Executive Officer on December 30, 2011, totaling $1.2 million. These price-vesting units comprise two tranches of $0.6 million each. The first tranche is subject to a stock price hurdle representing a 27% premium over the $6.31 closing price of the Company's common stock on the date of grant, and the second tranche is subject to a stock price hurdle representing a 58% premium over the same closing price. Both tranches vest ratably over a four-year service period. To achieve each price hurdle, the Company's common stock must close at or above the prescribed price for 20 consecutive trading days at any time during the service period of the award. The units only vest if both the price hurdle and the service conditions are met. The stock price hurdle associated with the first tranche was achieved in 2012 and 29,400 units vested in 2012, 2013 and 2014. The stock price hurdle associated with the second tranche was achieved in December 2013 and 65,750 units vested in 2013 and 32,875 units vested in 2014. The price-vesting units award is required to be amortized using the graded-vesting method due to the underlying market conditions as represented by the stock price hurdles. In addition, the expense will be recognized irrespective of achieving the price hurdles provided service conditions are satisfied.

JCG granted 89,933 price-vesting units to its Chief Executive Officer on December 31, 2013, totaling $1.2 million. These price-vesting units may or may not vest, in whole or in part, three years after the date of grant, depending on JCG's three-year operating profit margin performance during the vesting period. If JCG's three-year operating margin performance is less than or equal to 27%, none of the shares will vest. Alternatively, if JCG's three-year operating margin performance equals 31%, 100% of the shares will vest. If JCG's three-year operating margin performance is greater than or equal to 35%, 200% of the shares will vest. All intermediate amounts between 27%, 31% and 35% will be interpolated on a straight-line basis.

JCG granted 76,682 price-vesting units to its Chief Executive Officer on December 31, 2014, totaling $2.2 million. These price-vesting units may or may not vest, in whole or in part, three years after the date of grant, depending on JCG's three-year operating profit margin performance during the vesting period. If JCG's three-year operating margin performance is less than or equal to 24%, none of the shares will vest. Alternatively, if JCG's three-year operating margin performance equals 28%, 100% of the shares will vest. If JCG's three-year operating margin performance is greater than or equal to 32%, 200% of the shares will vest. All intermediate amounts between 24%, 28% and 32% will be interpolated on a straight-line basis.

***Mutual Fund Share Awards***

During 2014, 2013 and 2012, JCG granted employees $22.7 million, $38.1 million and $39.8 million, respectively, in awards that are indexed to certain mutual funds managed by the Company. The 2013 grant includes $16.0 million of performance-based mutual fund share awards. The performance-based mutual fund share awards vest five years after the grant date if certain performance fee criteria are achieved. Upon vesting, participants receive the value of the award adjusted for gains or losses attributable to the mutual funds to which the award was indexed, subject to tax withholding.

At December 31, 2014, the cost basis of unvested awards totaled $71.0 million.

***Perkins Senior Profits Interests Awards***

On December 31, 2008, Perkins granted senior profits interests awards designed to retain and incentivize key employees to grow the business. These awards vested on the fifth anniversary of grant and were entitled to a total of 5% of Perkins' annual taxable income. These awards had a formula-driven terminal value based on revenue and relative investment performance of products managed by Perkins. Participants carried a put right that would require JCG to terminate the awards in exchange for the then-applicable formula price on December 31, 2014, the sixth anniversary of grant. The value of the put right at December 31, 2014 was $5.9 million. On January 27, 2015, participants exercised their right to put the senior profits interests awards to JCG. The Company settled the awards with a $5.9 million cash payment to participants on February 13, 2015.

On November 18, 2013, Perkins granted additional senior profits interests awards which fully vest on December 31, 2018 and are entitled to a total of 10% of Perkins' annual taxable income. The entitlement to a percentage of Perkins' annual taxable income over the vesting period is tiered and starts at 2% in 2015 and increases 2% each year thereafter until reaching 10% after fully vesting on December 31, 2018. In addition, these awards have a formula-driven terminal value based on Perkins' revenue. JCG can call and terminate any or all of the awards on December 31, 2018, and each year thereafter. Holders of such interests can require JCG to purchase the interests in exchange for the then-applicable formula price on December 31, 2018. The senior profits interests are also subject to termination at premiums or discounts to the formula at the option of JCG or certain employees, as applicable, upon certain corporate or employment-related events affecting Perkins or certain employees. As of December 31, 2014, the formula driven value was zero and there was no liability on JCG's Consolidated Balance Sheets associated with the Perkins senior profits interests awards granted in 2013.

***INTECH Long-Term Incentive Awards***

In October 2014, INTECH granted new long-term incentive awards to retain and incentivize employees. The new awards consist of appreciation rights, profits interests and phantom interests and are designed to give recipients an equity-like stake in INTECH. Combined, the new awards represent an approximate 12% economic stake in INTECH's pre-incentive profits and replace a portion of the prior discretionary bonus pool.

The appreciation rights have a grant date fair value of $23.2 million, which will be amortized on a straight-line basis over the 10-year vesting schedule, and are exercisable upon termination of employment from INTECH and to the extent vested. Upon exercise, the appreciation rights are settled in INTECH equity. The fair value of the appreciation rights was estimated using the Black-Scholes option pricing model with the following assumptions:

| Assumptions: | |
|---|---|
| Dividend yield | 1.98% |
| Expected volatility | 34% |
| Risk-free interest rate | 2.53% |
| Expected life | 12 years |

The dividend yield and expected volatility were determined using historical data from publicly traded peers. The risk-free interest rate is based on the 10-year U.S. Treasury note at the time of the grant. The expected life of the appreciation rights was estimated based upon the assumption that recipients terminate upon vesting and exercise 20% of their rights each year over the following five years.

INTECH profits interests and phantom interests entitle holders to periodic distributions of a portion of INTECH operating income. Distributions are made during employment and, for profits interests, post-employment for up to 10 years. Phantom interests are entitled to a one-time distribution at termination of employment. Compensation expense for post-employment distributions is based upon the present value of expected future distributions and will be recognized pro rata over the 10-year vesting schedule for profits interests and five years for phantom interests. The present value of these payments was determined using a 2% discount rate, which represents the interest rate on a 20-year U.S. Treasury note. As of December 31, 2014, the total undiscounted estimated post-employment payments for profits interests and phantom interests is $38.0 million (the majority will not be paid until 10 to 20 years after the grant date). The estimated post-employment payments will be evaluated and adjusted quarterly, as necessary, with changes recorded in results of operations.

***Long-Term Incentive Stock Plans***

On May 10, 2005, JCG shareholders approved the 2005 Long-Term Incentive Stock Plan ("2005 Plan"), which allowed the Board of Directors to grant up to 15.0 million shares of equity-based awards, including stock options and restricted stock. Subsequent to the 2015 annual grant in January, 3.3 million shares of stock options and less than 0.1 million shares of restricted stock are available to be granted under the 2005 Plan. On April 29, 2010, JCG shareholders approved the 2010 Long-Term Incentive Stock Plan ("2010 Plan"), which allows JCG to grant up to 4.4 million shares of equity-based awards, including stock options and restricted stock. On April 26, 2012, JCG shareholders approved an amendment to the 2010 Plan to increase the number of shares available to grant by 9.0 million shares for a total of 13.4 million shares of equity-based awards available to grant under the 2010 Plan. Subsequent to the 2015 annual grant in January, approximately 0.2 million shares of equity-based awards are available to be granted under the 2010 Plan.

JCG also has a 2012 Employment Inducement Award Plan ("EIA Plan") with 0.8 million shares of equity-based awards available to be granted as of December 31, 2014. The EIA Plan is not a shareholder-approved plan.

**Note 12 — Employee Benefit Plans**

Substantially all full-time employees of JCG are eligible to participate in a company-sponsored 401(k), Employee Stock Ownership Plan ("ESOP") and profit-sharing plan (collectively, the "401(k) Plan"). During the year ended December 31, 2014, JCG matched a maximum of 4% of employee eligible compensation in the 401(k) Plan. During the years ended December 31, 2013 and 2012, JCG matched a maximum of 3% of employee eligible compensation in the 401(k) Plan. Eligible employees with Janus before January 1, 2014 vest immediately in company-matched 401(k) contributions while employees who started employment after January 1, 2014 vest ratably over five years. Contributions to the ESOP and the profit-sharing components of the 401(k) Plan are made at the discretion of the Board of Directors' Compensation Committee. There were no contributions made to the ESOP and profit-sharing plans for 2014, 2013 or 2012. Participants vest ratably in the ESOP and profit-sharing contributions over a five-year period. Expenses related to the 401(k) Plan, and equivalent plans internationally, were $6.3 million, $4.7 million and $4.1 million in 2014, 2013 and 2012, respectively.

The Company also maintains deferred compensation plans for certain highly compensated employees and members of its Board of Directors. At December 31, 2014 and 2013, the fair value of investments related to deferred compensation plans totaled $13.0 million and $14.9 million, respectively. See Note 2 — Summary of Significant Accounting Policies for a further discussion of the Company's deferred compensation plans.

**Note 13 — Accumulated Other Comprehensive Loss**

Changes in accumulated other comprehensive loss, net of tax, for the years ended December 31, 2014 and 2013, are as follows (in millions):

| | Year ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2014 | | | 2013 | | |
| | Available-for-sale securities | Foreign currency | Total | Available-for-sale securities | Foreign currency | Total |
| Beginning balance | $ 1.2 | $ (2.3) | $ (1.1) | $ 1.4 | $ (0.8) | $ 0.6 |
| Other comprehensive income before reclassification | 1.9 | — | 1.9 | 0.1 | — | 0.1 |
| Amounts reclassified from accumulated other comprehensive loss to: | | | | | | |
| Investment gains (losses), net | (2.2) | — | (2.2) | (0.3) | — | (0.3) |
| Other income, net | — | — | — | — | (1.5) | (1.5) |
| Total other comprehensive income (loss), net of tax | (0.3) | — | (0.3) | (0.2) | (1.5) | (1.7) |
| Ending balance | $ 0.9 | $ (2.3) | $ (1.4) | $ 1.2 | $ (2.3) | $ (1.1) |

The components of other comprehensive income (loss), net of tax for the years ended December 31, 2014, 2013 and 2012, are as follows (in millions):

| Year ended December 31, 2014 | Pre-tax amount | Tax (expense) benefit | Net amount |
|---|---|---|---|
| Net unrealized gain on available-for-sale securities | $ 3.0 | $ (1.1) | $ 1.9 |
| Reclassification for items included in net income | (3.5) | 1.3 | (2.2) |
| Total other comprehensive loss | $ (0.5) | $ 0.2 | $ (0.3) |

| Year ended December 31, 2013 | Pre-tax amount | Tax (expense) benefit | Net amount |
|---|---|---|---|
| Net unrealized gain on available-for-sale securities | $ 0.2 | $ (0.1) | $ 0.1 |
| Reclassification for items included in net income | (2.9) | 1.1 | (1.8) |
| Total other comprehensive loss | $ (2.7) | $ 1.0 | $ (1.7) |

| Year ended December 31, 2012 | Pre-tax amount | Tax (expense) benefit | Net amount |
|---|---|---|---|
| Net unrealized gain on available-for-sale securities | $ 1.0 | $ (0.4) | $ 0.6 |
| Reclassification for items included in net income | 0.1 | — | 0.1 |
| Foreign currency gain | 0.7 | (0.3) | 0.4 |
| Total other comprehensive income | $ 1.8 | $ (0.7) | $ 1.1 |

**Note 14 — Earnings Per Share**

The following is a summary of the earnings per share calculation for the years ended December 31, 2014, 2013 and 2012 (in millions, except per share data):

| | Year ended December 31, | | |
|---|---|---|---|
| | 2014 | 2013 | 2012 |
| Net income attributable to JCG | $ 154.4 | $ 114.7 | $ 102.3 |
| Less: Allocation of earnings to participating restricted stock awards | 5.1 | — | — |
| Net income attributable to JCG common shareholders | $ 149.3 | $ 114.7 | $ 102.3 |
| **Basic earnings per share attributable to JCG common shareholders:** | | | |
| Weighted-average common shares outstanding | 182.2 | 184.6 | 183.7 |
| Basic earnings per share | $ 0.82 | $ 0.62 | $ 0.56 |
| **Diluted earnings per share attributable to JCG common shareholders:** | | | |
| Weighted-average common shares outstanding | 182.2 | 184.6 | 183.7 |
| Incremental common shares | 2.7 | 1.3 | 1.4 |
| Weighted-average diluted common shares outstanding | 184.9 | 185.9 | 185.1 |
| Diluted earnings per share | $ 0.81 | $ 0.62 | $ 0.55 |

Incremental common shares include the dilutive effect of stock options, unvested nonparticipating restricted stock awards, the 2018 Convertible Notes, warrants and price-vesting units using the two-class method of calculating earnings per share.

The following stock options, unvested nonparticipating restricted stock and price-vesting units are anti-dilutive and have not been included in the weighted-average diluted shares outstanding calculation (in millions):

| | Year ended December 31, | | |
|---|---|---|---|
| | 2014 | 2013 | 2012 |
| Employee stock options | 1.5 | 7.0 | 9.5 |
| Other stock options | — | — | 14.0 |
| Unvested nonparticipating restricted stock and price-vesting units | 0.4 | 1.2 | 1.6 |

All shares held in the JCG ESOP are treated as outstanding for purposes of computing basic earnings per share.

**Note 15 — Commitments and Contingencies**

***Operating and Capital Leases***

JCG rents office space and equipment under the terms of various operating lease agreements. As of December 31, 2014, future minimum rental commitments under non-cancelable operating and capital leases are as follows (in millions):

| Year ended December 31, | Amount |
|---|---|
| 2015 | $ 16.9 |
| 2016 | 15.2 |
| 2017 | 14.3 |
| 2018 | 13.2 |
| 2019 | 11.2 |
| Thereafter | 52.6 |
| Total | $ 123.4 |

Rent expense was $17.0 million, $16.5 million and $15.6 million for the years ended December 31, 2014, 2013 and 2012, respectively.

JCG's capital lease obligations represent leased computer equipment. The carrying value of the obligations at December 31, 2014 and 2013, totaled $0.8 million and $1.9 million, respectively, and is included in other accrued liabilities and other non-current liabilities on JCG's Consolidated Balance Sheets. The related lease terms extend through 2017.

***Litigation and Other Regulatory Matters***

JCG is periodically involved in various legal proceedings and other regulatory matters. At December 31, 2014, JCG had a $0.4 million litigation accrual for all pending litigation matters. Possible losses in addition to this amount cannot be currently estimated, and as such, no additional accruals have been made. Although there can be no assurances, based on information currently available, management believes that it is probable that the ultimate outcome of matters that are pending or threatened will not have a material effect on JCG's consolidated financial condition.

***Investment Management Contracts***

Most of JCG's revenues are derived pursuant to investment advisory agreements with its investment advisory clients. Investment advisory agreements with mutual funds may be terminated by either party with notice, or terminated in the event of an "assignment" (as defined in the Investment

Company Act of 1940 as amended (the "1940 Act")), and must be approved and renewed annually by the disinterested members of each fund's trustees, or its shareowners, as required by law. Generally, any change in control of JCG would constitute an assignment under the 1940 Act. In addition, a mutual fund's trustees or directors may terminate these investment advisory agreements upon written notice for any reason.

**Note 16 — Related Party Transactions**

JCG earns fees from the various registered investment companies for which it acts as investment adviser. Accounts receivable include amounts due from these investment companies. The table below presents this related party activity for the years ended and as of December 31, 2014, 2013 and 2012 (in millions):

| | Year ended December 31, | | |
|---|---|---|---|
| | 2014 | 2013 | 2012 |
| Investment management, performance and shareowner servicing fees | $ 762.1 | $ 696.9 | $ 670.7 |
| 12b-1 plan fees earned [1] | $ 5.0 | $ 6.3 | $ 6.5 |

| | As of December 31, | | |
|---|---|---|---|
| | 2014 | 2013 | 2012 |
| Accounts receivable from registered investment companies | $ 76.9 | $ 59.3 | $ 54.3 |

(1) The annual marketing or distribution fee on a mutual fund.

The Dai-ichi Life Insurance Company ("Dai-ichi Life") is a significant shareholder of the Company. Investment management fees earned from Dai-ichi Life and its affiliates for the years ended December 31, 2014, 2013 and 2012, were $14.7 million, $8.9 million and $3.7 million, respectively.

**Note 17 — Shareholder Rights Plan**

JCG does not currently have a Shareholder Rights Plan ("Rights Plan") in place as JCG's Board of Directors let the previous Rights Plan expire by its terms in June 2010. The Board of Directors reserves the right to implement a new Rights Plan at any time.

**Note 18 — Segment and Geographic Information**

Although we manage and distribute a wide range of investment products and services, the Company's management directs JCG's operations as one business, the investment management business, and thus operates in one business segment.

The following summary provides information concerning JCG's principal geographic areas for the years ended and as of December 31, 2014, 2013 and 2012 (in millions):

| | Year ended December 31, | | |
|---|---|---|---|
| **Revenues** | 2014 | 2013 | 2012 |
| United States | $ 827.7 | $ 768.6 | $ 751.7 |
| International | 125.5 | 105.3 | 98.3 |
| Total | $ 953.2 | $ 873.9 | $ 850.0 |

| Long-lived assets | As of December 31, 2014 | 2013 | 2012 |
|---|---|---|---|
| United States | $ 1,736.5 | $ 1,710.8 | $ 1,725.7 |
| International | 4.6 | 4.8 | 4.8 |
| Total | $ 1,741.1 | $ 1,715.6 | $ 1,730.5 |

International revenues and assets are attributed to countries based on the location in which revenues are earned, primarily the United Kingdom.

**Note 19 — Selected Quarterly Financial Data (Unaudited)**

| (in millions, except per share amounts) | 2014 First quarter | Second quarter | Third quarter | Fourth quarter | Full year |
|---|---|---|---|---|---|
| Total revenue | $ 230.2 | $ 231.2 | $ 237.0 | $ 254.8 | $ 953.2 |
| Operating income | 66.9 | 70.7 | 71.6 | 80.5 | 289.7 |
| Net income | 31.1 | 36.9 | 40.6 | 46.8 | 155.4 |
| Noncontrolling interests | (0.6) | (0.6) | 0.3 | (0.1) | (1.0) |
| Net income attributable to JCG | 30.5 | 36.3 | 40.9 | 46.7 | 154.4 |
| Basic earnings per share attributable to JCG common shareholders | $ 0.16 | $ 0.19 | $ 0.22 | $ 0.25 | $ 0.82 |
| Diluted earnings per share attributable to JCG common shareholders | $ 0.16 | $ 0.19 | $ 0.22 | $ 0.24 | $ 0.81 |

| (in millions, except per share amounts) | 2013 First quarter | Second quarter | Third quarter | Fourth quarter | Full year |
|---|---|---|---|---|---|
| Total revenue | $ 214.2 | $ 215.8 | $ 217.7 | $ 226.2 | $ 873.9 |
| Operating income | 54.7 | 58.4 | 59.0 | 67.0 | 239.1 |
| Net income | 29.7 | 16.8 | 35.6 | 40.1 | 122.2 |
| Noncontrolling interests | (1.7) | (1.0) | (3.0) | (1.8) | (7.5) |
| Net income attributable to JCG | 28.0 | 15.8 | 32.6 | 38.3 | 114.7 |
| Basic earnings per share attributable to JCG common shareholders | $ 0.15 | $ 0.09 | $ 0.18 | $ 0.21 | $ 0.62 |
| Diluted earnings per share attributable to JCG common shareholders | $ 0.15 | $ 0.08 | $ 0.17 | $ 0.21 | $ 0.62 |

### Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

### Item 9A. Controls and Procedures

#### Evaluation of Controls and Procedures

As of December 31, 2014, JCG's management evaluated the effectiveness of the design and operation of its disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Disclosure controls and procedures are designed by the Company to seek to ensure that it records, processes, summarizes and reports in a timely manner the information it must disclose in reports that it files with or submits to the U.S. Securities and Exchange Commission. Richard M. Weil, Chief Executive Officer, and Jennifer J. McPeek, Executive Vice President and Chief Financial Officer, reviewed and participated in management's evaluation of the disclosure controls and procedures. Based on this evaluation, Mr. Weil and Ms. McPeek concluded that as of the date of their evaluation, JCG's disclosure controls and procedures were effective.

There has been no change in JCG's internal controls over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fourth quarter 2014 that has materially affected, or is reasonably likely to materially affect, JCG's internal controls over financial reporting.

JCG's Management Report on Internal Control over Financial Reporting and Deloitte & Touche LLP's Report of Independent Registered Public Accounting Firm, which contains its attestation on JCG's internal control over financial reporting, are incorporated by reference from Part II, Item 8, Financial Statements and Supplementary Data, of this Annual Report on Form 10-K.

### Item 9B. Other Information

None.

## PART III

### Items 10, 11, 12, 13 and 14

The Company's Proxy Statement for its 2015 Annual Meeting of Stockholders, which, when filed pursuant to Regulation 14A under the Securities Exchange Act of 1934, will be incorporated by reference in this Annual Report on Form 10-K pursuant to General Instruction G(3) of Form 10-K, provides the information required under Part III (Items 10, 11, 12, 13 and 14).

## PART IV

### ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

#### (a) List of Documents Filed as Part of This Report

*(1) Financial Statements*

The financial statements and related notes, together with the report of Deloitte & Touche LLP dated February 24, 2015, appear in Part II, Item 8, Financial Statements and Supplementary Data, of this Annual Report on Form 10-K.

*(2) Financial Statement Schedules*

The schedules and exhibits for which provision is made in the applicable accounting regulation of the U.S. Securities and Exchange Commission appear in Part II, Item 8, Financial Statements and Supplementary Data, under the Index to Financial Statements of this Annual Report on Form 10-K.

*(3) List of Exhibits*

**(b) Exhibits**

The Company has incorporated by reference herein certain exhibits as specified below pursuant to Rule 12b-32 under the Exchange Act.

*(3) Articles of Incorporation and Bylaws*

| | |
|---|---|
| 3.1.1 | Delaware Certificate of Incorporation as Amended and Restated on June 14, 2000, is hereby incorporated by reference from Exhibit 3.1.1 to JCG's Registration Statement on Form 10 declared effective on June 15, 2000 (File No. 001-15253) |
| 3.1.2 | Certificate of Designation dated June 15, 2000, establishing Series A Preferred Stock, is hereby incorporated by reference from Exhibit 3.1.2 to JCG's Registration Statement on Form 10 declared effective on June 15, 2000 (File No. 001-15253) |
| 3.1.3 | Certificate of Amendment of the Amended and Restated Certificate of Incorporation of Janus Capital Group Inc. is hereby incorporated by reference from Exhibit 3.1 to JCG's Current Report on Form 8-K, dated May 18, 2012 (File No. 001-15253) |
| 3.2 | Bylaws of Janus Capital Group Inc. as Amended and Restated on October 21, 2008, is hereby incorporated by reference from Exhibit 3.1 to JCG's Form 10-Q for the quarterly period ended September 30, 2008 (File No. 001-15253) |
| 3.2.1 | First Amendment to the Amended and Restated Bylaws of Janus Capital Group Inc. is hereby incorporated by reference from Exhibit 3.2 to JCG's Current Report on Form 8-K, dated May 18, 2012 (File No. 001-15253) |
| 3.3 | Certificate of Ownership and Merger, merging Janus Capital Corporation with and into Stilwell Financial Inc., is hereby incorporated by reference from Exhibit 3.1 to JCG's Registration Statement on Form S-4 declared effective on February 11, 2003 (File No. 333-102783) |

*(4) Instruments Defining the Rights of Security Holders, Including Indentures*

| | |
|---|---|
| 4.1 | Form of Certificate representing Common Stock is hereby incorporated by reference from Exhibit 4.1 to JCG's Registration Statement on Form 10 declared effective on June 15, 2000 (File No. 001-15253) |
| 4.2 | Article FOURTH, Article FIFTH, Article SIXTH, Article SEVENTH and Article ELEVENTH of Exhibit 3.1.1 above are hereby incorporated by reference |
| 4.3 | Article II; Article III, Section 2; and Article V of Exhibit 3.2 above are hereby incorporated by reference |
| 4.5 | Indenture dated as of November 6, 2001 (2001 Indenture), between Janus Capital Group Inc. and The Bank of New York Trust Company N.A. (as successor to The Chase Manhattan Bank), is hereby incorporated by reference from Exhibit 4.1 to JCG's Current Report on Form 8-K, dated November 6, 2001 (File No. 001-15253) |

| | |
|---|---|
| 4.5.1 | First Supplemental Indenture to the 2001 Indenture, dated as of June 14, 2007, between the Company and The Bank of New York Trust Company, N.A. (as successor to the Chase Manhattan Bank), is hereby incorporated by reference from Exhibit 4.5 to JCG's Current Report on Form 8-K, dated June 14, 2007 (File No. 001-15253) |
| 4.5.2 | Second Supplemental Indenture to the 2001 Indenture, dated July 21, 2009, between Janus Capital Group Inc. and The Bank of New York Mellon Trust Company, N.A., is hereby incorporated by reference from Exhibit 4.2 to JCG's Current Report on Form 8-K, dated July 23, 2009 (File No. 001-15253) |
| 4.5.3 | Officers' Certificate pursuant to the 2001 Indenture (as per Exhibit 4.5.1 above) is hereby incorporated by reference from Exhibit 4.2 to JCG's Current Report on Form 8-K, dated November 6, 2001 (File No. 001-15253) |
| 4.5.4 | Third Supplemental Indenture to the 2001 Indenture, dated June 19, 2013, between Janus Capital Group Inc. and The Bank of New York Mellon Trust Company N.A., is hereby incorporated by reference from Exhibit 4.5.4 to JCG's Annual Report on Form 10-K for the year ended December 31, 2013 (File No. 001-15253) |
| 4.6 | Form of 3.25% Convertible Senior Notes due 2014, is hereby incorporated by reference from Exhibit 4.3 to JCG's Current Report on Form 8-K, dated July 23, 2009 (File No. 001-15253) |
| 4.8 | 6.700% Senior Notes Due 2017 Prospectus Supplement (to Prospectus dated June 5, 2007) is hereby incorporated by reference from Form 424B5, filed June 11, 2007 (File No. 333-143510) |
| 4.9 | First Supplemental Indenture to the 2004 Indenture, dated as of June 14, 2007, between the Company and The Bank of New York Trust Company, N.A. (as successor to JPMorgan Chase Bank), is hereby incorporated by reference from Exhibit 4.6 to JCG's Current Report on Form 8-K, dated June 14, 2007 (File No. 001-15253) |
| 4.9.1 | Officers' Certificate pursuant to the Indenture establishing the terms of the 2017 Senior Notes (as per Exhibit 4.8 above) is hereby incorporated by reference from Exhibit 4.2 to JCG's Current Report on Form 8-K, dated June 14, 2007 (File No. 001-15253) |
| 4.10 | 0.75% Convertible Senior Notes due 2018, is hereby incorporated by reference from Exhibit 4.10.1 to JCG's Annual Report on Form 10-K for the year ended December 31, 2013 (File No. 001-15253) |
| 4.10.1 | Officers' Certificate pursuant to the Indenture establishing the terms of the 2018 Notes (as per Exhibit 4.10 above) is hereby incorporated by reference from Exhibit 4.10.1 to JCG's Annual Report on Form 10-K for the year ended December 31, 2013 (File No. 001-15253) |
| | *(10) Material Contracts* |
| 10.1 | Representative Director Indemnification Agreement is hereby incorporated by reference from Exhibit 10.1 to JCG's Registration Statement on Form 10 declared effective on June 15, 2000 (File No. 001-15253) |
| 10.2 | $200 million Five-Year Unsecured Revolving Credit Facility Agreement, dated as of November 25, 2013, among Janus Capital Group Inc., the lenders party thereto, JPMorgan Chase Bank, N.A., as administrative agent, and Wells Fargo Bank, National Association as syndication agent, is hereby incorporated by reference from Exhibit 10.2 to JCG's Annual Report on Form 10-K for the year ended December 31, 2013 (File No. 001-15253) |

| | |
|---|---|
| 10.3 | Amended and Restated Limited Liability Company Agreement of Janus Capital Management LLC, dated as of March 13, 2002, is hereby incorporated by reference to JCG's Annual Report on Form 10-K for the year ended December 31, 2002 (File No. 001-15253) |
| 10.4 | Janus Capital Group Inc. Amended and Restated 2004 Employment Inducement Award Plan, effective as of January 22, 2008, is hereby incorporated by reference from Exhibit 10.2 to JCG's Form 10-Q for the quarterly period ended September 30, 2008 (File No. 001-15253)* |
| 10.5 | Janus Capital Group Inc. 2012 Employment Inducement Award Plan, effective as of January 24, 2012, and amended and restated effective November 28, 2014 is hereby incorporated by reference from Exhibit 4.1 to JCG's Form S-8 filed on December 1, 2014 (File No. 333-200662)* |
| 10.6 | Janus Capital Group Inc. Second Amended and Restated Mutual Fund Share Investment Plan, effective July 22, 2013, is hereby incorporated by reference from Exhibit 10.9.1 to JCG's Annual Report on Form 10-K for the year ended December 31, 2013 (File No. 001-15253) |
| 10.7 | Janus Capital Group Inc. Management Incentive Compensation Plan, effective January 1, 2013, is hereby incorporated by reference from Appendix A to JCG's 2013 Proxy Statement on Schedule 14A (File No. 001-15253)* |
| 10.8 | Janus Capital Group Inc. 401(k) and Employee Stock Ownership Plan ("Janus 401(k) Plan"), as amended and restated effective January 1, 2014, is attached to this Form 10-K as Exhibit 10.8 |
| 10.9 | Amendment No. 1 to Janus 401(k) Plan, effective January 1, 2014, is attached to this Form 10-K as Exhibit 10.9 |
| 10.10 | Janus Capital Group Inc. Amended and Restated Income Deferral Program, effective as of January 22, 2008, is hereby incorporated by reference from Exhibit 10.1 to JCG's Form 10-Q for the quarterly period ended September 30, 2008 (File No. 001-15253)* |
| 10.11 | Amendment No. 1 to the Janus Capital Group Inc. Amended and Restated Income Deferral Program, effective July 19, 2010, is hereby incorporated by reference from Exhibit 10.4 to JCG's 10-Q for the quarterly period ended June 30, 2010 (File No. 001-15253)* |
| 10.12 | Janus Capital Group Inc. Amended and Restated Directors' Deferred Fee Plan, effective as of October 20, 2008, is hereby incorporated by reference from Exhibit 10.3 to JCG's Form 10-Q for the quarterly period ended September 30, 2008 (File No. 001-15253)* |
| 10.12.1 | Amendment to Amended and Restated Directors' Deferred Fee Plan, effective as of December 19, 2013, is hereby incorporated by reference from Exhibit 10.15.1 to JCG's Annual Report on Form 10-K for the year ended December 31, 2013 (File No. 001-15253)* |
| 10.13.1 | Form of Long-Term Incentive Acceptance Form with Appendix A (Restricted Stock), Appendix B (Stock Options) and Appendix C (Mutual Fund Units), effective for awards granted to executive officers in 2009, is hereby incorporated by reference from Exhibit 10.17.2 to JCG's Annual Report on Form 10-K for the year ended December 31, 2008 (File No. 001-15253)* |

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| 10.13.2 | Form of Long-Term Incentive Acceptance Form with Appendix A (Restricted Stock), Appendix B (Stock Options) and Appendix C (Mutual Fund Units), effective for awards granted to executive officers in 2010, is hereby incorporated by reference from Exhibit 10.17.3 to JCG's Annual Report on Form 10-K for the year ended December 31, 2009 (File No. 001-15253)* |
| 10.13.3 | Form of Long-Term Incentive Acceptance Form for Restricted Stock and Mutual Fund Units, effective for awards granted to executive officers in 2011, is hereby incorporated by reference from Exhibit 10.7.5 to JCG's Annual Report on Form 10-K for the year ended December 31, 2010 (File No. 001-15253)* |
| 10.13.4 | Form of Long-Term Incentive Acceptance Form for Stock Options, Restricted Stock and Mutual Fund Units, effective for awards granted to executive officers in 2012, is hereby incorporated by reference from Exhibit 10.16.4 to JCG's Annual Report on Form 10-K for the year ended December 31, 2011 (File No. 001-15253)* |
| 10.13.5 | Form of Long-Term Incentive Acceptance Form for Restricted Stock, Stock Options and Mutual Fund Units, effective for awards granted to executive officers in 2013, is hereby incorporated by reference from Exhibit 10.16.5 to JCG's Annual Report on Form 10-K for the year ended December 31, 2012 (File No. 001-15253)* |
| 10.13.6 | Form of Performance Share Unit Award, effective for awards granted to the Company's Chief Executive Officer in 2013, is hereby incorporated by reference from Exhibit 10.16.7 to JCG's Annual Report on Form 10-K for the year ended December 31, 2013 (File No. 001-15253)* |
| 10.13.7 | Form of Performance Share Unit Award, effective for awards granted to the Company's Chief Executive Officer in 2014, is attached to this Form 10-K as Exhibit 10.13.7* |
| 10.14 | Amended and Restated Janus Capital Group Inc. 2005 Long-Term Incentive Stock Plan, effective January 22, 2008, is hereby incorporated by reference from Exhibit 10.2 to JCG's Annual Report on Form 10-K for the year ended December 31, 2007 (File No. 001-15253)* |
| 10.15. | Janus Capital Group Inc. Amended and Restated 2010 Long-Term Incentive Stock Plan, effective July 22, 2013, is hereby incorporated by reference from Exhibit 10.18.3 to JCG's Annual Report on Form 10-K for the year ended December 31, 2013 (File No. 001-15253)* |
| 10.16 | Change in Control Agreement by and between Janus Capital Group Inc. and Richard M. Weil, dated February 1, 2010, is hereby incorporated by reference from Exhibit 10.2 to JCG's Form 8-K, dated February 4, 2010 (File No. 001-15253)* |
| 10.17 | Summary of Janus Capital Group Inc. Outside Director Compensation Program effective May 1, 2013, is hereby incorporated by reference from Exhibit 10.27 to JCG's Annual Report on Form 10-K for the year ended December 31, 2013 (File No. 001-15253)* |
| 10.18 | Offer letter for Richard M. Weil dated January 6, 2010, is hereby incorporated by reference from Exhibit 10.30 to JCG's Annual Report on Form 10-K for the year ended December 31, 2009 (File No. 001-15253)* |
| 10.19 | Janus Capital Variable Compensation Program, dated January 1, 2013, is attached to this Form 10-K as Exhibit 10.19* |

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| 10.20 | Investment and Strategic Cooperation Agreement by and between Janus Capital Group Inc. and The Dai-Ichi Life Insurance Company, Limited, dated August 10, 2012, is hereby incorporated by reference from Exhibit 10.1 to JCG's Current Report on Form 8-K, dated August 10, 2012 (File No. 001-15253) |
| 10.20.1 | Option Agreement, by and between Janus Capital Group Inc. and The Dai-Ichi Life Insurance Company, Limited, dated August 10, 2012, is hereby incorporated by reference from Exhibit 10.2 to JCG's Current Report on Form 8-K, dated August 10, 2012 (File No. 001-15253) |
| | *Compensatory plan or agreement. |
| | *(12) Statements Re: Computation of Ratios* |
| 12.1 | The Computation of Ratio of Earnings to Fixed Charges prepared pursuant to Item 601 (b)(12) of Regulation S-K is attached to this Annual Report on Form 10-K as Exhibit 12.1 |
| | *(21) Subsidiaries of the Company* |
| 21.1 | The List of the Subsidiaries of the Company prepared pursuant to Item 601(b)(21) of Regulation S-K is attached to this Annual Report on Form 10-K as Exhibit 21.1 |
| | *(23) Consents of Experts and Counsel* |
| 23.1 | The Consent of Independent Registered Public Accounting Firm prepared pursuant to Item 601(b)(23) of Regulation S-K is attached to this Annual Report on Form 10-K as Exhibit 23.1 |
| | *(31) Rule 13a-14(a)/15d-14(a) Certifications* |
| 31.1 | Certification of Richard M. Weil, Chief Executive Officer of Registrant |
| 31.2 | Certification of Jennifer J. McPeek, Executive Vice President and Chief Financial Officer of Registrant |
| | *(32) Section 1350 Certificates* |
| 32.1 | Certification of Richard M. Weil, Chief Executive Officer of Registrant, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| 32.2 | Certification of Jennifer J. McPeek, Executive Vice President and Chief Financial Officer of Registrant, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| | *(100) XBRL Exhibits* |
| 101.INS | XBRL Insurance Document |
| 101.SCH | XBRL Taxonomy Extension Schema Document |
| 101.CAL | XBRL Taxonomy Extension Calculation Linkbase Document |
| 101.DEF | XBRL Taxonomy Extension Definition Linkbase Document |
| 101.LAB | XBRL Taxonomy Extension Label Linkbase Document |
| 101.PRE | XBRL Taxonomy Extension Presentation Linkbase Document |

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**(c) Exhibits**

**JANUS CAPITAL GROUP INC.**
**2014 FORM 10-K ANNUAL REPORT**
**INDEX TO EXHIBITS**

| Exhibit No. | Document | Regulation S-K Item 601(b) Exhibit No. |
|---|---|---|
| 10.8 | Janus Capital Group Inc. 401(k) and Employee Stock Ownership Plan ("Janus 401(k) Plan"), as amended and restated effective January 1, 2014 | 10 |
| 10.9 | Amendment No. 1 to Janus 401(k) Plan, effective January 1, 2014 | 10 |
| 10.13.7 | Form of Performance Share Unit Award, effective for awards granted to the Company's Chief Executive Officer in 2014, is attached to this Form 10-K as Exhibit 10.13.7* | 10 |
| 10.19 | Janus Capital Variable Compensation Program, dated January 1, 2013, is attached to this Form 10-K as Exhibit 10.19* | 10 |
| 12.1 | The Computation of Ratio of Earnings to Fixed Charges prepared pursuant to Item 601(b)(12) of Regulation S-K | 12 |
| 21.1 | The List of the Subsidiaries of the Company prepared pursuant to Item 601(b)(21) of Regulation S-K | 21 |
| 23.1 | The Consent of Independent Registered Public Accounting Firm — Deloitte & Touche LLP | 23 |
| 31.1 | Certification of Richard M. Weil, Chief Executive Officer of Registrant | 31 |
| 31.2 | Certification of Jennifer J. McPeek, Executive Vice President and Chief Financial Officer of Registrant | 31 |
| 32.1 | Certification of Richard M. Weil, Chief Executive Officer of Registrant, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 | 32 |
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| 101.LAB | XBRL Taxonomy Extension Label Linkbase Document | 101 |
| 101.PRE | XBRL Taxonomy Extension Presentation Linkbase Document | 101 |

## Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Janus Capital Group Inc.

By: /s/ RICHARD M. WEIL

Richard M. Weil
*Chief Executive Officer*

February 24, 2015

The officers and directors of Janus Capital Group Inc., whose signatures appear below, hereby constitute and appoint David W. Grawemeyer or Jennifer J. McPeek, and each of them (with full power to each of them to act alone), the true and lawful attorney-in-fact to sign and execute, on behalf of the undersigned, any amendment(s) to this Form 10-K Annual Report for the year ended December 31, 2014, and any instrument or document filed as part of, as an exhibit to or in connection with any amendment, and each of the undersigned does hereby ratify and confirm as his or her own act and deed all that said attorneys shall do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated on February 24, 2015.

| Signature | Title |
|---|---|
| /s/ RICHARD M. WEIL<br>Richard M. Weil | Director and Chief Executive Officer<br>(Principal Executive Officer) |
| /s/ JENNIFER J. MCPEEK<br>Jennifer J. McPeek | Executive Vice President and Chief Financial Officer<br>(Principal Financial Officer) |
| /s/ BRENNAN A. HUGHES<br>Brennan A. Hughes | Senior Vice President, Chief Accounting Officer and Treasurer<br>(Principal Accounting Officer) |
| /s/ GLENN S. SCHAFER<br>Glenn S. Schafer | Chairman of the Board |
| /s/ TIMOTHY K. ARMOUR<br>Timothy K. Armour | Director |
| /s/ G. ANDREW COX<br>G. Andrew Cox | Director |

| Signature | Title |
| --- | --- |
| /s/ JEFFREY J. DIERMEIER<br>Jeffrey J. Diermeier | Director |
| /s/ EUGENE FLOOD, JR.<br>Eugene Flood, Jr. | Director |
| /s/ J. RICHARD FREDERICKS<br>J. Richard Fredericks | Director |
| /s/ DEBORAH R. GATZEK<br>Deborah R. Gatzek | Director |
| /s/ SEIJI INAGAKI<br>Seiji Inagaki | Director |
| /s/ LAWRENCE E. KOCHARD<br>Lawrence E. Kochard | Director |

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# Section 2: EX-10.8 (EX-10.8)

**Exhibit 10.8**

JANUS 401(K) AND EMPLOYEE STOCK OWNERSHIP PLAN

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**JANUS 401(K) AND EMPLOYEE STOCK OWNERSHIP PLAN**

**BACKGROUND**

The general purpose of this Janus 401(K) and Employee Stock Ownership Plan (the "Plan") and Trust is to provide, in accordance with its provisions, a tax qualified, defined contribution plan providing retirement and related benefits for eligible employees of the Company, Janus Capital Group Inc. Among others, it is a purpose of this Plan to align the economic interests of the Company and its employees by making available to those who are eligible to participate in the Plan a tax advantaged opportunity to acquire equity in the Company through investment in the JNS Fund and to acquire shares of any or all of the retail mutual funds to which the Company is an advisor. As further described below, the Plan is a stock bonus plan, and is no longer an employee stock ownership plan within the meaning of Code Section 4975(e)(7).

<u>The Stilwell 401(k) Plan</u>

Stilwell Financial Inc. established, effective as of July 12, 2000, the Stilwell Financial Inc. 401(k) and Profit Sharing Plan ("Stilwell 401(k) Plan") for the administration and distribution of (i) amounts transferred to the Stilwell 401(k) Plan from the Kansas City Southern Industries, Inc. 401(k) Plan and the Kansas City Southern Industries, Inc. Profit Sharing Plan on behalf of current and former employees of Stilwell Financial Inc. and its subsidiaries and (ii) contributions to be made by the Participating Employers for the purpose of providing retirement benefits to eligible employees of Stilwell Financial Inc. and its subsidiaries.

Immediately prior to July 12, 2000, Stilwell Financial Inc. and its subsidiaries were members of the controlled group of corporations (within the meaning of Code Section 414(b)) that included Kansas City Southern Industries, Inc. As of July 12, 2000, all of the shares of Stilwell Financial Inc. held by Kansas City Southern Industries, Inc. were distributed to the shareholders as a spin off dividend and Stilwell Financial Inc. and its subsidiaries thereby ceased to be members of the controlled group of corporations that included Kansas City Southern Industries Inc.

Prior to July 12, 2000, eligible employees of Stilwell Financial Inc. participated in the Kansas City Southern Industries, Inc. 401(k) Plan and the Kansas City Southern Industries, Inc. Profit Sharing Plan. As of the July 12, 2000, the Kansas City Southern Industries, Inc. 401(k) Plan was split into two separate plans: (1) a 401(k) plan, together with a profit sharing plan component, providing benefits to eligible employees of Stilwell Financial Inc. and its subsidiaries, to which were transferred the assets of the Kansas City Southern Industries, Inc. 401(k) Plan and the Kansas City Southern Industries, Inc. Profit Sharing Plan allocable to employees and former employees of Stilwell Financial Inc. and its subsidiaries, and which became known as the Stilwell 401(k) Plan; and (2) a 401(k) plan providing benefits to employees of Kansas City Southern Industries Inc. and certain of its affiliates other than Stilwell Financial Inc. and its subsidiaries, and which continued to be known as the Kansas City Southern Industries, Inc. 401(k) Plan. As of July 12, 2000, Kansas City Southern Industries, Inc. also continued to maintain the Kansas City Southern Industries, Inc. Profit Sharing Plan, which continued to hold assets allocable to employees and former employees of Kansas City Southern Industries, Inc. and certain of its affiliates other than Stilwell Financial Inc. and its subsidiaries.

Effective as of July 12, 2000, employees of Stilwell Financial Inc. and its subsidiaries ceased to be eligible to continue active participation in the Kansas City Southern Industries, Inc. plans. Effective as of July 12, 2000, the Stilwell 401(k) Plan was established by Stilwell Financial Inc. as a successor to the Kansas City Southern Industries, Inc. plans to provide retirement benefits for eligible employees who continue employment with or become employed by Stilwell Financial Inc. and its subsidiaries following July 12, 2000.

Prior to January 1, 2001, Janus Capital Corporation sponsored the Janus Capital Corporation Profit Sharing Plan in which eligible employees of Janus Capital Corporation, Janus Service Corporation and Janus Capital International Limited (collectively, "Janus") participated, and Berger LLC sponsored the Berger 401(k) Profit Sharing Plan in which eligible employees participated. Effective as of January 1, 2001, the Janus Capital Corporation Profit Sharing Plan and the Berger 401(k) Profit Sharing Plan were merged into the Stilwell 401(k) Plan.

The provisions of the Stilwell 401(k) Plan, as previously amended and restated effective as of January 1, 2001, apply to an Employee who is employed by a Participating Employer on or after January 1, 2001, and to any other Employee (i) who was employed by a Participating Employer before July 12, 2000, whose Account was transferred from either of the Kansas City Southern Industries, Inc. plans to this Plan and who continues to have an Account in this Plan as of January 1, 2001, or (ii) who was employed by a Participating Employer before January 1, 2001, and whose Account was transferred from the Janus Capital Corporation Profit Sharing Plan or the Berger 401(k) Profit Sharing Plan to the Stilwell 401(k) Plan. If a Participant whose Account was transferred from either of the Kansas City Southern Industries, Inc. plans to the Stilwell 401(k) Plan as of July 12, 2000, terminated employment from his last Participating Employer prior to such date, or if a Participant whose Account is transferred from the Janus Capital Corporation Profit Sharing Plan or the Berger Plan to the Stilwell 401(k) Plan as of January 1, 2001, terminated employment from his last Participating Employer prior to January 1, 2001, the terms of this Plan, as amended and restated effective as of January 1, 2001, shall govern the maintenance and distribution of such Participant's Account on and after January 1, 2001, and the terms of this Plan shall govern the maintenance and distribution of his Account on and after November 1, 2001, but in all other respects the benefits to which such Participant is entitled shall be determined under the terms of the Kansas City Southern Industries, Inc. 401(k) Plan, Kansas City Southern Industries, Inc. Profit Sharing Plan, Janus Capital Corporation Profit Sharing Plan or Berger 401(k) Profit Sharing Plan, as applicable, as in effect on the date of the Employee's termination of employment.

The Plan was amended as of July 1, 2011 to change its name to the Janus 401(k) and Employee Stock Ownership Plan.

The Stilwell ESOP

Stilwell Financial Inc. established, effective as of October 1, 1999, the Stilwell Financial Inc. Employee Stock Ownership Plan (the "Stilwell ESOP") for the administration and distribution of (i) accounts transferred to the Plan from the Kansas City Southern Industries, Inc. Employee Stock Ownership Plan on behalf of current and former employees of Stilwell Financial Inc. and its subsidiaries, and (ii) contributions to be made by the Participating Employers that are members of the Stilwell Financial Inc. for the purpose of providing retirement benefits to eligible employees.

As of October 1, 1999, and thereafter through the period ending immediately prior to July 12, 2000, the members of the Stilwell Financial Inc. were members of the controlled group of corporations (within the meaning of Code § 414(b)) that includes Kansas City Southern Industries, Inc. As of July 12, 2000, all of the shares of Stilwell Financial Inc. held by Kansas City Southern Industries, Inc. were distributed to the shareholders of Kansas City Southern Industries, Inc. as a spin off dividend (such transaction being referred to herein as the "Spinoff") and the members of the Stilwell Group thereby ceased to be members of the controlled group of corporations that includes Kansas City Southern Industries, Inc.



Prior to October 1, 1999, eligible employees of Stilwell Financial Inc. participated in the Kansas City Southern Industries, Inc. Employee Stock Ownership Plan. As of October 1, 1999, the Kansas City Southern Industries, Inc. Employee Stock Ownership Plan was split into two separate plans: (1) an employee stock ownership plan providing benefits to eligible employees of Stilwell Financial Inc., to which were transferred the assets of the Kansas City Southern Industries, Inc. Employee Stock Ownership Plan allocable to employees and former employees of Stilwell Financial Inc., and which became known as the Stilwell ESOP; and (2) an employee stock ownership plan providing benefits to employees of Kansas City Southern Industries, Inc. and certain of its affiliates, which continued to hold the assets of the Kansas City Southern Industries, Inc. Employee Stock Ownership Plan allocable to eligible employees and former employees, and which continued to be known as the Kansas City Southern Industries, Inc. Employee Stock Ownership Plan.

Effective as of October 1, 1999, employees of the Stilwell Financial Inc. and its subsidiaries ceased to be eligible to continue active participation in the Kansas City Southern Industries, Inc. Employee Stock Ownership Plan. Effective as of October 1, 1999, the Stilwell ESOP was established by Stilwell Financial Inc. as a successor to the Kansas City Southern Industries, Inc. Employee Stock Ownership Plan to provide retirement benefits for eligible employees who continue employment with or become employed by Stilwell Financial Inc. following October 1, 1999.

As a result of the Spinoff, Participants' Accounts under the ESOP held both Kansas City Southern Industries, Inc. shares and shares of common stock of Stilwell Financial Inc. that were received as dividends with respect to such Kansas City Southern Industries, Inc. shares, and are Company Stock. Following the Spinoff, all of the Kansas City Southern Industries, Inc. shares allocated to Participants' Accounts were sold and the sales proceeds reinvested in shares of common stock of Stilwell Financial Inc.

Prior to January 1, 2001, the Stilwell ESOP was intended to be an employee stock ownership plan, and to qualify as such under Code Section 4975(e)(7) and under Treasury Regulation Section 54.4975-11. Effective as of January 1, 2001, the Stilwell ESOP was amended and restated , and as so amended and restated, the Stilwell ESOP (i) was and is intended to be a stock bonus plan, and to qualify as such under Code Section 401(a) (including Code Section 401(a)(23)) and applicable Treasury Regulations, (ii) was and is intended to be an employee stock ownership plan within the meaning of Code Section 4975(e)(7), and (iii) was and is intended to satisfy the requirements of Treasury Regulation Section 54.4975-11 (including the requirement to provide participants with nonterminable protections and rights set forth in Treasury Regulation Section 54.4975-11(a)(3)) necessary to maintain the qualification of the Plan as an employee stock ownership plan under Code Section 4975(e)(7) and Treasury Regulation Section 54.4975-11 with respect to all periods prior to January 1, 2001.

Effective as of January 1, 2001, Berger LLC became a Participating Employer under the Stilwell ESOP.

The provisions of the Stilwell ESOP, as amended and restated effective as of January 1, 2001, apply to an Employee who is employed by a Participating Employer on or after January 1, 2001, and to any other Employee who was employed by a Participating Employer before the October 1, 1999, whose Account was transferred from the Kansas City Southern Industries Inc. Employee Stock Ownership Plan to the Stilwell ESOP and who continued to have an Account in the Stilwell ESOP as of January 1, 2001. If a Participant whose Account was transferred from the Kansas City Southern Industries Inc. Employee Stock Ownership Plan to the Stilwell ESOP as of October 1, 1999, terminated employment from his last Participating Employer prior to such date, the terms of the Stilwell ESOP, as amended and restated effective as of January 1, 2001, shall govern the maintenance and distribution of his Account on and after January 1, 2001, and the term of the Plan shall govern the maintenance and distribution of his Account on



and after November 1, 2001, but in all other respects the benefits to which he is entitled shall be determined under the terms of the Kansas City Southern Industries Inc. Employee Stock Ownership Plan as in effect on the date of the Employee's termination of employment.

Merger of the Stilwell 401(k) Plan and the Stilwell ESOP

The Stilwell 401(k) Plan and the Stilwell ESOP were amended and restated into the Stilwell Financial Inc. 401(k), Profit Sharing and Employee Stock Ownership Plan, as amended and restated effective November 1, 2001.  Further restatements were made effective November 1, 2002 and January 1, 2007, including a change in the name of the plan sponsor to Janus Capital Group Inc. and a change in the Plan Name to Janus Capital Group Inc. 401(k), Profit Sharing and Employee Stock Ownership Plan. Amendments subsequent to January 1, 2008 included a further change in the Plan Name to Janus 401(K) and Employee Stock Ownership Plan.

The Current Plan

The Plan is hereby amended and restated effective January 1, 2014.  The provisions of the amendment and restatement shall apply to all persons who are Participants or beneficiaries on or after January 1, 2014, except that the vested benefit of any such person who terminated employment prior to January 1, 2014, shall be determined pursuant to the Plan provisions in effect at the time of such termination of employment.



## ARTICLE I
## DEFINITIONS

1.1 "Accounts" means the records maintained for purposes of accounting for a Participant's interest in the Plan.  "Account" may refer to one or all of the following accounts which have been created on behalf of a Participant to hold amounts attributable to specific types of Contributions under the Plan:

(a) "Catch-Up Account" means the account created to hold amounts attributable to Catch-Up Contributions.

(b) "Elective Account" means the account created to hold amounts attributable to the Participant's total interest in the Plan and Trust resulting from the Elective Contributions used to satisfy the "Actual Deferral Percentage" tests. The Participant's Elective Account may consist of a Pre-Tax Elective Deferral Account and a Roth Elective Deferral Account. Unless specifically stated otherwise, any reference to a Participant's Elective Account will refer to both of these Accounts. A separate accounting shall be maintained with respect to that portion of the Participant's Elective Account attributable to such Elective Contributions and any Employer Qualified Non-Elective Contributions.

(c) "ESOP Stock Bonus Account" means the account created to hold the shares of the Participant's ESOP Stock Bonus Contributions purchased and paid for by the Trust Fund or contributed to the Trust Fund.

(d) "Matching Account" means the account created to hold amounts attributable to Matching Contributions.

(e) "Non-Elective Account" means the account created to hold amounts attributable to the Participant's total interest in the Plan and Trust resulting from the Non-Elective Contributions. The Participant's Non-Elective Account may consist of an ESOP Stock Bonus Account, a Matching Account, a Profit Sharing Account and a Special Discretionary Account. A separate accounting shall be maintained with respect to that portion of the Participant's Non-Elective Account attributable to such Non-Elective Contributions and any Employer Qualified Matching Contributions.

(f) "Pre-Tax Elective Deferral Account" means the account created to hold amounts attributable to Pre-Tax Elective Deferral Contributions.

(g) "Profit Sharing Account" means the account created to hold amounts attributable to Profit Sharing Contributions.

(h) "Rollover Account" means the account created to hold amounts attributable to Rollover Contributions. A separate accounting shall be maintained with respect to that portion of the Participant's Rollover Account attributable to after-tax Employee contributions.

(i) "Roth Elective Deferral Account" means the account created to hold amounts attributable to Roth Elective Deferral Contributions.

(j) "Special Discretionary Account" means the account created to hold amounts attributable to Special Discretionary Contributions.



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(k) "Transfer Account" means the account created to hold amounts transferred to this Plan from a direct plan-to-plan transfer and/or with respect to such Participant's interest in the Plan resulting from amounts transferred to the Plan.

The term Account also includes any other Account established to identify contributions to or investments under the Plan, and includes a Participant's Loan Account.

1.2 "<u>Administrator</u>" means the Plan Advisory Committee, except where the Plan provides that the Compensation Committee may act, unless changed by the Employer pursuant to Section 11.1.

1.3 "<u>Affiliated Employer</u>" means any corporation which is a member of a controlled group of corporations (as defined in Code Section 414(b)) which includes the Employer; any trade or business (whether or not incorporated) which is under common control (as defined in Code Section 414(c)) with the Employer; any organization (whether or not incorporated) which is a member of an affiliated service group (as defined in Code Section 414(m)) which includes the Employer; and any other entity required to be aggregated with the Employer pursuant to Regulations under Code Section 414(o).

1.4 "<u>Basic Compensation</u>" means amounts paid to an Eligible Employee by a Participating Employer as annual base salary or overtime; provided, that, such amounts are otherwise includible in Compensation.

1.5 "<u>Beneficiary</u>" means the person (or entity) to whom the share of a deceased Participant's interest in the Plan is payable.

1.6 "<u>Code</u>" means the Internal Revenue Code of 1986, as amended or replaced from time to time. Reference to any specific Code section shall include such section, any regulation promulgated thereunder, and any comparable provision of any future legislation amending, supplementing or superseding such section.

1.7 "<u>Company Stock</u>" means common stock issued by the Employer (or by a corporation which is a member of the controlled group of corporations of which the Employer is a member) which is readily tradeable on an established securities market. If there is no common stock which meets the foregoing requirement, the term "Company Stock" means common stock issued by the Employer (or by a corporation which is a member of the same controlled group) having a combination of voting power and dividend rights equal to or in excess of: (A) that class of common stock of the Employer (or of any other such corporation) having the greatest voting power, and (B) that class of common stock of the Employer (or of any other such corporation) having the greatest dividend rights. Noncallable preferred stock shall be deemed to be "Company Stock" if such stock is convertible at any time into stock which constitutes "Company Stock" hereunder and if such conversion is at a conversion price which (as of the date of the acquisition by the Trust) is reasonable. For purposes of the preceding sentence, pursuant to Regulations, preferred stock shall be treated as noncallable if after the call there will be a reasonable opportunity for a conversion which meets the requirements of the preceding sentence.

1.8 "<u>Compensation</u>" means (i) Basic Compensation for purposes of the regular Payroll Withholding Agreement election in Section 3.1(a)(2)(i) (including an election with respect to Catch-Up Contributions); (ii) Supplemental Compensation for purposes of the bonus Payroll Withholding Agreement election in Section 3.1(a)(2)(ii); (iii) Basic Compensation and Supplemental Compensation for purposes of Matching Contributions; and (iv) amounts paid to an Eligible Employee by a Participating Employer as "Wages" (defined below) for purposes of other Contributions made under Article IV.



(a) Basic Compensation and Supplemental Compensation are amounts paid to the Eligible Employee as annual base salary, bonus (other than retention bonus or signing bonus), commissions or overtime. Accordingly, Basic Compensation and Supplemental Compensation shall be determined on a payroll period basis prior to any reductions made pursuant to Code Sections 125, 132(f)(4), 402(e)(3), 402(h)(1)(B), 403(b), 414(v) or 457(b), and Employee contributions described in Code Section 414(h)(2) that are treated as Participating Employer contributions.

(b) "Wages" means wages as defined in Code Section 3401(a) for purposes of income tax withholding at the source, plus all other payment of compensation reportable under Code Sections 6041(d), 6051(a)(3) and 6052 and the regulations thereunder, but determined without regard to any rules that limit the remuneration included in wages based on the nature or location of the employment or the services performed (such as the exception for agricultural labor in Code Section 3401(a)(2)). Notwithstanding the foregoing, Wages (i) shall include any amount contributed by the Participating Employer on behalf of the Eligible Employee, pursuant to a salary reduction agreement, which are not included in gross income of the Employee or self-employed individual due to Code Section 125, 132(f)(4), 402(e)(3), 402(h), 402(k), 403(b) or 457(b), and (ii) shall exclude the following amounts that otherwise would constitute wages: reimbursements or other expense allowances, fringe benefits (cash or noncash), moving expenses, deferred compensation payouts, welfare benefits, option exercise income, mutual fund unit awards, signing bonuses and income realized pursuant to vesting under Code Section 83.

(c) Notwithstanding the preceding subsections, for purposes of determining Compensation of a Self-Employed Individual, (i) Basic Compensation and Supplemental Compensation mean each guaranteed payment from the Participating Employer representing annual base salary, bonus (other than a retention bonus and signing bonus) or commissions, provided such amounts are attributable to the Plan Year and included in the Self-Employed Individual's "Earned Income," and provided further that such amounts are received by the Self-Employed Individual within 15 days of the close of the Plan Year, and (ii) "Wages" means the individual's net earnings from self-employment in the trade or business of the Participating Employer for which his or her personal services to the Participating Employer are a material income-producing factor, determined without regard to items not included in gross income and the deductions allowable to such items and the deductions allowed to the taxpayer under Code Section 164(f), and reduced by contributions to a qualified plan deductible under Code Section 404. For purposes of determining Basic Compensation and Supplemental Compensation of a Self-Employed Individual for a Plan Year, "Earned Income" means net earnings from self-employment as defined in Code Section 1402(a).

(d) Compensation shall include any differential wage payments (as defined in Code Section 3401(h)(2)) to an individual who does not currently perform services for a Participating Employer by reason of performing service in the uniformed services (as defined in chapter 43 of title 38, United States Code), while such individual is on active duty for a period of more than thirty (30) days.

(e) For any Plan Year, only the amounts paid to the Eligible Employee during the Plan Year and while the individual is an Eligible Employee under the Plan shall be taken into account, such that, for example, no amount paid to the Participant following termination of his or her employment with a Participating Employer shall be taken into account as Compensation. In addition, no severance payment shall be taken into account as Compensation. Furthermore, notwithstanding anything in this definition to the contrary, in each Plan Year and for each Eligible Employee, no amount in excess of the applicable limitation under Code



Section 401(a)(17) may be considered Compensation; provided, however, that for purposes of Article III, the annual dollar limitation of Code Section 401(a)(17) shall not apply except that the Administrator may elect to apply such limit as part of the Elective Contribution procedures. For the Plan Year commencing January 1, 2014, the applicable limitation under Code Section 401(a)(17) is $260,000.

1.9 "<u>Contribution</u>" means an amount contributed to the Plan by a Participating Employer or a Participant, and allocated by contribution type to Participants' Accounts. Specific types of contributions include:

(a) "Catch-Up Contribution" means an amount contributed to the Plan by a Participant in conjunction with his or her Payroll Withholding Agreement and pursuant to Section 3.1(c).

(b) "Elective Contribution" means a contribution that is a Pre-Tax Elective Deferral Contribution or a Roth Elective Deferral Contribution**.**

(c) "ESOP Stock Bonus Contribution" means an amount of cash or Company Stock contributed to the Plan by the

Employer (or another Participating Employer) in accordance with Section 4.1(b).

(d) “Matching Contribution” means an amount contributed to the Plan by a Participating Employer based upon the amount contributed to the Plan by the Participant as an Elective Contribution, as provided in Section 4.1(a).

(e) “Non-Elective Contribution” means a contribution that is a Profit Sharing Contribution, an ESOP Stock Bonus Contribution, a Matching Contribution or a Special Discretionary Contribution.

(f) “Pre-Tax Elective Deferral Contribution” means an amount contributed to the Plan by a Participant in conjunction with his or her Payroll Withholding Agreement and pursuant to Section 3.1(a)(1), which shall be treated as made by the Participating Employer on the Participant’s behalf. Pre-Tax Elective Deferral Contributions are not includible in the Participant’s gross income at the time deferred.

(g) “Profit Sharing Contribution” means an amount contributed to the Plan by a Participating Employer as provided in Section 4.1(c).

(h) “Qualified Matching Contribution” means a contribution intended to be a “qualified matching contribution” within the meaning of Regulation 1.401(k)-6.

(i) “Qualified Non-Elective Contribution” means a contribution intended to be a “qualified nonelective contribution” within the meaning of Regulation 1.401(k)-6.

(j) “Rollover Contribution” means an amount contributed to the Plan by a Participant in accordance with Section 3.6.

(k) “Roth Elective Deferral Contribution” means an amount contributed to the Plan by an Participant in conjunction with his or her Payroll Withholding Agreement and pursuant to Section 3.1(a)(1), in which the Contribution is irrevocably designated as a Roth Elective Deferral Contribution and which shall be treated as made by a Participating Employer on the Participant’s



behalf. Roth Elective Deferral Contributions are includible in the Participant’s gross income at the time deferred.

(l) “Special Discretionary Contribution” means an amount contributed to the Plan by a Participating Employer as provided in Section 4.1(d).

1.10 “<u>Eligible Employee</u>” means any Employee, except as provided below. The following Employees shall not be eligible to participate in this Plan:

(a) Employees of Affiliated Employers, unless such Affiliated Employers are Participating Employers, and, provided further, that such Employee is not excluded from participation under any of paragraphs (b) through (h). Appendix A sets forth the list of Participating Employers.

(b) Individuals who are not reported on the payroll records of the Participating Employers as common law employees. In particular, it is expressly intended that individuals who are independent contractors or who are employees of third-party agencies or in a similar status, or partners or other self-employed individuals who are treated as independent contractors, are not Eligible Employees and are excluded from Plan participation even if a court or administrative agency determines that such individuals are common law employees.

(c) Employees who are Leased Employees within the meaning of Code Sections 414(n)(2) and 414(o)(2).

(d) Employees whose employment is governed by the terms of a collective bargaining agreement between Employee representatives (within the meaning of Code Section 7701(a)(46)) and the Participating Employer under which retirement benefits were the subject of good faith bargaining between the parties, unless such agreement expressly provides for coverage in this Plan.

(e) Employees who are nonresident aliens (within the meaning of Code Section 7701(b)(1)(B)).

(f) Employees classified by the Participating Employer as interns.

(g) Employees who are employed outside the United States, unless such Employee (i) is a citizen of the United States, (ii) is employed by a Participating Employer, and (iii) does not participate in any retirement program sponsored by the Employer or an Affiliated Employer outside of the United States in a manner that would enable such Employee to accrue benefits funded by the Employer or the Affiliated Employer in such plan.

(h) Employees who are not citizens of the United States, and who transfer to regular employment with a Participating Employer from employment outside of the United States with the Employer or an Affiliated Employer, if such Employee continues to participate in a retirement program sponsored by the Employer or an Affiliated Employer outside of the United States and accrue benefits funded by the Employer or the Affiliated Employer in such plan.

1.11 "Employee" means any person who is employed by the Employer or an Affiliated Employer. Employee shall include Leased Employees within the meaning of Code Sections 414(n)(2) and 414(o)(2) unless such Leased Employees are covered by a plan described in Code Section 414(n)(5) and such Leased Employees do not constitute more than 20% of the recipient's non-highly compensated work



force. The term "Employee" shall include any service provider of the Employer or an Affiliated Employer, who also is a partner or member of such Affiliated Employer and thus considered a self-employed individual under the Code.

1.12 "Employer" means Janus Capital Group Inc. and any successor which shall maintain this Plan; and any predecessor which has maintained this Plan. The Employer is a corporation with principal offices in the State of Missouri.

1.13 "ERISA" means the Employee Retirement Income Security Act of 1974, as amended or replaced from time to time. Reference to any specific ERISA section shall include such section, any regulation promulgated thereunder, and any comparable provision of any future legislation amending, supplementing or superseding such section.

1.14 "Excess Aggregate Contributions" means, with respect to any Plan Year, the excess of the aggregate amount of the Matching Contributions made pursuant to Section 4.1(a) and any qualified non-elective contributions or elective deferrals taken into account pursuant to Section 13.3(c) on behalf of Highly Compensated Participants for such Plan Year, over the maximum amount of such contributions permitted under the limitations of Section 13.3(a) (determined by hypothetically reducing contributions made on behalf of Highly Compensated Participants in order of the actual contribution ratios beginning with the highest of such ratios). Such determination shall be made after first taking into account corrections of any Excess Deferred Compensation pursuant to Section 3.3 and taking into account any adjustments of any Excess Contributions pursuant to Section 13.2.

1.15 "Excess Contributions" means, with respect to a Plan Year, the excess of Elective Contributions used to satisfy the "Actual Deferral Percentage" tests made on behalf of Highly Compensated Participants for the Plan Year over the maximum amount of such contributions permitted under Section 13.1 (determined by hypothetically reducing contributions made on behalf of Highly Compensated Participants in order of the actual deferral ratios beginning with the highest of such ratios). Excess Contributions shall be treated as an "annual addition" pursuant to Section 14.1(b).

1.16 "Fiduciary" means any person who (a) exercises any discretionary authority or discretionary control respecting management of the Plan or exercises any authority or control respecting management or disposition of its assets, (b) renders investment advice for a fee or other compensation, direct or indirect, with respect to any monies or other property of the Plan or has any authority or responsibility to do so, or (c) has any discretionary authority or discretionary responsibility in the administration of the Plan.

1.17 "Fiscal Year" means the Employer's accounting year of 12 months commencing on January 1 of each year and ending the following December 31.

1.18 "Forfeiture" means that portion of a Participant's Account that is forfeited in accordance with Section 6.3. The term "Forfeiture" shall also include amounts deemed to be Forfeitures pursuant to any other provision of this Plan.

1.19 "415 Compensation" with respect to any Participant means such Participant's wages as defined in Code Section 3401 (a) and all other payments of compensation by the Employer and Affiliated Employers (in the course of such Employer's or Affiliated Employer's trade or business) for a Plan Year for which the Employer or Affiliated Employer is required to furnish the Participant a written statement under Code Sections 6041(d), 6051(a)(3) and 6052. "415 Compensation" must be determined without regard to any rules under Code Section 3401(a) that limit the remuneration included in wages based on



the nature or location of the employment or the services performed (such as the exception for agricultural labor in Code Section 3401(a)(2)).

Notwithstanding the above, the determination of 415 Compensation shall be made by:

(a) including any elective deferral (as defined in Code Section 402(g)(3)), and any amount which is contributed or deferred by the Employer or Affiliated Employer at the election of the Participant and which is not includible in the gross income of the Participant by reason of Code Sections 125, 132(f)(4) and 457. For this purpose, amounts not includible in gross income under Code Section 125 shall be deemed to include any amounts not available to a Participant in cash in lieu of group health coverage because the Participant is unable to certify that the Participant has other health coverage, provided the Employer or Affiliated Employer does not request or collect information regarding the Participant's other health coverage as part of the enrollment process for the health plan.

(b) including any "regular pay," "leave cashouts" and "deferred compensation" to the extent such amounts are paid by the later of 2 ½ months after severance from employment or by the end of the Plan Year that includes the date of such severance from employment.

(c) including any differential wage payments (as defined in Code Section 3401(h)(2)) to an individual who does not currently perform services for the Employer or Affiliated Employers by reason of performing service in the uniformed services (as defined in chapter 43 of title 38, United States Code), while such individual is on active duty for a period of more than thirty (30) days.

(d) For purposes of Section 15.1(b), excluding Catch-Up contributions.

For purposes of this Section the following definitions shall apply:

(a) "Regular pay" means any regular compensation for services during the Participant's regular working hours, or compensation for services outside the Participant's regular working hours (such as overtime or shift differential), commissions, bonuses, or other similar payments that would have been paid to the Participant prior to a severance from employment if the Participant had continued in employment with the Employer or Affiliated Employer.

(b) "Leave cashouts" are amounts that are payment for unused accrued bona fide sick, vacation, or other leave that would have been included in the definition of 415 Compensation if they were paid prior to the Participant's severance from employment, but only if the Participant would have been able to use the leave if employment had continued.

(c) "Deferred Compensation" is compensation that would have been included in the definition of 415 Compensation if it had been paid prior to the Participant's severance from employment and is received pursuant to a nonqualified unfunded deferred compensation plan, but only if the payment would have been paid at the same time if the Participant had continued in employment with the Employer or Affiliated Employer and only to the extent that the payment is includible in the Participant's gross income.

1.20 "414(s) Compensation" means any definition of compensation that satisfies the nondiscrimination requirements of Code Section 414(s) and the Regulations thereunder. The period for determining 414(s) Compensation must be either the Plan Year or the calendar year ending with or within the Plan Year. The Administrator may further limit the period taken into account to that part of the Plan



Year or calendar year in which an Employee was a Participant in the component of the Plan being tested. The period used to determine 414(s) Compensation must be applied uniformly to all Participants for the Plan Year.

1.21 "Highly Compensated Employee" means an Employee described in Code Section 414(q) and the Regulations thereunder, and generally means any Employee who:

(a) was a "five percent owner" as defined in Section 1.28(b) at any time during the "determination year" or the "look-back year"; or

(b) for the "look-back year" had "415 Compensation" from the Employer and Affiliated Employers in excess of $80,000 and were in the Top Paid Group of Employees for the Plan Year. The $80,000 amount is adjusted at the same time and in the same manner as under Code Section 415(d), except that the base period is the calendar quarter ending September 30, 1996.

The "determination year" means the Plan Year for which testing is being performed, and the "look back year" means the immediately preceding twelve (12) month period.

A highly compensated former Employee is based on the rules applicable to determining Highly Compensated Employee status as in effect for the "determination year," in accordance with Regulation 1.414(q)-1T, A-4 and IRS Notice 97-45 (or any superseding guidance).

In determining who is a Highly Compensated Employee, Employees who are non-resident aliens and who received no earned income (within the meaning of Code Section 911(d)(2)) from the Employer or Affiliated Employers constituting United States source income within the meaning of Code Section 861(a)(3) shall not be treated as Employees. If a Nonresident Alien Employee has U.S. source income, that Employee is treated as satisfying this definition if all of such Employee's U.S. source income from the Employer and the Affiliated Employers is exempt from U.S. income tax under an applicable income tax treaty. Additionally, all Affiliated Employers shall be taken into account as a single employer and Leased Employees within the meaning of Code Sections 414(n)(2) and 414(o)(2) shall be considered Employees unless such Leased Employees are covered by a plan described in Code Section 414(n)(5) and are not covered in any qualified plan maintained by the Employer or an Affiliated Employer. The exclusion of Leased Employees for this purpose shall be applied on a uniform and consistent basis for all of the Employer's retirement plans. Highly Compensated Former Employees shall be treated as Highly Compensated Employees without regard to whether they performed services during the "determination year."

1.22 "Highly Compensated Participant" means any Highly Compensated Employee who is eligible to participate in the component of the Plan being tested.

1.23 "Hour of Service" means, for purposes of vesting and benefit accrual, (1) each hour for which an Employee is directly or indirectly compensated or entitled to compensation by the Employer or an Affiliated Employer for the performance of duties (these hours will be credited to the Employee for the computation period in which the duties are performed); (2) each hour for which an Employee is directly or indirectly compensated or entitled to compensation by the Employer or an Affiliated Employer (irrespective of whether the employment relationship has terminated) for reasons other than performance of duties (such as vacation, holidays, sickness, jury duty, disability, lay-off, military duty or leave of absence) during the applicable computation period (these hours will be calculated and credited pursuant to Department of Labor regulation 2530.200b-2 which is incorporated herein by reference); (3) each hour for which back pay is awarded or agreed to by the Employer or an Affiliated Employer without regard to



mitigation of damages (these hours will be credited to the Employee for the computation period or periods to which the award or agreement pertains rather than the computation period in which the award, agreement or payment is made). The same Hours of Service shall not be credited both under (1) or (2), as the case may be, and under (3).

Notwithstanding (2) above, (i) no more than 501 Hours of Service are required to be credited to an Employee on account of any single continuous period during which the Employee performs no duties (whether or not such period occurs in a single computation period); (ii) an hour for which an Employee is directly or indirectly paid, or entitled to payment, on account of a period during which no duties are performed is not required to be credited to the Employee if such payment is made or due under a plan maintained solely for the purpose of complying with applicable worker's compensation, or unemployment compensation or disability insurance laws; and (iii) Hours of Service are not required to be credited for a payment which solely reimburses an Employee for medical or medically related expenses incurred by the Employee.

For purposes of (2) above, a payment shall be deemed to be made by or due from the Employer or Affiliated Employer regardless of whether such payment is made by or due from the Employer or Affiliated Employer directly, or indirectly through, among others, a trust fund, or insurer, to which the Employer or Affiliated Employer contributes or pays premiums and regardless of whether contributions made or due to the trust fund, insurer, or other entity are for the benefit of particular Employees or are on behalf of a group of Employees in the aggregate.

The provisions of Department of Labor regulations 2530.200b-2(b) and (c) are incorporated herein by reference.

1.24 "Investment Manager" means any Fiduciary described in ERISA Section 3(38).

1.25 "Investment Fund" means a vehicle for investment of assets of the Trust Fund designated as an investment fund by the Administrator in a manner and form acceptable to the Trustee. From time to time, the Administrator may determine to include among the Plan's investment options a self-directed brokerage window, with such limitations and restrictions as it may deem appropriate. Any such brokerage window included as an investment option under the Plan shall be considered a single Investment Fund .

1.26 "Janus Stock Fund" ("JNS Fund") means an investment fund consisting of common stock issued by the Employer or by an affiliate, and cash necessary for liquidity purposes.

1.27 "Janus Mutual Fund" means each retail mutual fund advised by the Employer or subsidiary thereof.

1.28 "Key Employee" means an Employee as defined in Code Section 416(i) and the Regulations thereunder. Generally, any Employee or former Employee (as well as each of the Employee's or former Employee's Beneficiaries) is considered a Key Employee if the Employee's or former Employee's, at any time during the Plan Year that contains the "determination date," has been included in one of the following categories:

(a) an officer of the Participating Employer (in accordance with the Regulations under Code Section 416) having annual "415 Compensation" greater than $130,000 (as adjusted under Code Section 416(i)(1), which for 2014 is adjusted to be

$170,000).



(b) a “five percent owner” of the Participating Employer (in accordance with the Regulations under Code Section 416). “Five percent owner” means any person who owns (or is considered as owning within the meaning of Code Section 318) more than five percent (5%) of the outstanding stock of the Participating Employer or stock possessing more than five percent (5%) of the total combined voting power of all stock of the Participating Employer or, in the case of an unincorporated business, any person who owns more than five percent (5%) of the capital or profits interest in the Participating Employer. In determining percentage ownership hereunder, employers that would otherwise be aggregated under Code Sections 414(b), (c), (m) and (o) shall be treated as separate employers.

(c) a “one percent owner” of the Participating Employer having an annual “415 Compensation” from the Employer and Affiliated Employers of more than $150,000. “One percent owner” means any person who owns (or is considered as owning within the meaning of Code Section 318) more than one percent (1%) of the outstanding stock of the Participating Employer or stock possessing more than one percent (1%) of the total combined voting power of all stock of the Participating Employer or, in the case of an unincorporated business, any person who owns more than one percent (1%) of the capital or profits interest in the Participating Employer. In determining percentage ownership hereunder, employers that would otherwise be aggregated under Code Sections 414(b), (c), (m) and (o) shall be treated as separate employers. However, in determining whether an individual has “415 Compensation” of more than $150,000, “415 Compensation” from each employer required to be aggregated under Code Sections 414(b), (c), (m) and (o) shall be taken into account.

For purposes of this Section, the determination of “415 Compensation” shall be made by including amounts which are contributed by the Employer of Affiliated Employer pursuant to a salary reduction agreement and which are not includible in the gross income of the Participant under Code Sections 125, 132(f)(4), 402(e)(3), 402(h)(1)(B), 403(b) or 457(b), and Employee contributions described in Code Section 414(h)(2) that are treated as Participating Employer contributions.

1.29 “Leased Employee” means any person (other than an Employee of the recipient Employer or Affiliated Employer) who pursuant to an agreement between the recipient Employer or Affiliated Employer and any other person or entity (“leasing organization”) has performed services for the recipient (or for the recipient and related persons determined in accordance with Code Section 414(n)(6)) on a substantially full time basis for a period of at least one year, and such services are performed under primary direction or control by the recipient Employer or Affiliated Employer. Contributions or benefits provided a Leased Employee by the leasing organization which are attributable to services performed for the recipient Employer or Affiliated Employer shall be treated as provided by the recipient Employer or Affiliated Employer. Furthermore, Compensation for a Leased Employee shall only include Compensation from the leasing organization that is attributable to services performed for the recipient Employer or Affiliated Employer. A Leased Employee shall not be considered an Employee of the recipient Employer or Affiliated Employer:

(a) if such employee is covered by a money purchase pension plan providing:

(1) a nonintegrated employer contribution rate of at least 10% of compensation, as defined in Code Section 415(c)(3);

(2) immediate participation;

(3) full and immediate vesting; and



(b) if Leased Employees do not constitute more than 20% of the recipient Employer’s or Affiliated Employer’s nonhighly compensated work force.

1.30 “Non-Highly Compensated Participant” means any Participant who is not a Highly Compensated Employee. However, for purposes of Section 13.1 and Section 13.3, if the prior year testing method is used, a Non-Highly Compensated Participant shall be determined using the definition of Highly Compensated Employee in effect for the preceding Plan Year.

A Participant is a Non-Highly Compensated Participant for a particular Plan Year if such Participant does not meet the definition of a Highly Compensated Employee in effect for that Plan Year.

1.31 “Non-Key Employee” means any Employee or former Employee (and such Employee’s or former Employee’s Beneficiaries) who is not a Key Employee.

1.32 “Normal Retirement Age” means the Participant’s 65th birthday. A Participant shall become fully Vested in the Participant’s Account upon attaining Normal Retirement Age.

1.33 "1-Year Break in Service" means, for purposes of vesting, the applicable computation period during which an Employee has not completed more than 500 Hours of Service with the Employer or an Affiliated Employer. Further, solely for the purpose of determining whether a Participant has incurred a 1-Year Break in Service, Hours of Service shall be recognized for "authorized leaves of absence" and "maternity and paternity leaves of absence." Years of Service and 1-Year Breaks in Service shall be measured on the same computation period.

"Authorized leave of absence" means an unpaid, temporary cessation from active employment with the Employer or Affiliated Employer pursuant to an established nondiscriminatory policy, whether occasioned by illness, military service, or any other reason.

A "maternity or paternity leave of absence" means an absence from work for any period by reason of the Employee's pregnancy, birth of the Employee's child, placement of a child with the Employee in connection with the adoption of such child, or any absence for the purpose of caring for such child for a period immediately following such birth or placement. For this purpose, Hours of Service shall be credited for the computation period in which the absence from work begins, only if credit therefore is necessary to prevent the Employee from incurring a 1-Year Break in Service, or, in any other case, in the immediately following computation period. The Hours of Service credited for a "maternity or paternity leave of absence" shall be those which would normally have been credited but for such absence, or, in any case in which the Administrator is unable to determine such hours normally credited, eight (8) Hours of Service per day. The total Hours of Service required to be credited for a "maternity or paternity leave of absence" shall not exceed the number of Hours of Service needed to prevent the Employee from incurring a 1-Year Break in Service.

1.34 "Other Elective Deferrals" means amounts, other than a Participant's Elective Contributions, as follows: (i) any employer contribution under a qualified cash or deferred arrangement (as defined in Code Section 401(k)) to the extent not includible in gross income for the taxable year under Code Section 402(e)(3) (determined without regard to Code Section 402(g)), (ii) any employer contribution to the extent not includible in gross income for the taxable year under Code Section 402(h)(1)(B) (determined without regard to Code Section 402(g)), (iii) any employer contribution to purchase an annuity contract under Code Section 403(b) under a salary reduction agreement (within the meaning of Code Section 3121(a)(5)(D)) and (iv) any elective employer contribution under Code Section 408(p)(2)(A)(i). An Other Elective Deferral shall not include any amount contributed to a plan in compliance with Code Section 414(v).



1.35 "Participant" means any Eligible Employee who participates in the Plan and has not for any reason become ineligible to participate further in the Plan.

1.36 "Participating Employer" means the Employer and any Affiliated Employer which has adopted the Plan, by action of its directors or other governing body, with the consent of the Employer. The Participating Employers are listed in Appendix A.

1.37 "Payroll Withholding Agreement" means an affirmative or passive election by a Participant directing the Participating Employer to withhold, each payroll period, a whole percentage of his Compensation (or such other amount as allowed by the Administrator) and to contribute such withheld amount to the Plan pursuant to the provisions of Article III. An affirmative Payroll Withholding Agreement shall be made in such a manner and with such advanced notice prescribed by the Administrator, and may be limited to a whole percentage of Compensation.

1.38 "Plan," "Plan and Trust" and "Trust" mean the Janus 401(k) and Employee Stock Ownership Plan (formerly known as the Janus 401(k), Profit Sharing and Employee Stock Ownership Plan). The Plan identification number is 003. Pursuant to Code Section 401(a)(27), the Plan is designated a profit sharing plan and pursuant to Code Section 401(a)(23) is designated a stock bonus plan. Furthermore, the Plan includes provisions within the meaning of Code Sections 401(k) and 401(m).

1.39 "Plan Year" means the Plan's accounting year of twelve (12) months commencing on January 1 of each year and ending the following December 31.

1.40 "Regulation" means the Income Tax Regulations as promulgated by the Secretary of the Treasury or a delegate of the Secretary of the Treasury, and as amended from time to time.

1.41 "Retired Participant" means a person who has been a Participant, but who has become entitled to retirement benefits under the Plan.

1.42 "Required Beginning Date" means, with respect to any Participant, April 1st of the calendar year following the later of the calendar year in which the Participant attains age 70 1/2 or the calendar year in which the Participant becomes a Terminated Participant, except that benefit distributions to a "5-percent owner" must commence by April 1st of the calendar year following the calendar year in which the Participant attains age 70 ½. "5-percent owner" means a Participant who is a 5-percent owner as defined in Code Section 416 at any time during the Plan Year ending with or within the calendar year in which such owner attains age 70 1/2.

1.43 "Supplemental Compensation" means amounts paid to an Eligible Employee by a Participating Employer as bonuses or commissions (excluding retention bonuses and signing bonuses); provided, that, such amounts are otherwise includible in Compensation.

1.44 "Terminated Participant" means a person who has been a Participant, but who has ceased to be an Employee on account of a termination of employment with the Employer and all Affiliated Employers, death, Total and Permanent Disability or retirement.

1.45 "Top Heavy Plan" means a plan described in Section 15.2(a).

1.46 "Top Heavy Plan Year" means a Plan Year during which the Plan is a Top Heavy Plan.

1.47 "Top-Paid Group" means the top-paid group as determined pursuant to Code Section 414(q) and the Regulations thereunder and generally means the top twenty percent (20%) of



Employees who performed services for the Employer or an Affiliated Employer during the applicable year, ranked according to the amount of "415 Compensation" received from the Employer and Affiliated Employers during such year. All Affiliated Employers shall be taken into account as a single employer, and Leased Employees shall be treated as Employees if required pursuant to Code Section 414(n) or (o). Employees who are non-resident aliens who received no earned income (within the meaning of Code Section 911 (d)(2)) from the Employer and the Affiliated Employers constituting United States source income within the meaning of Code Section 861(a)(3) shall not be treated as Employees. Furthermore, for the purpose of determining the number of Employees in any year, the following additional Employees shall also be excluded, however, such Employees may still be considered for the purpose of identifying the particular Employees in the Top-Paid Group:

(a) Employees with less than six (6) months of service;

(b) Employees who normally work less than 17 1/2 hours per week;

(c) Employees who normally work less than six (6) months during a year; and

(d) Employees who have not yet attained age twenty-one (21).

In addition, if 90 percent or more of the Employees of the Employer and the Affiliated Employers are covered under agreements the Secretary of Labor finds to be collective bargaining agreements between Employee representatives and the Employer or an Affiliated Employer, and the Plan covers only Employees who are not covered under such agreements, then Employees covered by such agreements shall be excluded from both the total number of active Employees as well as from the identification of particular Employees in the Top-Paid Group.

The foregoing exclusions set forth in this Section shall be applied on a uniform and consistent basis for all purposes for which the Code Section 414(q) definition is applicable. Furthermore, in applying such exclusions, the Administrator may substitute any lesser service, hours or age.

1.48 "Total and Permanent Disability" means the determination by the Administrator that a Participant is unable by reason of any medically determinable physical or mental impairment to perform the usual duties of the Participant's employment or of any other employment for which the Participant is reasonably qualified based upon the Participant's education, training and expertise for an indefinite period which the Administrator considers will be of long continued duration.

1.49 "Trustee" means the person or entity appointed by the Compensation Committee to hold the assets of the Plan in trust, and any successors so appointed.

1.50 "Trust Fund" means the assets of the Plan and Trust as the same shall exist from time to time.

1.51 "Valuation Date" means the last day of the Plan Year and may include any other date or dates deemed necessary or appropriate by the Administrator for the valuation of the Participant's accounts during the Plan Year, which may include any day that the Trustee, any transfer agent appointed by the Trustee or the Employer or any stock exchange used by such agent, are open for business.

1.52 "Vested" means the nonforfeitable portion of any account maintained on behalf of a Participant as determined in accordance with Article VI.

1.53 "Year of Service" means the computation period of twelve (12) consecutive months, herein set forth, during which an Employee has at least 1,000 Hours of Service.

For vesting purposes, the computation periods shall be the Plan Year, including periods prior to the Effective Date of the Plan.

The computation period shall be the Plan Year if not otherwise set forth herein.

Notwithstanding the foregoing, for any short Plan Year, the determination of whether an Employee has completed a Year of Service shall be made in accordance with Department of Labor regulation 2530.203-2(c). However, in determining whether an Employee has completed a Year of Service for benefit accrual purposes in the short Plan Year, the number of the Hours of Service required shall be proportionately reduced based on the number of full months in the short Plan Year. Years of Service with any Affiliated Employer shall be recognized.



## ARTICLE II
## ELIGIBILITY AND PARTICIPATION

2.1 Participation. An Eligible Employee shall become a Participant effective as of the date of such Employee's employment with the Participating Employer. If an Eligible Employee shall go from a classification of an Eligible Employee to a noneligible class of Employees, such Employee shall become a Participant in the Plan on the date such Employee again becomes an Eligible Employee.

2.2 Termination of Eligibility. In the event a Participant shall go from a classification of an Eligible Employee to an ineligible Employee, such Participant shall continue to vest in the Plan for each Year of Service completed while a noneligible Employee, until such time as the Participant's Account shall be forfeited or distributed pursuant to the terms of the Plan. Additionally, the Participant's interest in the Plan shall continue to share in the earnings of the Trust Fund.

2.3 Omission of Eligible Employee. If, in any Plan Year, any Employee who should be included as a Participant in the Plan is erroneously omitted and discovery of such omission is not made until after a contribution by the Participating Employer for the year has been made and allocated, then the Participating Employer shall make a subsequent contribution, if necessary after the application of Section 6.7, so that the omitted Employee receives a total amount which the Employee would have received (including both contributions and earnings thereon) had the Employee not been omitted. Such contribution shall be made regardless of whether it is deductible in whole or in part in any taxable year under applicable provisions of the Code.

2.4 Inclusion of Ineligible Employee. If, in any Plan Year, any person who should not have been included as a Participant in the Plan is erroneously included and discovery of such inclusion is not made until after a contribution for the year has been made and allocated, the Participating Employer shall be entitled to recover the contribution made with respect to the ineligible person provided the error is discovered within twelve (12) months of the date on which it was made. Otherwise, the amount contributed with respect to the ineligible person shall constitute a Forfeiture for the Plan Year in which the discovery is made. Notwithstanding the foregoing, any Elective Contributions made by an ineligible person shall be distributed to the person (along with any earnings attributable to such Elective Contributions).



## ARTICLE III
## PARTICIPANT CONTRIBUTIONS

3.1 Elective Contributions.

(a) Contribution Election. Each Participant may elect to defer from 1% to 75% of Compensation which would have been received in the Plan Year, but for the deferral election, by entering into a Payroll Withholding Agreement to make Elective Contributions. A deferral election (or modification of an earlier election) may not be made with respect to Compensation which is currently available on or before the date the Participant executed such election.

(1) *Pre-tax Elective Deferral Contributions and Roth Elective Deferral Contributions*. When making a deferral election, the Participant must irrevocably designate the Elective Contributions as either a Pre-tax Elective Deferral Contribution or a Roth Elective Deferral Contribution (or designate the portion of the Elective Contributions that will be Pre-tax Elective Deferral Contributions and the portion of the Elective Contribution that will be Roth Elective Deferral Contributions) in the Payroll Withholding Agreement. In the event a Participant fails to designate Elective Contributions as either Pre-tax Elective Deferral Contributions or Roth Elective Deferral Contributions in the Payroll

Withholding Agreement, the Elective Contributions will be deemed to be a Pre-tax Elective Deferral Contribution.

(2) *Separate Base Salary and Bonus Elections*. When making a deferral election, the Participant may elect to have two Payroll Withholding Agreements: (i) the regular Payroll Withholding Agreement, which will apply to Compensation that is Basic Compensation; and (ii) the bonus Payroll Withholding Agreement, which will apply to Compensation that is Supplemental Compensation. Such contributions will be designated as a whole percentage of Basic Compensation or Supplemental Compensation, as applicable.

(b) Automatic Enrollment of New Participants in Pre-tax Elective Deferral Contributions. The Administrator shall automatically enroll each newly Eligible Employee who fails to make an affirmative election in a Payroll Withholding Agreement either to make Elective Contributions under Section 3.1(a) or not to make Elective Contributions under Section 3.1(a).

(1) *Pre-Tax Elective Deferral Amount*. An automatically enrolled Participant shall be deemed to have elected to make Pre-tax Elective Deferral Contributions in the following amount of Compensation pursuant to a passive Payroll Withholding Agreement: (A) 4 percent during the period ending on the day before the second anniversary of the date on which the Participant became an automatically enrolled Participant; (B) 5 percent during the period following the period in (A) and ending on the day before the third anniversary of the date on which the Participant became an automatically enrolled Participant; and (C) 6 percent following the period in (B). Upon the receipt of an affirmative Payroll Withholding Agreement pursuant to which the Participant elects either to make Elective Contributions under Section 3.1(a) or not to make Elective Contributions under Section 3.1(a), such Participant shall cease to be an automatically enrolled Participant.

(2) *Notice Requirement*. In connection with the automatic enrollment provisions of this Article III, within a reasonable period prior to the initial automatic enrollment of a Participant, the Administrator shall give the Participant a notice



explaining the automatic enrollment and his right to make an affirmative contribution election (or to make no Elective Contributions), including the procedure for exercising that right and the timing for implementation of any such election, and an explanation of how Pre-tax Elective Deferral Contributions made under this Section will be invested in the absence of an investment election by the Automatically Enrolled Participant. At the beginning of each Plan Year, the Administrator shall give each Participant the notice described in the preceding sentence.

(c) Catch-Up Contributions. Notwithstanding any contrary provision of this Article III, a Participant who for a calendar year is age 50 or older shall be eligible to make Catch-Up Contributions from his or her Basic Compensation in accordance with, and subject to the limitations of, Code Section 414(v). Such Catch-Up Contributions shall not be taken into account for purposes of Code Sections 402(g) and 415(c). Catch-Up Contributions may be a percentage of Basic Compensation for each payroll period not to exceed the applicable dollar limit under Code Section 414(v), pursuant to procedures established by the Administrator. The Plan shall not be treated as failing to satisfy the provisions of the Plan implementing the requirements of Code Section 401(k)(3), 416 or 410(b), as applicable, by reason of the making of such Catch-Up Contributions. Any such Catch-Up Contributions may be designated in a Participant's regular Payroll Withholding Agreement, in accordance with Section 3.1(a)(2)(i), as Pre-tax Elective Deferral Contributions or as Roth Elective Deferral Contributions.

3.2 Changing, Revoking or Resuming a Contribution Election.

(a) A Participant may prospectively change his or her Pre-tax Elective Deferral Contribution and/or Roth Elective Deferral Contribution deferral election by entering into a new Payroll Withholding Agreement at any time in such manner and with the advance notice prescribed by the Administrator, provided that any such notice requirement shall not operate to deny the Participant an opportunity to make (or change) a cash or deferred election at least annually within the meaning of Regulation 1.401(k)-1(e)(2)(ii). The election change shall be effective as soon as administratively feasible thereafter. A Participant's deferral election made as a percentage of Compensation shall automatically apply to Compensation increases or decreases.

(b) A Participant may prospectively revoke his or her Pre-tax Elective Deferral Contribution and/or Roth Elective Deferral Contribution deferral election at any time in such manner and with the advance notice prescribed by the Administrator. The revocation shall be effective as soon as administratively feasible thereafter.

(c) A Participant who is an Eligible Employee may prospectively resume his or her Pre-tax Elective Deferral Contributions and/or Roth Elective Deferral Contributions by making a new deferral election on a Payroll Withholding Agreement at any time in such manner and with the advance notice prescribed by the Administrator, and such deferral election shall be effective as soon as administratively feasible thereafter.

3.3 Limits on Pre-tax Elective Deferral Contributions and Roth Elective Deferral Contributions and Correction of Excess.

(a) Application to the Employer and the Affiliated Employer Plans. For each calendar year, the sum of a Participant's Elective Contributions made under this Plan and Other Elective Deferrals made under all other plans, contracts or arrangements of the Employer or an Affiliated Employer shall not exceed the dollar limitation imposed by Code Section 402(g), as in



effect at the beginning of such calendar year (after any indexing), except to the extent permitted under Code Section 414(v). To the extent necessary to satisfy the limitation for a calendar year, the Administrator, for the calendar year, may prospectively restrict a Participant's Elective Contributions. If after any such restriction, the dollar limitation is exceeded, a Participant will be deemed to have notified the Administrator of such excess amount which shall be distributed in a manner consistent with Section 3.3.

(b) Application to All Plans in Which Person Is a Participant for the Calendar Year. For each calendar year, if a Participant's Elective Contributions under this Plan together with any Other Elective Deferrals made under all other plans, contracts or arrangements of the Employer or an Affiliated Employer and Other Elective Deferrals under a plan of another employer cumulatively exceed the limitation imposed by Code Section 402(g) (as adjusted annually in accordance with the method provided in Code Section 415(d) pursuant to Regulations) for such Participant's taxable year, the Participant may, not later than March 1st following the close of the Participant's taxable year, notify the Administrator in writing of such excess and request that the Participant's Elective Contributions under this Plan be reduced by an amount specified by the Participant. In such event, the Administrator may direct the Trustee to distribute such excess amount (and any income allocable to such excess amount) to the Participant not later than the first April 15th following the close of the Participant's taxable year.

(c) Distribution Procedures. The amount of any excess to be refunded from the Plan shall be reduced, but not below zero, by any distribution of Excess Contributions attributable to such Participant pursuant to Section 13.2(a) for the Plan Year beginning with or within the calendar year. The excess amount, adjusted for income (i.e., gain or loss), shall be distributed to the Participant by the April 15 following the calendar year of the deferral, and shall not be included as "annual additions" under Section 14.1. Any excess distributed pursuant to this Section 3.3 shall be made first from unmatched Elective Contributions and, thereafter, from Elective Contributions which is matched. Matching Contributions which relate to such excess Elective Contributions, adjusted for gain or loss, shall be treated as a Forfeiture. Distribution and Forfeitures arising under this Section 3.3(c) shall not include gain or loss for the "gap period," i.e., the period between the end of the applicable calendar year and the date of distribution or forfeiture.

The Administrator shall have discretion to determine and allocate income using any of the methods set forth below:

(1) *Reasonable method of allocating income*. The Administrator may use any reasonable method for computing the income allocable to excess Elective Contributions, provided that the method does not violate Code Section 401(a)(4), is used consistently for all Participants and for all corrective distributions under the Plan for the Plan Year, and is used by the Plan for allocating income to Participant's accounts. A Plan will not fail to use a reasonable method for computing the income allocable to excess Elective Contributions merely because the income allocable to Excess Deferred Compensation is determined on a date that is no more than seven (7) days before the distribution.

(2) *Alternative method of allocating income.* The Administrator may allocate income to excess Elective Contributions for the Plan Year by multiplying the income for the Plan Year allocable to the Elective Contributions, by a fraction, the numerator of which is the excess Elective Contributions for the Employee for the Plan Year, and the



denominator of which is the sum of the account balance attributable to Elective Contributions.

(d) Additional Distribution Procedures. With respect to distributions described in Section 3.3(c), for any Plan Year in which a Participant may elect both Roth Elective Deferral Contributions and Pre-Tax Elective Deferral Contributions, the Administrator may operationally implement an ordering rule procedure for the distribution of excess Elective Contributions. Matching Contributions that relate to Excess Deferred Compensation (regardless of whether such excess Elective Contributions is Pre-tax Elective Deferral Contributions or Roth Elective Deferral Contributions) shall be treated as a Forfeiture.

3.4 Suspension of a Contribution Election. The Administrator may amend or revoke its Payroll Withholding Agreement with any Participant at any time, if the Administrator determines that such revocation or amendment is necessary to ensure that a Participant's "annual additions" for any Plan Year will not exceed the limitations of Article XIV or to insure that the requirements of Code Sections 401(k) and 401(m) have been satisfied with respect to the amount which may be withheld and contributed on behalf of the Highly Compensated Employees. In connection with any such amendment or revocation, the Administrator automatically shall reinstate the Payroll Withholding Agreement with the Participant as of the first day of the following Plan Year, if the Participant is an Eligible Employee on that date.

3.5 Contributions to the Trustee. Pre-tax Elective Deferral Contributions and/or Roth Elective Deferral Contributions shall be paid to the Trustee in cash and posted to each Participant's Accounts as soon as such amounts can reasonably be separated from the Participating Employer's general assets and balanced against the specific amount made on behalf of each Participant. However, it is the intention of the Employer that in all events such amounts shall be paid to the Trustee no more than 15 business days following the end of the month that includes the date amounts are deducted from a Participant's Compensation (or as that maximum period may be otherwise extended by ERISA).

3.6 Rollovers from Other Plans.

(a) With the consent of the Administrator, the Plan may accept a "rollover" by Eligible Employees, provided the "rollover" will not jeopardize the tax-exempt status of the Plan or create adverse tax consequences for the Participating Employers. Prior to accepting any "rollovers" to which this Section 3.6 applies, the Administrator may require the Employee to establish that the amounts to be rolled over to this Plan meet the requirements of this Section 3.6. The Employer may instruct the Administrator, operationally and on a nondiscriminatory basis, to limit the source of rollovers that may be accepted by the Plan. The amounts rolled over shall be set up in a separate account herein referred to as a Participant's Rollover Account. Such account shall be fully Vested at all times and shall not be subject to Forfeiture for any reason. Furthermore, any Roth Elective Deferral Contributions that are accepted as rollovers in this Plan shall be accounted for separately.

(b) Amounts in a Participant's Rollover Account shall be held by the Trustee pursuant to the provisions of this Plan and may be withdrawn by, or distributed to the Participant, in whole or in part, in accordance with the terms of the Plan.

(c) For purposes of this Section, the following definitions shall apply:

(1) A "rollover" means: (i) amounts transferred to this Plan directly from another "eligible retirement plan;" (ii) distributions received by an Employee from other



"eligible retirement plans" which are eligible for tax-free rollover to an "eligible retirement plan" and which are transferred by the Employee to this Plan within sixty (60) days following receipt thereof; (iii) amounts transferred to this Plan from a conduit individual retirement account provided that the conduit individual retirement account has no assets other than assets which (A) were previously distributed to the Employee by another "eligible retirement plan," (B) were eligible for tax-free rollover to an "eligible retirement plan" and (C) were deposited in such conduit individual retirement account within sixty (60) days of receipt thereof; (iv) amounts distributed to the Employee from a conduit individual retirement account meeting the requirements of clause (iii) above, and transferred by the Employee to this Plan within sixty (60) days of receipt thereof from such conduit individual retirement account; and (v) any other amounts which are eligible to be rolled over to this Plan pursuant to the Code.

(2) An "eligible retirement plan" means an individual retirement account described in Code Section 408(a), an individual retirement annuity described in Code Section 408(b) (other than an endowment contract), a qualified trust (an employees' trust described in Code Section 401(a) which is exempt from tax under Code Section 501(a)), an annuity plan described in Code Section 403(a), an eligible deferred compensation plan described in Code Section 457(b) which is maintained by an eligible employer described in Code Section 457(e)(1)(A), and an annuity contract described in Code Section 403(b).



## ARTICLE IV
## EMPLOYER CONTRIBUTIONS

4.1 Formula for Determining Non-Elective Contributions. For each Plan Year, the Employer may choose for any one or more of the following contributions to be contributed to the Plan:

(a) Matching Contributions. On behalf of each Participant who has made Elective Contributions for the Plan Year, the Employer may determine that Participating Employers shall contribute a Matching Contribution equal to the specified uniform percentage of each such Participant's Elective Contributions. The specified uniform percentage of such Matching Contribution generally shall be 100%, except in such instances where the Board or the Board's delegate implements a prospective reduction or increase in the specified percentage of the Matching Contribution. In all cases, in applying the Matching Contribution specified uniform percentage to a Participant's Elective Contributions, the Board or the Board's delegate shall, from time to time, determine the limit on the percentage of annual Compensation to be taken into account; provided, that, such percentage shall be no more than 6% of annual Compensation.

(b) ESOP Stock Bonus Contributions. On behalf of all eligible Participants who have completed a Year of Service during the Plan Year, the Employer may determine that the Participating Employers shall contribute (i) a discretionary cash amount of ESOP Stock Bonus Contribution contributed to the Janus Stock Fund, or (ii) a discretionary amount of Company Stock contributed as an ESOP Stock Bonus Contribution to the Janus Stock Fund. The following Participants who have a Year of Service during the Plan Year are eligible Participants entitled to share in the discretionary ESOP Stock Bonus Contribution: those Participants who (x) remain Employees on the last day of the Plan Year or (y) are not Employees on the last day of the Plan Year on account of termination of employment with the Employer and Affiliated Employers on or after attainment of Normal Retirement Age or as a result of Total and Permanent Disability or death. Any discretionary ESOP Stock Bonus Contribution shall be allocated to each eligible Participant in the same proportion as such Participant's Compensation for the Plan Year bears to the total Compensation of all eligible Participants for such Plan Year.

(c) Profit Sharing Contributions. On behalf of all eligible Participants who have completed a Year of Service during the Plan Year, the Employer may determine that the Participating Employers shall contribute a discretionary cash amount of Profit Sharing Contribution. The following Participants who have a Year of Service during the Plan Year are eligible Participants entitled to share in the discretionary Profit Sharing Contribution: those Participants who (x) remain Employees on the last day of the Plan Year or (y) are not Employees on the last day of the Plan Year on account of termination of employment with the Employer and Affiliated Employers on or after attainment of Normal Retirement Age or as a result of Total and Permanent Disability or death. Any discretionary Profit Sharing Contribution shall be allocated to each eligible Participant in the same proportion as such Participant's Compensation for the Plan Year bears to the total Compensation of all eligible Participants for such Plan Year.

(d) Special Discretionary Contributions. A special discretionary allocation approved by the Compensation Committee; provided, that, at the time of any such special discretionary allocation the Compensation Committee shall establish (1) whether such contributions shall be a matching contribution or employer nonelective contribution, (2) the allocation formula and (3) the eligibility criteria for receipt of the special discretionary allocation. In the event it is determined to make a Special Discretionary Contribution as a matching contribution for a Plan Year, the contribution shall be based on a formulaic percentage allocation based on a Participant's Elective Contributions for the Plan Year. In the event it is determined to



make a Special Discretionary Contribution as an employer non-elective contribution for a Plan Year, the contribution shall be credited to an eligible Participant in the same proportion as such Participant's Compensation for the Plan Year bears to the total Compensation of all eligible Participants for the Plan Year**.**

4.2 Time of Payment of Employer Contributions. The Participating Employer may make its contribution to the Plan for a particular Plan Year at such time as the Participating Employer, in its sole discretion, determines. If the Participating Employer makes a contribution for a particular Plan Year after the close of that Plan Year, the Participating Employer will designate to the Trustee the Plan Year for which the Participating Employer is making its contribution. While the Participating Employer may elect to contribute the Matching Contributions to the Plan on a payroll basis, the Matching Contributions shall be calculated on a Plan Year basis and, if necessary, utilize a true-up payment to the Plan for a Plan Year.



## ARTICLE V
## ACCOUNTS AND INVESTMENT POLICY

5.1 Accounts. The Administrator shall establish and maintain an individual set of Account in the name of each Participant and shall record transactions both by type of Account and Investment Fund. Participant Account values shall be maintained in units for the investment funds and in dollars for the Loan Accounts. Participant Account values shall be determined as of each to which the Administrator shall credit as of each Valuation Date.

5.2 Direction of Investment.

(a) Investment Direction. Subject to the provisions of this Section 5.2 and except as next provided, each Participant shall have the right to direct the investment of all of his Accounts among the Investment Funds that are available under the Plan. Notwithstanding the preceding, subject to Section 5.3, a Participant's ESOP Stock Bonus Account shall be entirely in the Janus Stock Fund. Furthermore, no portion of Participant's Accounts, other than his or her ESOP Stock Bonus Account, may be invested in the Janus Stock Fund.

(b) Future Contributions**.** Each Participant will elect the percentage of those contributions which are subject to Participant direction of investment which are to be deposited to each available Investment Fund. The timing of such election will be specified by the Administrator. Such election will remain in effect until modified. If any Participant fails to make an election by the appropriate date, he will be deemed to have elected an Investment Fund(s) as determined by the Administrator.

Elections will be limited to whole percentages or whole dollar amounts.

(c) Change in Investment of Existing Balances**.** A Participant may file an election with the Administrator to shift the aggregate amount or reasonable increments (as determined by the Administrator) of the balance of his existing Account or Accounts which are subject to Participant direction of investment among the various Investment Funds. Elections will be limited to whole percentages (or such other reasonable increments as determined by the Administrator).

(d) Changes in Investment Elections**.** Elections with respect to future contributions and/or with respect to changes in the investment of past contributions will be in writing or through such other means as may be approved by the Administrator and in a format specified by the Administrator.

(e) General Powers of the Administrator**.** The Administrator will have the power to establish rules and guidelines as it deems necessary, desirable or appropriate with regard to the directed investment of contributions in accordance with this Section 5.2. Such rules and guidelines are intended to comply with Section 404(c) of ERISA and the regulations thereunder. Included in such powers, but not by way of limitation, are the following powers and rights.

(1) To direct the Trustee to temporarily invest those contributions which are pending directed investment in an Investment Fund or in some other manner as determined by the Administrator.

(2) To establish rules with regard to the transfer of all or any part of the balance of an Account or Accounts of a given Participant from one Investment Fund to another.



(3) Direct the Trustee to maintain any part of the assets of any Investment Fund in cash, or in demand or short-term time deposits bearing a reasonable rate of interest, or in a short-term investment fund that provides for the collective investment of cash balances or in other cash equivalents having ready marketability, including, but not limited to, U.S. Treasury Bills, commercial paper, certificates of deposit, and similar types of short-term securities.

(4) To temporarily suspend the ability of Participants to redirect the investment of their Accounts during a transfer of assets between trustees or custodians, during the replacement of funds within the Trust, or at other times deemed necessary with respect to the administration of the Plan.

Neither the Trustee nor the Administrator will be liable for any loss that results from a Participant’s exercise of control over the investment of the Participant’s Accounts. If the Participant fails to provide adequate directions, the Administrator will direct the investment of the Participant’s Account. The Administrator may establish additional rules and procedures with respect to investment election changes including, for example, the number of allowed changes per specified period, the amount of reasonable fee, if any, which will be charged to the Participant for making a change, specified dates or cutoff dates for making a change, etc.

5.3 ESOP Stock Bonus Account, Janus Stock Fund and Diversification. Except as provided in this Section 5.3, each Participant’s ESOP Stock Bonus Contribution Account shall be invested exclusively in the Janus Stock Fund and the Participant does not have the right to direct the Trustee with respect to the investment or reinvestment of the assets comprising the Participant’s ESOP Stock Bonus Account.

(a) Each Participant who attains age 55 or older and who is or becomes 100% vested in the Participant’s ESOP Stock Bonus Account may direct the Trustee as to the investment of 100% of the value of the Participant’s Accrued Benefit attributable to Company Stock (the Eligible Accrued Benefit).

(b) Effective January 1, 2007, a Participant who has completed three Years of Service, a Participant who has suffered a Total and Permanent Disability, a Beneficiary of such a Participant or a Beneficiary of a deceased Participant (where the Beneficiary has an account under the Plan to which the Beneficiary is entitled to exercise the rights of a Participant) may direct the Trustee as to the investment of up to 100% of the value of the Participant’s Accrued Benefit attributable to Company Stock at any time.

(c) Each Participant who elects to diversify pursuant to this Section 5.3 may direct the investment in the same manner as described in Section 5.2. Once diversified, the Participant may not direct the investment of the diversified amount to acquire Company Stock.

5.4 Accounting. The Administrator will maintain a set of accounts for each Investment Fund, which may include a self-directed brokerage window. The accounts of the Administrator for each Investment Fund will indicate separately the dollar amounts of all contributions made to such Investment Fund by or on behalf of each Participant from time to time. The Administrator will compute the net income from investments; net profits or losses arising from the sale, exchange, redemption, or other disposition of assets, and the pro rata share attributable to each Investment Fund of the expenses of the administration of the Plan and Trust and will debit or credit, as the case may be, such income, profits or losses, and expenses to the unsegregated balance in each Investment Fund from time to time. To the extent that the expenses of the administration of the Plan and Trust are not directly attributable to a given



Investment Fund, such expenses, as of a given Valuation Date, will be prorated among each Investment Fund; such allocation of expenses will, in general, be performed in accordance with the guidelines which are specified in this Article.

5.5 Addition and Deletion of Investment Funds; Maintenance and Administration of Accounts. Investment funds other than the Janus Stock Fund ("JNS Fund") and the Janus Mutual Funds may be deleted from time to time at the direction of the Administrator, provided that the Administrator must at all times maintain an array of mutual funds other than Janus Mutual funds that constitute a "broad range of investment alternatives" within the meaning of 29 C.F.R. §2550.404c-1(b)(2)(iii)(C)(1). The JNS Fund and the Janus Mutual Funds may be removed as investment options under the Plan only by amendment of the Plan by the Employer. For each Investment Fund required by the terms of the Plan or chosen by the Administrator, the Administrator will maintain a separate set of accounts, and the Administrator shall establish guidelines for the proper administration of affected accounts when an investment fund is added or deleted, whether at the direction of the Administrator or by amendment of the Plan.

5.6 Trading Restrictions. The Administrator shall observe restrictions on the trading activity of the Plan Participants and Beneficiaries that are substantially the same as those imposed by the Employer on its employees or required by law in order to prevent illegal or abusive trading practices. Nothing in this Plan shall confer on a Participant or Beneficiary the right to direct assets credited to his Plan Account or to obtain a distribution from the Plan in violation of any such Plan restrictions. The observance of an compliance with any such Plan restriction shall not give rise to a blackout as that term is defined in Section 101(i)(7) of ERISA and the Department of Labor Regulation codified in 29 U.S.C. §2520.101-3(d)(1).

5.7 Valuation Procedure. As of each Valuation Date, the Administrator will determine from the Trustee the fair market value of each Investment Fund and will, subject to the provisions of this Article, determine the allocation of such value among the Accounts of the Participants; in doing so, the Administrator will in the following order:

(a) Credit or charge, as appropriate, to the proper Accounts all contributions, payments, transfers, forfeitures, withdrawals or other distributions made to or from such Accounts since the last preceding Valuation Date and that have not been previously credited or charged.

(b) Credit or charge, as applicable, each Account with its pro rata portion of the appreciation or depreciation in the fair market value of each Investment Fund since the prior Valuation Date. Such appreciation or depreciation will reflect investment income, realized and unrealized gains and losses, other investment transactions and expenses paid from each Investment Fund.

5.8 Dividends. All dividends paid with respect to Company Stock owned by the Trust shall be paid to the Plan and reinvested in Company Stock.



## ARTICLE VI
## VESTING AND FORFEITURES

6.1 Elective Contributions and Rollover Contributions. A Participant shall be fully vested in the Participant's Elective Contributions, Catch-Up Contributions and Rollover Contributions at all times and no portion of the Participant's Accounts holding such contribution shall become a Forfeiture for any reason.

6.2 Employer Contributions.

(a) Matching Contributions.

(1) Except with respect to an Eligible Employee who becomes a Participant on or after January 1, 2014, a Participant shall be fully Vested in the Participant's Matching Contributions at all times and such contributions shall not be subject to Forfeiture for any reason.

(2) With respect to an Eligible Employee who becomes a Participant on or after January 1, 2014, the vested percentage of the Participant's Matching Contributions shall be determined on the basis of the Participant's number of Years of Service according to the following schedule:

Vesting Schedule

| Years of Service | Percentage |
|---|---|
| 1 | 20% |
| 2 | 40% |
| 3 | 60% |
| 4 | 80% |
| 5 | 100% |

(b) ESOP Stock Bonus Contributions and Profit Sharing Contributions. The vested percentage of a Participant's ESOP Stock Bonus Contributions and Profit Sharing Contributions shall be determined on the basis of the Participant's number of Years of Service according to the following schedule:

Vesting Schedule

| Years of Service | Percentage |
|---|---|
| 1 | 20% |
| 2 | 40% |
| 3 | 60% |
| 4 | 80% |
| 5 | 100% |



(c) Special Discretionary Contributions. At the time that a Special Discretionary Contribution is approved by the Compensation Committee, such committee shall provide the vesting schedule for such Special Discretionary Contribution.

(d) Normal Retirement Age, Death or Total and Permanent Disability. Notwithstanding any provision of Section 6.2 (a), Section 6.2(b) or Section 6.2(c), a Participant shall be fully Vested in his or her Non-Elective Accounts if his or her Employee status terminates on account of attainment of Normal Retirement Age or on account of the Participant's death or Total and Permanent Disability. Accounts so vested shall not thereafter become a Forfeiture.

(e) Notwithstanding the vesting schedule above, upon the complete discontinuance of the Contributions to the Plan or upon any full or partial termination of the Plan, all amounts then credited to the account of any affected Participant shall become 100% Vested and shall not thereafter be subject to Forfeiture.

(f) The Accrued Benefit of each Participant who terminates employment with the Employer and all Affiliated Employers on account of a Job Elimination (defined below) shall be fully vested and 100% nonforfeitable. "Job Elimination" shall mean the termination of a Participant's employment with the Employer and all Affiliated Employers as a result of the elimination of the Participant's position in the group, division, department or branch of the Employer or Affiliated Employer in which the Participant works, because of a corporate transaction or reorganization, outsourcing, technology change, reduced work volume or another business reason. A Participant's termination of employment with the Employer and all Affiliated Employers is not on account of a Job Elimination if the Participant's employment is terminated due to death, disability, voluntary termination of employment, or any involuntary termination of employment initiated by an Employer or Affiliated Employer for cause, inadequate job performance or any other reason that results in the Participant's position remaining open to be filled by a new hire.

(g) If a distribution is made to a Participant who has not severed employment and who is not fully Vested in the Participant's Account and the Participant may increase the Vested percentage in such account, then, at any relevant time the Participant's Vested portion of the account will be equal to an amount ("X") determined by the formula:

X equals P(AB plus D) - D

For purposes of applying the formula: P is the Vested percentage at the relevant time, AB is the account balance at the relevant time, and D is the amount of distribution.

6.3 Forfeiture of Non-Vested Amounts. With respect to a Participant who ceases to be an Employee, the portion of the Participant's Non-Elective Accounts that are not Vested will be forfeited on the earlier of:

(a) the date of distribution of the entire Vested portion of the Participant's Accounts under Article VII, or

(b) the last day of the Plan Year in which the Participant incurs five (5) consecutive 1-Year Breaks in Service; *provided, however*, that if a Participant is eligible to share in the allocation of Contributions or Forfeitures in the Plan Year in which the unvested amount otherwise would be forfeited, then the amount will not be forfeited until the end of the first Plan

Year for which the Participant is not eligible to share in the allocation of Contributions or Forfeitures.

As of the date unvested amounts are forfeited, such amounts will become a Forfeiture.

6.4 Special Forfeiture Ordering Rule for Company Stock. If a portion of a Participant's Account is forfeited, Company Stock allocated to the Participant's ESOP Stock Bonus Account must be forfeited only after the Participant's other investments, not attributable to the ESOP Stock Bonus Account, have been depleted. If interest in more than one class of Company Stock has been allocated to a Participant's Account, the Participant must be treated as forfeiting the same proportion of each such class.

6.5 Permanent Forfeiture. If any portion of a Participant's Non-Elective Accounts became a Forfeiture in accordance with Section 6.3, such amount shall not be subject to restoration and shall become a permanent Forfeiture as of the date the Participant incurs five (5) consecutive 1-Year Breaks in Service.

6.6 Restoration of Forfeiture. If any Terminated Participant becomes reemployed by the Employer or an Affiliated Employer before five (5) consecutive 1-Year Breaks in Service, and such Terminated Participant had received a distribution of the entire Vested interest prior to reemployment, then the forfeited account shall be reinstated only if the Terminated Participant repays the full amount which had been distributed. Such repayment must be made before the earlier of five (5) years after the first date on which the Participant is subsequently reemployed by the Employer or an Affiliated Employer or the close of the first period of five (5) consecutive 1-Year Breaks in Service commencing after the distribution. If a distribution occurs for any reason other than a severance of employment, the time for repayment may not end earlier than five (5) years after the date of distribution. In the event the rehired Terminated Participant does repay the full amount distributed, the undistributed forfeited portion of the Participant's Account must be restored in full, unadjusted by any gains or losses occurring subsequent to the Valuation Date preceding the distribution. The source for such reinstatement may be Forfeitures occurring during the Plan Year. If such source is insufficient, then the Employer will contribute an amount which is sufficient to restore any such forfeited Accounts provided, however, that if a Non-Elective Contribution is made for such year pursuant to Sections 4.1(b), 4.1(c) or 4.1(d), such contribution shall first be applied to restore any such Accounts and the remainder shall be allocated in accordance with Sections 4.1(b), 4.1(c) or 4.1(d), as applicable.

6.7 Permitted Uses for Forfeitures. Forfeitures under the Plan shall be applied as follows:

(a) Forfeitures shall first be applied to pay Plan expenses described in Section 11.11 (pertaining to Expenses of Administration). Any Plan expenses remaining after the application of Forfeitures under this Paragraph (a) shall be paid in accordance with Section 11.11 of the Plan;

(b) any Forfeitures remaining after the application of Paragraph (a) of this subsection shall be applied to reduce the Employer's contribution obligation under Section 6.6 (pertaining to restoration of Participant Accounts);

(c) any Forfeitures remaining after the application of Paragraphs (a) and (b) of this subsection shall be applied to reduce the Participating Employers' Matching Contribution obligation under Section 4.1;

(d) any Forfeitures remaining after the application of paragraphs (a), (b) and (c) of this subsection shall be applied to reduce the Participating Employers' contribution obligation, if



any, to maintain the Plan's qualified status and/or satisfy the Nondiscrimination requirements of the Plan;

(e) any Forfeitures remaining after the application of paragraphs (a), (b), (c) and (d) of this subsection may be applied to make any Special Discretionary Contribution that the Compensation Committee or the Advisory Committee shall approve under Section 4.1; and

(f) any Forfeitures remaining after the application of paragraphs (a), (b), (c), (d) and (e) of this subsection shall be treated as a Profit Sharing Contribution and allocated in accordance with Section 4.1(c).



## ARTICLE VII
## DISTRIBUTION OF BENEFITS TO VESTED TERMINATED PARTICIPANTS

7.1 Election for Distribution of Benefits. Each Terminated Participant may elect to receive distribution of his or her Vested Accounts, in accordance with Section 7.2, no later than the Terminated Participant's Required Beginning Date. In the absence of an affirmative election to receive his or her Plan benefits under the preceding sentence, and except as provided in Section 7.5, payment shall be deferred until the time of the Terminated Participant's Required Beginning Date; provided, that, the Administrator shall direct the

Trustee to distribute such Terminated Participant's Account in a single sum payment at the time of the Terminated Participant's Required Beginning Date and no consent of the Terminated Participant shall be required to make such distribution.

7.2 Distribution of Benefits.

(a) The Administrator, pursuant to the election of the Terminated Participant, shall direct the Trustee to distribute to a Terminated Participant or such Terminated Participant's Beneficiary any amount to which the Terminated Participant is entitled under the Plan in a single sum payment. However, the single sum payment requirement shall apply independently to distributions of Company Stock and distribution of all assets other than Company Stock, so as to enable a Terminated Participant to obtain a distribution of all Company Stock in the Terminated Participant's Account while deferring distribution of all assets other than Company Stock, or vice-versa. No partial distributions of Company Stock or assets other than Company Stock shall be allowed.

(b) All distributions of Company Stock in a Terminated Participant's account shall be made in-kind in the form of Company Stock. A Terminated Participant may, however, elect to receive distributions in cash based on the fair market value of the Company Stock as of the Valuation Date corresponding to the distribution or in a combination of cash and Company Stock. Any fractional share of Company Stock shall be paid in cash.

(c) Any distribution to a Terminated Participant who has a benefit which exceeds $1,000, shall require such Terminated Participant's written (or in such other form as permitted by the Internal Revenue Service) consent if such distribution is to occur prior to the time the benefit is "immediately distributable." A benefit is "immediately distributable" if any part of the benefit could be distributed to the Terminated Participant (or surviving spouse) before the Terminated Participant attains (or would have attained if not deceased) the Terminated Participant's Normal Retirement Age. With regard to this required consent:

(1) The Terminated Participant must be informed of the right to defer receipt of the distribution and the consequences of failing to defer receipt of the distribution. If a Terminated Participant fails to consent, it shall be deemed an election to defer the distribution of any benefit. However, any election to defer the receipt of benefits shall not apply with respect to distributions which are required under Section 7.11.

(2) Notice of the rights specified under this paragraph shall be provided no less than thirty (30) days and no more than one hundred and eighty (180) days before the date the distribution is made.

(3) Written (or such other form as permitted by the Internal Revenue Service) consent of the Terminated Participant to the distribution must not be made before the



Terminated Participant receives the notice and must not be made more than one hundred and eighty (180) days before the date the distribution is made.

(4) No consent shall be valid if a significant detriment is imposed under the Plan on any Terminated Participant who does not consent to the distribution.

Any such distribution may occur less than thirty (30) days after the notice required under Regulation 1.411(a)-11(c) is given, provided that: (1) the Administrator clearly informs the Terminated Participant that the Terminated Participant has a right to a period of at least thirty (30) days after receiving the notice to consider the decision of whether or not to elect a distribution (and, if applicable, a particular distribution option), and (2) the Terminated Participant, after receiving the notice, affirmatively elects a distribution.

7.3 Effect of the Participant's or Terminated Participant's Death. Upon the death of a Participant or Terminated Participant (in each event, thereafter a Terminated Participant) before his or her Required Beginning Date, the Administrator shall direct the Trustee to distribute any Vested amounts credited to the Accounts of the deceased Terminated Participant in a lump sum to his or her Beneficiary as soon as administratively feasible following the Terminated Participant's death in accordance with procedures prescribed by the Administrator. Notwithstanding the preceding, payment to a Beneficiary must be completed by the end of the calendar year that contains the fifth anniversary of the Terminated Participant's death, except that if the surviving spouse is the Beneficiary, payments need not begin until the end of the calendar year in which the Terminated Participant would have attained age 70½, if later. If the Terminated Participant and the surviving spouse who is the Beneficiary die before payment of the Participant's Vested amount has commenced, the spouse shall be treated as the Terminated Participant in applying these rules.

7.4 Beneficiary Designation. In accordance with procedures prescribed by the Administrator, each Participant or Terminated Participant may complete a beneficiary designation form indicating the Beneficiary who is to receive the Vested amounts credited to the Accounts of the Participant or Terminated Participant at the time of his or her death. Such designation may be changed from time to time. A Participant's spouse, however, shall be the sole primary Beneficiary unless the Participant's Beneficiary designation includes Spousal Consent for another or a different Beneficiary. If no proper designation is in effect at the time of a

Terminated Participant's death or if the Beneficiary does not survive the Terminated Participant, the Beneficiary shall be, in the order listed:

(1) the Terminated Participant's surviving spouse;

(2) the Terminated Participant's children, including adopted children, per stirpes;

(3) the Terminated Participant's surviving parents in equal shares; or

(4) the Terminated Participant's estate.

If the Beneficiary does not predecease the Terminated Participant, but dies prior to distribution of the death benefit, the death benefit will be paid to the Beneficiary's designated Beneficiary (or if there is no designated Beneficiary, to the Beneficiary's estate).

7.5 Automatic Cash Out of Small Account. At the time that a Participant becomes a Terminated Participant, if the balance under all of his or her Accounts is $1,000 or less, the Administrator shall direct the Trustee to distribute such Terminated Participant's Account in a single sum payment as



soon as administratively feasible to the Terminated Participant or the Beneficiary of the Terminated Participant, as applicable, in accordance with procedures prescribed by the Administrator, and no consent of the Terminated Participant or Beneficiary shall be required to make this distribution. A Rollover Account shall not be considered as part of a Terminated Participant's Account in determining whether the $1,000 threshold has been exceeded; but shall be included as part of the distribution of such Account.

7.6 Distribution for Minor or Incompetent Individual. In the event a distribution is to be made to a minor or incompetent individual, then the Administrator may direct that such distribution be paid to the legal guardian, or if none in the case of a minor Beneficiary, to a parent of such Beneficiary or a responsible adult with whom the Beneficiary maintains residence, or to the custodian for such Beneficiary under the Uniform Gift to Minors Act or Gift to Minors Act, if such is permitted by the laws of the state in which said Beneficiary resides. Such a payment to the legal the guardian, custodian or parent of a minor or incompetent individual shall fully discharge the Trustee, Employer and Plan from further liability on account thereof.

7.7 Location of Terminated Participant or Beneficiary Unknown. In the event that all, or any portion, of the distribution payable to a Terminated Participant at the time of his or her Required Beginning Date or payable to the Beneficiary at the time otherwise required under the Plan shall remain unpaid solely by reason of the inability of the Administrator, after sending a registered letter, return receipt requested, to the last known address, and after further diligent effort, to ascertain the whereabouts of such Terminated Participant or Beneficiary, the amount so distributable may either, at the discretion of the Administrator, be treated as a Forfeiture or paid directly to an individual retirement account described in Code Section 408(a) or individual retirement annuity described in Code Section 408(b) pursuant to the Plan. However, the foregoing shall also apply at the time that a Participant becomes a Terminated Participant if, pursuant to the terms of the Plan, a mandatory distribution may be made to the Terminated Participant without the Terminated Participant's consent and the amount of such distribution is not more than $1,000. In the event a Terminated Participant or Beneficiary is located subsequent to a Forfeiture, such benefit shall be restored, first from Forfeitures, if any, and then from an additional Employer contribution if necessary. However, regardless of the preceding, a benefit which is lost by reason of escheat under applicable state law is not treated as a Forfeiture for purposes of this Section nor as an impermissible forfeiture under the Code.

7.8 Corrective Distributions. Nothing in this Plan shall preclude the Administrator from making a distribution to a Participant to the extent such distribution is made to correct a qualification defect in accordance with the correction procedures under the IRS's Employee Plans Compliance Resolution System or any other voluntary compliance programs.

7.9 Qualified Reservist Distributions. This Plan does not permit a Participant to elect a "qualified reservist distribution" as described in Code Section 72(t)(2)(G)(iii).

7.10 Direct Rollover.

(a) Notwithstanding any provision of the Plan to the contrary that would otherwise limit a "distributee's" election under this Section 7.10, a "distributee" may elect, at the time and in the manner prescribed by the Administrator, to have any portion of an "eligible rollover distribution" that is equal to at least $500 paid directly to an "eligible retirement plan" specified by the "distributee" in a "direct rollover."



(b) For purposes of this Section 7.10 the following definitions shall apply:

(1) An "eligible rollover distribution" is any distribution of all or any portion of the balance to the credit of the "distributee," except that an "eligible rollover distribution" does not include: any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the "distributee" or the joint lives (or joint life expectancies) of the "distributee" and the "distributee's" designated beneficiary, or for a specified period of ten years or more; any distribution to the extent such distribution is required under Code Section 401(a)(9); the portion of any other distribution that is not includible in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to employer securities); any hardship distribution; and any other distribution that is reasonably expected to total less than $200 during a year. A portion of a distribution shall not fail to be an "eligible rollover distribution" merely because the portion consists of Roth Elective Deferral Contributions which are not includible in gross income; provided, however, that such portion which is not includible in gross income may be transferred only to the following "eligible retirement plans": (A) an individual retirement account or annuity described in Code Section 408(a) or (b), (B) a qualified defined contribution plan described in Code Sections 401(a) or 403(a) that agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible, (C) to a qualified trust or to an annuity contract described in Code Section 403(b), if such trust or contract provides for separate accounting for amounts so transferred (including interest thereon) including separately accounting for the portion of such distribution which is includable in gross income and the portion of such distribution which is not so includible, or (D) a Roth IRA described in Code Section 408A.

(2) An "eligible retirement plan" is an individual retirement account described in Code Section 408(a), an individual retirement annuity described in Code Section 408(b) (other than an endowment contract), a Roth IRA described in Code Section 408A, a qualified trust (an employees' trust) described in Code Section 401(a) which is exempt from tax under Code Section 501(a), an annuity plan described in Code Section 403(a), an eligible deferred compensation plan described in Code Section 457(b) which is maintained by an eligible employer described in Code Section 457(e)(1)(A), and an annuity contract described in Code Section 403(b), that accepts the "distributee's" "eligible rollover distribution."

(3) A "distributee" includes an Employee or former Employee. In addition, the Employee's or former Employee's surviving spouse and the Employee's or former Employee's spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in Code Section 414(p), are "distributees" with regard to the interest of the spouse or former spouse. A non-spouse Beneficiary who is a "designated beneficiary" under Code Section 401(a)(9)(E) and the regulations thereunder, by a "direct rollover," may roll over all or any portion of his or her distribution to an individual retirement account the Beneficiary establishes for purposes of receiving the distribution, provided, the distribution otherwise satisfies the definition of an "eligible rollover distribution." If the Terminated Participant's named Beneficiary is a trust, the Plan may make a direct rollover to an individual retirement account on behalf of the trust, provided the trust satisfies the requirements to be a designated Beneficiary within the meaning of Code Section 401(a)(9)(E).



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(4) A "direct rollover" is a payment by the Plan to the "eligible retirement plan" specified by the "distributee."

7.11 Required Minimum Distributions (Code Section 401(a)(9)). Notwithstanding any provision in the Plan to the contrary, the distribution of a Participant's , Terminated Participant's or Beneficiary's benefits shall be made in accordance with the final Regulations under Code Section 401(a)(9), which regulations are incorporated into the Plan by reference and shall override any inconsistent provisions of the Plan.



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## ARTICLE VIII
## IN-SERVICE DISTRIBUTION OF BENEFITS TO PARTICIPANTS

8.1 Age 59 1/2 Distribution. Unless otherwise provided, on or after such time as a Participant shall have attained the age of 59 1/2 years, the Administrator, at the election of the Participant who has not severed employment with the Employer and Affiliated Employers, shall direct the Trustee to distribute all or a portion of the amount then credited to the accounts maintained on behalf of the Participant. However, no distribution from a segregated portion of the Participant's account shall occur prior to 100% vesting of such segregated portion. Any distribution made pursuant to this Section 8.1 shall be made in a manner consistent with Section 7.2, including, but not limited to, all notice and consent requirements of Code Section 411(a)(11) and the Regulations thereunder.

Notwithstanding the above, pre-retirement distributions from a Participant's Elective Account shall not be permitted prior to the Participant attaining age 59 1/2 except as otherwise permitted under the terms of the Plan.

8.2 Distributions from Rollover Account. A Participant who has not severed employment with the Employer and Affiliated Employers may elect, not more frequently than twice per Plan Year, to have the Administrator direct the Trustee to distribute all or a portion of the amount then credited to the Rollover Account maintained on behalf of the Participant.

8.3 Advance Distribution for Hardship.

(a) The Administrator, at the election of the Participant, shall direct the Trustee to distribute to any Participant in any one Plan Year up to the lesser of 100% of the Participant's Elective Contributions valued as of the last Valuation Date or the amount necessary to satisfy the immediate and heavy financial need of the Participant. Any distribution made pursuant to this Section 8.3 shall be deemed to be made as of the first day of the Plan Year or, if later, the Valuation Date immediately preceding the date of distribution, and the Participant's Elective Contributions shall be reduced accordingly. Withdrawal under this Section 8.3 shall be authorized if the distribution is on account of:

(1) Expenses for (or necessary to obtain) medical care that would be deductible under Code Section 213 (d) (determined without regard to whether the expenses exceed 7.5% of adjusted gross income);

(2) Costs directly related to the purchase (excluding mortgage payments) of a principal residence for the Participant;

(3) Payments for burial or funeral expenses for the Participant's deceased parent, spouse, children or dependents (as defined in Code Section 152, and without regard to Code Section 152(d)(1)(B));

(4) Payment of tuition, related educational fees, and room and board expenses, for up to the next twelve (12) months of post-secondary education for the Participant, and the Participant's spouse, children, or dependents (as defined in Code Section 152, and without regard to Code Section 152(b)(1), (b)(2), and (d)(1)(B));

(5) Payments necessary to prevent the eviction of the Participant from the Participant's principal residence or foreclosure on the mortgage on that residence;



(6) Expenses for the repair of damage to the Participant's principal residence that would qualify for the casualty deduction under Code Section 165 (determined without regard to whether the loss exceeds 10% of adjusted gross income);

(7) An immediate and heavy financial need of the Participant provided that the Administrator applies the need to all Participants in a uniform and nondiscriminatory manner; or

(8) An immediate and heavy financial need of the Participant's primary Beneficiary under the Plan, that would constitute a hardship event if it occurred with respect to the Participant's spouse or dependent as defined under Code Section 152 (such hardship events being limited to educational expenses, funeral expenses and certain medical expenses). For purposes of this provision, a Participant's "primary Beneficiary under the Plan" is an individual who is named as a Beneficiary under the Plan and has an unconditional right to all or a portion of the Participant's account balance under the Plan upon the Participant's death.

(b) No distribution shall be made pursuant to this Section 8.3 unless the Administrator determines, based upon all relevant facts and circumstances, that the amount to be distributed is not in excess of the amount required to relieve the financial need and that such need cannot be satisfied from other resources reasonably available to the Participant. For this purpose, the Participant's resources shall be deemed to include those assets of the Participant's spouse and minor children that are reasonably available to the Participant. The amount of the immediate and heavy financial need may include any amounts necessary to pay any federal, state or local income taxes or penalties reasonably anticipated to result from the distribution. A distribution may be treated as necessary to satisfy a financial need if the Administrator relies upon the Participant's representation that the need cannot be relieved:

(1) Through reimbursement or compensation by insurance or otherwise;

(2) By reasonable liquidation of the Participant's assets, to the extent such liquidation would not itself increase the amount of the need;

(3) By cessation of elective deferrals under the Plan; or

(4) By other distributions or loans from the Plan or any other qualified retirement plan, or by borrowing from commercial sources on reasonable commercial terms, to the extent such amounts would not themselves increase

the amount of the need.

(c) Notwithstanding the above, distributions from the Participant's Elective Account pursuant to this Section 8.3 shall be limited solely to the Participant's total Elective Contributions as of the date of distribution (and not take into account earnings on those Contributions), reduced by the amount of any previous distributions pursuant to this Section 8.3 and Section 8.1.

(d) Any distribution made pursuant to this Section shall be made exclusively in cash. Otherwise, any distribution made pursuant to this Section shall be made in a manner which is consistent with and satisfies the provisions of Sections 7.2, including, but not limited to, all notice and consent requirements of Code Section 411(a)(11) and the Regulations thereunder.

(e) Upon making a hardship withdrawal, a Participant shall be suspended from making any Elective Contributions to the Plan (or any contribution to any other qualified or



nonqualified deferred compensation or stock option or stock purchase plan maintained by the Employer or an Affiliated Employer) for a period of six months from the date the hardship withdrawal payment is made.



## ARTICLE IX
## LOANS TO PARTICIPANTS

9.1 Loans to Participants. Loans to Participants are permitted pursuant to uniform and nondiscriminatory standards established by the Committee in a written loan policy; provided, however, that a Participant who is no longer an Employee or to a Beneficiary shall not be eligible for a Plan loan. A Participant may have one (1) loan outstanding at any time. Notwithstanding the foregoing sentence, prior to January 1, 2013, a Participant was permitted to have two (2) loans outstanding at any time, so all loans outstanding prior to January 1, 2013 will be grandfathered and continue to be outstanding pursuant to their terms in effect as of December 31, 2012. Each loan shall be evidenced by a promissory note, secured only by the portion of the Participant's Account from which the loan is made, and the Plan shall have a lien on such portion of his or her Account. The interest rate charged on Participant loans shall be a fixed reasonable rate of interest, determined from time to time by the Committee, which provides the Plan with a return commensurate with the prevailing interest rate charged by persons in the business of lending money for loans which would be made under similar circumstances. The Committee may impose a loan application fee and/or loan maintenance fee provided such fees are imposed on a uniform and nondiscriminatory basis. The Committee reserves the right to cease making loans at any time without prior notice to Participants.



## ARTICLE X
## VOTING COMPANY STOCK

10.1 Voting Company Stock. Each Participant or Beneficiary that has Company Stock allocated to the ESOP Stock Bonus Account of such Participant or Beneficiary shall have the right to direct the Trustee as to the manner in which the Trustee is to vote (including not vote) that number of shares of Company Stock credited to the Participant's ESOP Stock Bonus Account (Vested and not vested). Directions from a Participant or Beneficiary to the Trustee concerning the voting of Company Stock shall be communicated in writing, or by such other means as agreed to by the Trustee and the Employer. Upon its receipt of the directions, the Trustee shall vote the shares of Company Stock as directed by the Participant or Beneficiary. Except as otherwise required by law, the Trustee shall vote shares of Company Stock credited to a Participant's Account for which the Trustee has received no direction from the Participant or Beneficiary in the same proportion on each issue as it votes those shares credited to the Participants' Accounts for which it received voting directions from Participants and Beneficiaries.

Except as otherwise required by law, the Trustee shall vote that number of shares of Company Stock not credited to the Participants' Accounts in the same proportion on each issue as it votes those shares credited to Participants' Accounts for which it received voting directions from Participants and Beneficiaries.



## ARTICLE XI
## ADMINISTRATION

11.1 Administrator. The Administrator will have the responsibility for the general supervision and administration of the Plan and will be a fiduciary of the Plan. The Employer may, by Written Resolution, appoint one or more individuals to serve as Administrator, including in the form of an Advisory Committee. If the Employer does not appoint an individual or individuals as Administrator, the Employer will function as Administrator. The Employer may at any time, with or without cause, remove an individual as Administrator or substitute another individual therefor.

11.2 Powers and Duties of the Administrator. The Administrator will be charged with and will have delegated to it the full power, duty, authority and discretion to interpret and construe the provisions of this Plan, to determine its meaning and intent and to make application thereof to the facts of any individual case; to determine in its discretion the rights and benefits of Participants and the eligibility of Employees; to give necessary instructions and directions to the Trustee and the Insurer as herein provided or as may be requested by the Trustee and the Insurer from time to time; to resolve all questions of fact relating to any of the foregoing; and generally to direct the administration of the Plan according to its terms. All decisions of the Administrator in matters properly coming before it according to the terms of this Plan, and all actions taken by the Administrator in the proper exercise of its administrative powers, duties and responsibilities, will be final and binding upon all Affiliated Employers, Employees, Participants and Beneficiaries and upon any person having or claiming any rights or interest in this Plan. The Administrator may engage agents to assist it and may engage legal counsel who may be counsel for the Employer.

The Plan Administrator shall from time to time provide to the Trustee written investment policies that, consistent with the terms of the Plan, set forth the Plan's investment objectives and guidelines, including trading restrictions to prevent illegal or abusive practices.

The Employer and the Administrator will make and receive any reports and information, and retain any records necessary or appropriate to the administration of this Plan or to the performance of duties hereunder or to satisfy any requirements imposed by law. In the performance of its duties, the Administrator will be entitled to rely on information duly furnished by any Employee, Participant or Beneficiary or by a Participating Employer or the Trustee.

11.3 Actions of the Administrator. The Administrator may adopt such rules as it deems necessary, desirable or appropriate with respect to the conduct of its affairs and the administration of the Plan. Whenever any action to be taken in accordance with the terms of the Plan requires the consent or approval of the Administrator, or whenever an interpretation is to be made of the terms of the Plan, the Administrator will act in a uniform and non-discriminatory manner, treating all Employees and Participants in similar circumstances in a like manner. If the Administrator is a group of individuals, all of its decisions will be made by a majority vote. The Administrator will have the authority to employ one or more persons to render advice or services with regard to the responsibilities of the Administrator, including but not limited to attorneys, actuaries, and accountants. The Administrator will have the authority to delegate its responsibilities under the Plan to appropriate individuals or entities to act on behalf of the Administrator. Any persons employed to render advice or services will have no fiduciary responsibility for any ministerial functions performed with respect to this Plan.

11.4 Reliance on Administrator and Employer. Until the Employer gives notice to the contrary, the Trustee and any persons employed to render advice or services will be entitled to rely on the designation of Administrator that has been furnished to them. If the Administrator is a group of individuals, unless otherwise specified, any one of such individuals will be authorized to sign documents



on behalf of the Administrator and such authorized signatures will be recognized by all persons dealing with the Administrator.

The Trustee and any persons employed to render advice or services may take cognizance of any rules established by the Administrator and rely upon them until notified to the contrary.

11.5 Reports to Participants. The Administrator will report in writing to a Participant his Accrued Benefit under the Plan and the Vested percentage of such benefit when the Participant terminates his employment or reasonably requests such a report in writing from the Administrator. To the extent required by law or regulation, the Administrator will annually furnish to each Participant, and to each Beneficiary receiving benefits, a report that fairly summarizes the Plan's most recent report.

11.6 Bond. The Administrator and other fiduciaries of the Plan will be bonded to the extent required by ERISA or other applicable law. No additional bond or other security for the faithful performance of any duties under this Plan will be required.

11.7 Compensation of Administrator. The compensation of the Administrator will be left to the discretion of the Employer; no person who is receiving full pay from the Employer will receive compensation for services as Administrator. All reasonable and necessary expenses incurred by the Administrator in supervising and administering the Plan will be paid from the Plan assets by the Trustee at the direction of the Administrator to the extent directed by the Employer.

11.8 Claims Procedure. The Administrator will make all determinations as to the rights of any Employee, Participant, Beneficiary or other person under the terms of this Plan. Any Employee, Participant or Beneficiary, or person claiming under them, may make claim for benefit under this Plan by filing written notice with the Administrator setting forth the substance of the claim. If a claim is wholly or partially denied, the claimant will have the opportunity to appeal the denial upon filing with the Administrator a written request for review within 60 days after receipt of notice of denial. In making an appeal the claimant may examine pertinent Plan documents and may submit issues and comments in writing. Denial of a claim or a decision on review will be made in writing by the Administrator delivered to the claimant within 60 days after receipt of the claim or request for review, unless special circumstances require an extension of time for processing the claim or review, in which event the Administrator's decision must be made as soon as possible thereafter but not beyond an additional 60 days. If no action on an initial claim is taken within 120 days, the claims will be deemed denied for purposes of permitting the claimant to proceed to the review stage. The denial of a claim or the decision on review will specify the reasons for the denial or decision and will make reference to the pertinent Plan provisions upon which the denial or decision is based. The denial of a claim will also include a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of the claim review procedure herein described. The Administrator will serve as an agent for service of legal process with respect to the Plan unless the Employer, through Written Resolution, appoints another agent.

11.9 Unclaimed Benefits. If a Participant or Beneficiary is entitled to a distribution from the Plan, the Participant or Beneficiary will be responsible for providing the Administrator with his current address. If the Administrator notifies the Participant or Beneficiary by registered mail (return receipt requested) at his last known address that he is entitled to a distribution and also notifies him of the provisions of this paragraph, and the Participant or Beneficiary fails to claim his benefits under the Plan or provide his current address to the Administrator within one year after such notification, the distributable amount will be forfeited and used to reduce the cost of the Plan. If the Participant or Beneficiary is subsequently located, such benefit will be restored.



11.10 Fiduciary Responsibility. The Trustee will be solely responsible for its own acts or omissions. The Trustee will not have duty to question any other fiduciary's performance of duties allocated to such other fiduciary pursuant to the Plan. If the Plan permits the appointment of additional trustees of separate Trust Funds under the Plan, each will have no duties or responsibilities for Plan assets held by another trustee.

Nothing contained in this Section 11.10 will preclude any agreement allocating specific responsibilities or obligations among the co-fiduciaries provided that the agreement does not violate any of the terms and provisions of this Plan or the requirements of applicable laws.

11.11 Expenses of Administration. The Employer does not and will not guarantee the Plan assets against loss. All Expenses of Administration identified in Subsection (a) of this Section shall first be charged against Forfeitures arising under Section 6.7(a). If any Forfeitures remain after the payment of Expenses of Administration identified in subsection (a), such Forfeitures shall be allocated in accordance with Section 6.7 and used to pay Expenses of Administration identified in subsection (b) of this Section. The Employer, in its sole discretion, may pay any portion of the Expenses of Administration remaining after the application of the Forfeitures.

Expenses of Administration remaining after the application of Forfeitures shall be paid by the Employer.

(a) Expenses of Administration shall include ordinary and necessary expenses associated with maintaining and administering the Plan, including, without limitation, the fees or expenses of administrators, record keepers, consultants, advisers, accountants and attorneys in connection therewith; expenses incurred for maintaining the tax qualified status of the Plan; and taxes, if any, imposed upon the Plan.

(b) Except with respect to Participant-directed Account transactions, which may be assessed against and paid directly from the Participant's Account, and except with respect to the purchase of shares to be held by the JNS Fund, which may be assessed against and paid out of the Discretionary ESOP Contribution giving rise to the purchase, Expenses of Administration shall also include fees, charges or commissions with respect to the purchase and sale of Plan assets (subject to the investment policies of the Plan).

11.12 Distribution Authority. If any person entitled to receive payment under this Plan is a minor, declared incompetent or is under other legal disability, the Administrator may, in its sole discretion, direct the Trustee to:

(a) Distribute directly to the person entitled to the payment;

(b) Distribute to the legal guardian or, if none, to a parent of the person entitled to payment or to a responsible adult with whom the person entitled to payment maintains his residence;

(c) Distribute to a custodian for the person entitled to payment under the Uniform Gifts to Minors Act if permitted by the laws of the state in which the person entitled to payment resides; or

(d) Withhold distribution of the amount payable until a court of competent jurisdiction determines the rights of the parties thereto or appoints a guardian of the estate of the person entitled to payment.

If there is any dispute, controversy or disagreement between any Beneficiary or person and any other person as to who is entitled to receive the benefits payable under this Plan, or if the Administrator is uncertain as to who is entitled to receive benefits, or if the Administrator is unable to locate the person who is entitled to benefits, the Administrator may with acquittance interplead the funds into a court of competent jurisdiction in the judicial district in which the Employer maintains its principal place of business and, upon depositing the funds with the clerk of the court, be released from any further responsibility for the payment of the benefits. If it is necessary for the Administrator to retain legal counsel or incur any expense in determining who is entitled to receive the benefits, whether or not it is necessary to institute court action, the Administrator will be entitled to reimbursement from the benefits for the amount of its reasonable costs, expenses and attorneys' fees incurred.

11.13 Member's Compensation, Expenses. The Employer may appoint an Advisory Committee to administer the Plan, the members of which may or may not be Participants in the Plan, or which may be the Administrator acting alone. The members of the Advisory Committee will serve without compensation for services as such, but the Employer will pay all expenses of the Advisory Committee, including the expense for any bond required under ERISA.

11.14 Term. Each member of the Advisory Committee serves until the appointment of his successor.

11.15 Powers. In case of a vacancy in the membership of the Advisory Committee, the remaining members of the Advisory Committee may exercise any and all of the powers, authority, duties and discretion conferred upon the Advisory Committee pending the filling of the vacancy.

11.16 General. The Advisory Committee, in its sole and absolute discretion, shall have all powers necessary to discharge its duties under this Plan including, without limitation, the following:

(a) To select a Secretary, who need not be a member of the Advisory Committee;

(b) To determine the rights of eligibility of an Employee to participate in the Plan, the value of a Participant's Accrued Benefit and the Nonforfeitable percentage of each Participant's Accrued Benefit;

(c) To adopt rules of procedure and regulations necessary for the proper and efficient administration of the Plan provided the rules are not inconsistent with the terms of this Plan;

(d) To construe and enforce the terms of the Plan and the rules and regulations it adopts, including interpretation of the Plan documents, and documents related to the Plan's operation, and its decisions shall be final and binding on all interested persons;

(e) To direct the Trustee as respects the crediting and distribution of the Trust;

(f) To review and render decisions respecting a claim for (or denial of a claim for) a benefit under the Plan;

(g) To furnish the Employer with information which the Employer or any Participating Employer may require for tax or other purposes;

(h) To engage the service of agents whom it may deem advisable to assist it with the performance of its duties; and



(i) To engage the services of an Investment Manager or Managers (as defined in ERISA Section 3(38)), each of whom will have full power and authority to manage, acquire or dispose (or direct the Trustee with respect to acquisition or disposition) of any Plan asset under its control.

The Advisory Committee must exercise all of its powers, duties and discretion under the Plan in a uniform and nondiscriminatory manner.

11.17 Funding Policy. The Advisory Committee will review, not less often than annually, all pertinent Employee information and Plan data in order to establish the funding policy of the Plan and to determine the appropriate methods of carrying out the Plan's objectives. The Advisory Committee must communicate periodically, as it deems appropriate, to the Trustee and to any Plan Investment Manager the Plan's short-term and long-term financial needs so investment policy can be coordinated with Plan financial requirements.

11.18 Manner Of Action. The decision of a majority of the members appointed and qualified controls.

11.19 Authorized Representative. The Advisory Committee may authorize any person, whether or not such person is a member of the Advisory Committee, to sign on its behalf any notices, directions, applications, certificates, consents, approvals, waivers, letters or other documents. The Advisory Committee must evidence this authority by an instrument signed by all members and filed with the Trustee.

11.20 Interested Member. No member of the Advisory Committee may decide or determine any matter concerning the distribution, nature or method of settlement of his own benefits under the Plan, except in exercising an election available to that member in his capacity as a Participant, unless the Administrator is acting alone in the capacity of the Advisory Committee.

11.21 Investment Manager. The Administrator shall have the right to appoint an Investment Manager for all or any part of the assets of the Trust Fund as the Administrator shall designate, provided that any firm so appointed shall be and continue qualified to act as such in accordance with ERISA. The Administrator may remove any Investment Manager at any time, and need not specify any cause for such removal.



## ARTICLE XII
## AMENDMENT, TERMINATION AND MERGERS

12.1 Amendment.

(a) The Employer shall have the right at any time to amend this Plan subject to the limitations of this Section. However, any amendment which affects the rights, duties or responsibilities of the Trustee or Administrator, may only be made with the Trustee's or Administrator's written consent. Any such amendment shall become effective as provided therein upon its execution. The Trustee shall not be required to execute any such amendment unless the amendment affects the duties of the Trustee hereunder.

(b) No amendment to the Plan shall be effective if it authorizes or permits any part of the Trust Fund (other than such part as is required to pay taxes and administration expenses) to be used for or diverted to any purpose other than for the exclusive benefit of the Participants or their Beneficiaries or estates; or causes any reduction in the amount credited to the account of any Participant; or causes or permits any portion of the Trust Fund to revert to or become property of a Participating Employer.

(c) Except as permitted by Regulations (including Regulation 1.411(d)-4) or other IRS guidance, no Plan amendment or transaction having the effect of a Plan amendment (such as a merger, plan transfer or similar transaction) shall be effective if it eliminates or reduces any "Section 411(d)(6) protected benefit" or adds or modifies conditions relating to "Section 411(d)(6) protected benefits" which results in a further restriction on such benefit unless such "Section 411(d)(6) protected benefits" are preserved with respect to benefits accrued as of the later of the adoption date or effective date of the amendment. "Section 411(d)(6) protected benefits" are benefits described in Code Section 411(d)(6)(A), early retirement benefits and retirement-type subsidies, and optional forms of benefit.

12.2 Termination.

(a) Except as addressed in Section 12.2(b) with respect to the Employer, any Participating Employer shall be permitted to discontinue or revoke its participation in the Plan at any time. At the time of any such discontinuance or revocation, satisfactory evidence thereof and of any applicable conditions imposed shall be delivered to the Employer. The Employer shall thereafter direct the Trustee to transfer, deliver and assign contracts and other Trust Fund assets allocable to the Participants of such Participating Employer to such new trustee as shall have been designated by such Participating Employer, in the event that it has established a separate qualified retirement plan for its Employees; provided, however, that no such transfer shall be made if the result is the elimination or reduction of any "Section 411(d)(6) protected benefits" as described in Section 12.1(c). If no successor is designated, the Trustee shall retain such assets for the Employees of said Participating Employer pursuant to the provisions of the Plan hereof. In no such event shall any part of the corpus or income of the Trust as it relates to such Participating Employer be used for or diverted for purposes other than for the exclusive benefit of the Employees of such Participating Employer.

(b) The Employer shall have the right at any time to terminate the Plan by delivering to the Trustee and Administrator written notice of such termination. Upon any full or partial termination, all amounts credited to the affected Participants' Accounts shall become 100% Vested and shall not thereafter be subject to forfeiture, and all unallocated amounts, including



Forfeitures, shall be allocated to the accounts of all Participants in accordance with the provisions hereof.

(c) Upon the full termination of the Plan, the Employer shall direct the distribution of the assets of the Trust Fund to Participants in a manner which is consistent with and satisfies the provisions of Sections 7.2. Except as permitted by Regulations, the termination of the Plan shall not result in the reduction of "Section 411(d)(6) protected benefits" in accordance with Section 12.1(c).

(d) For purposes of determining whether the Employer maintains an alternative defined contribution plan (described in Regulation 1.401(k)-1(d)(4)(i)) that would prevent the Employer from distributing elective deferrals (and other amounts, such as an Employer Qualified Non-Elective Contribution, that are subject to the distribution restrictions that apply to Pre-tax Elective Deferral Contributions) upon the Plan's termination, an alternative defined contribution plan does not include an employee stock ownership plan defined in Code Section 4975(e)(7) or Section 409(a), a simplified employee pension as defined in Code Section 408(k), a SIMPLE IRA plan as defined in Code Section 408(p), a plan or contract that satisfies the requirements of Code Section 403(b) or a plan that is described in Code Section 457(b) or Section 457(f).

12.3 Merger, Consolidation or Transfer of Assets. This Plan and Trust may be merged or consolidated with, or its assets and/or liabilities may be transferred to any other plan and trust only if the benefits which would be received by a Participant of this Plan, in the event of a termination of the Plan immediately after such transfer, merger or consolidation, are at least equal to the benefits the Participant would have received if the Plan had terminated immediately before the transfer, merger or consolidation, and such transfer, merger or consolidation does not otherwise result in the elimination or reduction of any "Section 411(d)(6) protected benefits" in accordance with Section 12.1(c).



## ARTICLE XIII
## ADP AND ACP TESTS

13.1 Actual Deferral Percentage Tests.

(a) Maximum Annual Allocation: For each Plan Year, the annual allocation derived from Elective Contributions to a Highly Compensated Participant's Elective Account shall satisfy one of the following tests:

(1) The "Actual Deferral Percentage" for the Highly Compensated Participant group shall not be more than the "Actual Deferral Percentage" of the Non-Highly Compensated Participant group (for the preceding Plan Year if the prior year testing method is used to calculate the "Actual Deferral Percentage" for the Non-Highly Compensated Participant group) multiplied by 1.25, or

(2) The excess of the "Actual Deferral Percentage" for the Highly Compensated Participant group over the "Actual Deferral Percentage" for the Non-Highly Compensated Participant group (for the preceding Plan Year if the prior year testing method is used to calculate the "Actual Deferral Percentage" for the Non-Highly Compensated Participant group) shall not be more than two percentage points. Additionally, the "Actual Deferral Percentage" for the Highly Compensated Participant group shall not exceed the "Actual Deferral Percentage" for the Non-Highly Compensated Participant group (for the preceding Plan Year if the prior year testing method is used to calculate the "Actual Deferral Percentage" for the Non-Highly Compensated Participant group) multiplied by 2. The provisions of Code Section 401(k)(3) and Regulation 1.401(k)-1(b) are incorporated herein by reference.

(b) For the purposes of this Section, "Actual Deferral Percentage" means, with respect to the Highly Compensated Participant group and Non-Highly Compensated Participant group for a Plan Year, the average of the ratios, calculated separately for each Participant in such group, of the amount of Elective Contributions (less Catch-Up Contributions) allocated to each Participant's Elective Account for such Plan Year, to such Participant's "414(s) Compensation" for such Plan Year. The actual deferral ratio for each Participant and the "Actual Deferral Percentage" for each group shall be calculated to the nearest one-hundredth of one percent. Elective Contributions (less Catch-Up Contributions) allocated to each Non-Highly Compensated Participant's Elective Account shall be reduced by excess Elective Contributions arising under Section 3.3 to the extent such excess amounts are made under this Plan or any other plan maintained by the Employer or an Affiliated Employer.

Notwithstanding the above, if the prior year testing method is used to calculate the "Actual Deferral Percentage" for the Non-Highly Compensated Participant group for the first Plan Year of this amendment and restatement, the "Actual Deferral Percentage" for the Non-Highly Compensated Participant group for the preceding Plan Year shall be calculated pursuant to the provisions of the Plan then in effect.

(c) For the purposes of Sections 13.1(a) and 13.2, a Highly Compensated Participant and a Non-Highly Compensated Participant shall include any Employee eligible to make a deferral election pursuant to Section 3.1, whether or not such deferral election was made or suspended pursuant to Section 3.1.

Notwithstanding the above, if the prior year testing method is used to calculate the "Actual Deferral Percentage" for the Non-Highly Compensated Participant group for the first Plan Year of this amendment and restatement, for purposes of Section 13.1(a) and 13.2, a Non-Highly Compensated Participant shall include any such Employee eligible to make a deferral election, whether or not such deferral election was made or suspended, pursuant to the provisions of the Plan in effect for the preceding Plan Year.

(d) For purposes of this Section and Code Sections 401(a)(4), 410(b) and 401(k), this Plan may not be combined with any other plan.

(e) For the purpose of this Section, when calculating the "Actual Deferral Percentage" for the Non-Highly Compensated Participant group, the current year testing method shall be used. Any change from the current year testing method to the prior year testing method shall be made pursuant to Internal Revenue Service Notice 98-1, Section VII (or superseding guidance), the provisions of which are incorporated herein by reference.

(f) Notwithstanding anything in this Section to the contrary, the provisions of this Section 13.1 and Section 13.2 may be applied separately (or will be applied separately to the extent required by Regulations) to each "plan" within the meaning of Regulation Section 1.401(k)-6. Furthermore, the provisions of Code Section 401(k)(3)(F) may be used to exclude from consideration all Non-Highly Compensated Employees who have not satisfied the minimum age and service requirements of Code Section 410(a)(1)(A). For purposes of applying this provision, the Administrator may use any effective date of participation that is permitted under Code Section 410(b) provided such date is applied on a consistent and uniform basis to all Participants.

(g) Notwithstanding the preceding, Qualified Nonelective Contributions cannot be taken into account in determining the Actual Deferral Ratio (ADR) for a Plan Year for a Non-Highly Compensated Employee (NHCE) to the extent such contributions exceed the product of that NHCE's Code Section 414(s) compensation and the greater of five percent (5%) or two (2) times the Plan's "representative contribution rate." Any Qualified Nonelective Contribution taken into account under an Actual Contribution Percentage (ACP) test under Regulation Section 1.401(m)-2(a)(6) (including the determination of the representative contribution rate for purposes of Regulation Section 1.401(m)-2(a)(6)(v)(B)), is not permitted to be taken into account for purposes of this Section (including the determination of the "representative contribution rate" under this Section). For purposes of this Section:

(1) The Plan's "representative contribution rate" is the lowest "applicable contribution rate" of any eligible NHCE among a group of eligible NHCEs that consists of half of all eligible NHCEs for the Plan Year (or, if greater, the lowest "applicable contribution rate" of any eligible NHCE who is in the group of all eligible NHCEs for the Plan Year and who is employed by a Participating Employer on the last day of the Plan Year), and

(2) The "applicable contribution rate" for an eligible NHCE is the sum of the Qualified Matching Contributions (as defined in Regulation Section 1.401(k)-6) taken into account in determining the ADR for the eligible NHCE for the Plan Year and the Qualified Nonelective Contributions made for the eligible NHCE for the Plan Year, divided by the eligible NHCE's Code Section 414(s) compensation for the same period.



Notwithstanding the above, Qualified Nonelective Contributions that are made in connection with a Participating Employer's obligation to pay prevailing wages under the Davis-Bacon Act (46 Stat. 1494), Public Law 71-798, Service Contract Act of 1965 (79 Stat. 1965), Public Law 89-286, or similar legislation can be taken into account for a Plan Year for an NHCE to the extent such contributions do not exceed 10 percent (10%) of that NHCE's Code Section 414(s) compensation.

Qualified Matching Contributions may only be used to calculate an ADR to the extent that such Qualified Matching Contributions are matching contributions that are not precluded from being taken into account under the ACP test for the Plan Year under the rules of Regulation Section 1.401(m)-2(a)(5)(ii) and as set forth in Section 13.3.

(h) Qualified Nonelective Contributions and Qualified Matching Contributions cannot be taken into account to determine an ADR to the extent such contributions are taken into account for purposes of satisfying any other ADP test, any ACP test, or the requirements of Regulation Section 1.401(k)-3, 1.401(m)-3, or 1.401(k)-4. Thus, for example, matching contributions that are made pursuant to Regulation Section 1.401(k)-3(c) cannot be taken into account under the ADP test. Similarly, if a plan switches from the current year testing method to the prior year testing method pursuant to Regulation Section 1.401(k)-2(c), Qualified Nonelective Contributions that are taken into account under the current year testing method for a year may not be taken into account under the prior year testing method for the next year.

(i) The ADR of any Participant who is a Highly Compensated Employee (HCE) for the Plan Year and who is eligible to have Elective Contributions (as defined in Regulation Section 1.401(k)-6) (and Qualified Nonelective Contributions and/or Qualified Matching Contributions, if treated as Elective Contributions for purposes of the ADP test) allocated to such Participant's accounts under two (2) or more cash or deferred arrangements described in Code Section 401(k), that are maintained by the same Participating Employer, shall be determined as if such Elective Contributions (and, if applicable, such

Qualified Nonelective Contributions and/or Qualified Matching Contributions) were made under a single arrangement. If an HCE participates in two or more cash or deferred arrangements of the Participating Employer that have different Plan Years, then all Elective Contributions made during the Plan Year being tested under all such cash or deferred arrangements shall be aggregated, without regard to the plan years of the other plans. However, for Plan Years beginning before the effective date of this Amendment, if the plans have different Plan Years, then all such cash or deferred arrangements ending with or within the same calendar year shall be treated as a single cash or deferred arrangement. Notwithstanding the foregoing, certain plans shall be treated as separate if mandatorily disaggregated under the Regulations of Code Section 401(k).

(j) Plans using different testing methods for the ADP and ACP test. Except as otherwise provided in this Section, the Plan may use the current year testing method or prior year testing method for the ADP test for a Plan Year without regard to whether the current year testing method or prior year testing method is used for the ACP test for that Plan Year. However, if different testing methods are used, then the Plan cannot use:

(1) The recharacterization method of Regulation Section 1.401(k)-2(b)(3) to correct excess contributions for a Plan Year;

(2) The rules of Regulation Section 1.401(m)-2(a)(6)(ii) to take Elective Contributions into account under the ACP test (rather than the ADP test); or



(3) The rules of Regulation Section 1.401(k)-2(a)(6)(v) to take Qualified Matching Contributions into account under the ADP test (rather than the ACP test).

(k) ADP when no Non-Highly Compensated Employees. If, for the applicable year for determining the ADP of the Non-Highly Compensated Employees for a Plan Year, there are no eligible Non-Highly Compensated Employees, then the Plan is deemed to satisfy the ADP Test for the Plan Year.

(l) The multiple use test described in Code Section 401(m) in effect prior to the enactment of the Economic Growth and Tax Relief Reconciliation Act of 2001 shall not apply for Plan Years beginning after December 31, 2001.

13.2 Adjustment to Actual Deferral Percentage Tests. In the event (or if it is anticipated) that the initial allocations of the Elective Contributions do (or might) not satisfy one of the tests set forth in Section 13.1(a), the Administrator shall adjust Excess Contributions pursuant to the options set forth below:

(a) On or before the fifteenth day of the third month following the end of each Plan Year, but in no event later than the close of the following Plan Year, the Highly Compensated Participant having the largest dollar amount of Elective Contributions (less Catch-Up Contributions) shall have a portion of such Participant’s Elective Contributions treated as Catch-Up Contributions and/or distributed until the total amount of Excess Contributions has been treated as Catch-Up Contributions and/or distributed, or until the amount of such Participant’s remaining Elective Contributions equals the Elective Contributions (less Catch-Up Contributions) of the Highly Compensated Participant having the second largest dollar amount of Elective Contributions (less Catch-Up Contributions). This process shall continue until the total amount of Excess Contributions has been eliminated. In determining the amount of Excess Contributions to be treated as Catch-Up Contributions and/or distributed with respect to an affected Highly Compensated Participant as determined herein, such amount shall be reduced pursuant to Section 3.3 by any excess Elective Contributions previously distributed to such affected Highly Compensated Participant attributable to the Plan Year in accordance with Section 3.3.

(1) With respect to the distribution of Excess Contributions pursuant to (a) above, such distribution:

(i) may be postponed but not later than the close of the Plan Year following the Plan Year to which they are allocable;

(ii) shall be designated by the Employer as a distribution of Excess Contributions (and income).

Notwithstanding the above, for any Plan Years in which Participant’s may make both Roth Elective Deferral Contributions and Pre-tax Elective Deferral Contributions, the Administrator may operationally implement an ordering rule procedure for the distribution of Excess Contributions. Matching Contributions that relate to Excess Contributions (regardless of whether such Excess Contributions are Pre-tax Elective Deferral Contributions or Roth Elective Deferral Contributions) shall be treated as a Forfeiture.



Any distribution of Excess Contributions made pursuant to this subsection shall be made first from unmatched Elective Deferrals (regardless of whether they are attributable to Pre-tax Elective Deferral Contributions or Roth Elective Deferral Contributions) and, thereafter, from Elective Deferrals which are matched. Matching contributions which relate to Elective Deferrals that are distributed pursuant to this Subsection shall be treated as a Forfeiture to the extent required pursuant to Code Section 401(a)(4) and the Regulations thereunder, unless the related Matching Contribution is distributed as an Excess Aggregate Contribution pursuant to Section 13.4.

(2) Any distribution of less than the entire amount of Excess Contributions shall be treated as a pro rata distribution of Excess Contributions and income.

(3) Matching Contributions which relate to Excess Contributions shall be forfeited unless the related Matching Contribution is distributed as an Excess Aggregate Contribution pursuant to Section 13.4.

(b) Notwithstanding the above, within twelve (12) months after the end of the Plan Year, the Employer may make a special Qualified Non-Elective Contribution in accordance with one of the following provisions which contribution shall be allocated to the Participant's Elective Account of each Non-Highly Compensated Participant eligible to share in the allocation in accordance with such provision. The Employer shall provide the Administrator with written notification of the amount of the contribution being made and for which provision it is being made pursuant to:

(1) A special Qualified Non-Elective Contribution may be made on behalf of Non-Highly Compensated Participants in an amount sufficient to satisfy (or to prevent an anticipated failure of) one of the tests set forth in Section 13.1(a). Such contribution shall be allocated in the same proportion that each Non-Highly Compensated Participant's 414(s) Compensation for the year (or prior year if the prior year testing method is being used) bears to the total 414(s) Compensation of all Non-Highly Compensated Participants for such year.

(2) A special Qualified Non-Elective Contribution may be made on behalf of Non-Highly Compensated Participants in an amount sufficient to satisfy (or to prevent an anticipated failure of) one of the tests set forth in Section 13.1(a). Such contribution shall be allocated to each Non-Highly Compensated Participant electing salary reductions pursuant to Section 3.1 in the same proportion that each such Non-Highly Compensated Participant's Elective Contributions (less Catch-Up Contributions) for the year (or at the end of the prior Plan Year if the prior year testing method is being used) bears to the total Elective Contributions (less Catch-Up Contributions) of all such Non-Highly Compensated Participants for such year.

(3) A special Qualified Non-Elective Contribution may be made on behalf of Non-Highly Compensated Participants in an amount sufficient to satisfy (or to prevent an anticipated failure of) one of the tests set forth in Section 13.1(a). Such contribution shall be allocated in equal amounts (per capita). However, the maximum amount allocated to any Participant pursuant to this subsection shall be limited to the amount that may be taken into account in applying the ADP test in Section 13.1.



(4) A special Qualified Non-Elective Contribution may be made on behalf of Non-Highly Compensated Participants electing salary reductions pursuant to Section 3.1 in an amount sufficient to satisfy (or to prevent an anticipated failure of) one of the tests set forth in Section 13.1(a). Such contribution shall be allocated for the year (or at the end of the prior Plan Year if the prior year testing method is used) to each Non-Highly Compensated Participant electing salary reductions pursuant to Section 3.1 in equal amounts (per capita). However, the maximum amount allocated to any Participant pursuant to this subsection shall be limited to the amount that may be taken into account in applying the ADP test in Section 13.1.

(5) A special Qualified Non-Elective Contribution may be made on behalf of Non-Highly Compensated Participants in an amount sufficient to satisfy (or to prevent an anticipated failure of) one of the tests set forth in Section 13.1(a). Such contribution shall be allocated to the Non-Highly Compensated Participant having the lowest 414(s) Compensation, until one of the tests set forth in Section 13.1(a) is satisfied (or is anticipated to be satisfied), or until such Non-Highly Compensated Participant has received the maximum "annual addition" pursuant to Section 14.1. This process shall continue until one of the tests set forth in Section 13.1(a) is satisfied (or is anticipated to be satisfied). However, the maximum amount allocated to any Participant pursuant to this subsection shall be limited to the amount that may be taken into account in applying the ADP test in Section 13.1.

Notwithstanding the above, at the Employer's discretion, Non-Highly Compensated Participants who are not employed with a Participating Employer at the end of the Plan Year (or at the end of the prior Plan Year if the prior year testing method is being used) shall not be eligible to receive a special Qualified Non-Elective Contribution and shall be disregarded.

Notwithstanding the above, if the testing method changes from the current year testing method to the prior year testing method, then for purposes of preventing the double counting of Qualified Non-Elective Contributions for the first testing year for which the change is effective, any special Qualified Non-Elective Contribution on behalf of Non-Highly Compensated Participants used to satisfy the "Actual Deferral Percentage" or "Actual Contribution Percentage" test under the current year testing method for the prior year testing year shall be disregarded.

(c) If during a Plan Year, it is projected that the aggregate amount of Elective Contributions to be allocated to all Highly Compensated Participants under this Plan would cause the Plan to fail the tests set forth in Section 13.1(a), then the Administrator may automatically reduce the deferral amount of affected Highly Compensated Participants, beginning with the Highly Compensated Participant who has the highest deferral ratio until it is anticipated the Plan will pass the tests or until the actual deferral ratio equals the actual deferral ratio of the Highly Compensated Participant having the next highest actual deferral ratio. This process may continue until it is anticipated that the Plan will satisfy one of the tests set forth in Section 13.1(a). Alternatively, the Employer may specify a maximum percentage of Compensation that may be deferred.

(d) Any Excess Contributions (and income) which are distributed on or after 2 1/2 months after the end of the Plan Year shall be subject to the ten percent (10%) employer excise tax imposed by Code Section 4979.



13.3 Actual Contribution Percentage Tests.

(a) The "Actual Contribution Percentage" for the Highly Compensated Participant group shall not exceed the greater of:

(1) 125 percent of such percentage for the Non-Highly Compensated Participant group (for the preceding Plan Year if the prior year testing method is used to calculate the "Actual Contribution Percentage" for the Non-Highly Compensated Participant group); or

(2) the lesser of 200 percent of such percentage for the Non-Highly Compensated Participant group (for the preceding Plan Year if the prior year testing method is used to calculate the "Actual Contribution Percentage" for the Non-Highly Compensated Participant group), or such percentage for the Non-Highly Compensated Participant group (for the preceding Plan Year if the prior year testing method is used to calculate the "Actual Contribution Percentage" for the Non-Highly Compensated Participant group) plus 2 percentage points. The provisions of Code Section 401 (m) and Regulation 1.401(m)-1(b) are incorporated herein by reference.

(b) For the purposes of this Section 13.3 and Section 13.4, "Actual Contribution Percentage" for a Plan Year means, with respect to the Highly Compensated Participant group and Non-Highly Compensated Participant group (for the preceding Plan Year if the prior year testing method is used to calculate the "Actual Contribution Percentage" for the Non-Highly Compensated Participant group), the average of the ratios (calculated separately for each Participant in each group and rounded to the nearest one-hundredth of one percent) of:

(1) the sum of Matching Contributions made pursuant to Section 4.1(a) on behalf of each such Participant for such Plan Year; to

(2) the Participant's "414(s) Compensation" for such Plan Year.

Notwithstanding the above, if the prior year testing method is used to calculate the "Actual Contribution Percentage" for the Non-Highly Compensated Participant group for the first Plan Year of this amendment and restatement, for purposes of Section 13.3(a), the "Actual Contribution Percentage" for the Non-Highly Compensated Participant group for the preceding Plan Year shall be determined pursuant to the provisions of the Plan then in effect.

(c) For purposes of determining the "Actual Contribution Percentage," only Matching Contributions contributed to the Plan prior to the end of the succeeding Plan Year shall be considered. In addition, the Administrator may elect to take into account, with respect to Employees eligible to have Matching Contributions made pursuant to Section 4.1(a) allocated to their accounts, elective deferrals (as defined in Regulation 1.402(g)-1(b)) and qualified non-elective contributions (as defined in Code Section 401(m)(4)(C)) contributed to any plan maintained by the Participating Employer. Such elective deferrals and qualified non-elective contributions shall be treated as Matching Contributions subject to Regulation 1.401(m)-1(b)(5) which is incorporated herein by reference. However, the Plan Year must be the same as the plan year of the plan to which the elective deferrals and the qualified non-elective contributions are made.

(d) For purposes of this Section 13.3 and Code Sections 401(a)(4), 410(b) and 401(m), this Plan may not be combined with any other plan.

(e) For purposes of Sections 13.3(a) and 13.4, a Highly Compensated Participant and Non-Highly Compensated Participant shall include any Employee eligible to have Matching Contributions (whether or not a deferral election was made or suspended) allocated to the Participant's account for the Plan Year.

Notwithstanding the above, if the prior year testing method is used to calculate the "Actual Contribution Percentage" for the Non-Highly Compensated Participant group for the first Plan Year of this amendment and restatement, for the purposes of Section 13.3(a), a Non-Highly Compensated Participant shall include any such Employee eligible to have Matching Contributions (whether or not a deferral election was made or suspended) allocated to the Participant's account for the preceding Plan Year pursuant to the provisions of the Plan then in effect.

(f) For the purpose of this Section, when calculating the "Actual Contribution Percentage" for the Non-Highly Compensated Participant group, the current year testing method shall be used. Any change from the current year testing method to the prior year testing method shall be made pursuant to Internal Revenue Service Notice 98-1, Section VII (or superseding guidance), the provisions of which are incorporated herein by reference.

(g) Notwithstanding anything in this Section to the contrary, the provisions of this Section 13.3 and Section 13.4 may be applied separately (or will be applied separately to the extent required by Regulations) to each "plan" within the meaning of Regulation 1.401(m)-5. Furthermore, the provisions of Code Section 401(m)(5)(C) may be used to exclude from consideration all Non-Highly Compensated Employees who have not satisfied the minimum age and service requirements of Code Section 410(a)(1)(A). For purposes of applying this provision, the Administrator may use any effective date of participation that is permitted under Code Section 410(b) provided such date is applied on a consistent and uniform basis to all Participants.

13.4 Adjustment to Actual Contribution Percentage Tests.

(a) In the event (or if it is anticipated) that the "Actual Contribution Percentage" for the Highly Compensated Participant group exceeds (or might exceed) the "Actual Contribution Percentage" for the Non-Highly Compensated Participant group pursuant to Section 13.3(a), the Administrator (on or before the fifteenth day of the third month following the end of the Plan Year, but in no event later than the close of the following Plan Year) shall direct the Trustee to distribute to the Highly Compensated Participant having the largest dollar amount of contributions determined pursuant to Section 13.3(b)(1), the Vested portion of such contributions (and income allocable to such contributions) and, if forfeitable, forfeit such non-Vested Excess Aggregate Contributions attributable to Matching Contributions (and income allocable to such forfeitures) until the total amount of Excess Aggregate Contributions has been distributed, or until the Participant's remaining amount equals the amount of contributions determined pursuant to Section 13.3(b)(1) of the Highly Compensated Participant having the second largest dollar amount of contributions. This process shall continue until the total amount of Excess Aggregate Contributions has been distributed.

If the correction of Excess Aggregate Contributions attributable to Matching Contributions is not in proportion to the Vested and non-Vested portion of such contributions, then the Vested portion of the Participant's Account attributable to Matching Contributions after the correction shall be subject to Section 13.1(h).



(b) Any distribution and/or forfeiture of less than the entire amount of Excess Aggregate Contributions (and income) shall be treated as a pro rata distribution and/or forfeiture of Excess Aggregate Contributions and income. Distribution of Excess Aggregate Contributions shall be designated by the Employer as a distribution of Excess Aggregate Contributions (and income). Forfeitures of Excess Aggregate Contributions shall be treated in accordance with Article VI.

(c) Excess Aggregate Contributions, including forfeited Matching Contributions, shall be treated as employer contributions for purposes of Code Sections 404 and 415 even if distributed from the Plan.

Forfeited Matching Contributions that are reallocated to Participants' Accounts for the Plan Year in which the forfeiture occurs shall be treated as an "annual addition" pursuant to Section 14.1(b) for the Participants to whose Accounts they are reallocated and for the Participants from whose Accounts they are forfeited.

(d) The determination of the amount of Excess Aggregate Contributions with respect to any Plan Year shall be made after first determining the Excess Contributions, if any, to be treated as after-tax voluntary Employee contributions due to recharacterization for the plan year of any other qualified cash or deferred arrangement (as defined in Code Section 401(k)) maintained by the Participating Employer that ends with or within the Plan Year.

(e) If during a Plan Year the projected aggregate amount of Matching Contributions to be allocated to all Highly Compensated Participants under this Plan would, by virtue of the tests set forth in Section 13.3(a), cause the Plan to fail such tests, then the Administrator may automatically reduce proportionately or in the order provided in Section 13.4(a) each affected Highly Compensated Participant's projected share of such contributions by an amount necessary to satisfy one of the tests set forth in Section 13.3(a).

(f) Notwithstanding the above, within twelve (12) months after the end of the Plan Year, the Employer may make a special Qualified Non-Elective Contribution in accordance with one of the following provisions which contribution shall be allocated to the Participant's Account of each Non-Highly Compensated Participant eligible to share in the allocation in accordance with such provision. The Employer shall provide the Administrator with written notification of the amount of the contribution being made and for which provision it is being made pursuant to:

(1) A special Qualified Non-Elective Contribution may be made on behalf of Non-Highly Compensated Participants in an amount sufficient to satisfy (or to prevent an anticipated failure of) one of the tests set forth in Section 13.3(a). Such contribution shall be allocated in the same proportion that each Non-Highly Compensated Participant's 414(s) Compensation for the year (or prior year if the prior year testing method is being used) bears to the total 414(s) Compensation of all Non-Highly Compensated Participants for such year.

(2) A special Qualified Non-Elective Contribution may be made on behalf of Non-Highly Compensated Participants in an amount sufficient to satisfy (or to prevent an anticipated failure of) one of the tests set forth in Section 13.3(a). Such contribution shall be allocated to each Non-Highly Compensated Participant electing salary reductions pursuant to Section 3.1 in the same proportion that each such Non-Highly Compensated Participant's Elective Contributions (less Catch-Up Contributions) for the year (or at the end of the prior Plan Year if the prior year testing method is being used) bears to the total



Elective Contributions (less Catch-Up Contributions) of all such Non-Highly Compensated Participants for such year.

Notwithstanding the above, at the Employer's discretion, Non-Highly Compensated Participants who are not employed with a Participating Employer at the end of the Plan Year (or at the end of the prior Plan Year if the prior year testing method is being used) shall not be eligible to receive a special Qualified Non-Elective Contribution and shall be disregarded.

Notwithstanding the above, if the testing method changes from the current year testing method to the prior year testing method, then for purposes of preventing the double counting of Qualified Non-Elective Contributions for the first testing year for which the change is effective, any special Qualified Non-Elective Contribution on behalf of Non-Highly Compensated Participants used to satisfy the "Actual Deferral Percentage" or "Actual Contribution Percentage" test under the current year testing method for the prior year testing year shall be disregarded.

13.5 Income Allocable to Excess Contributions and Excess Aggregate Contributions. Distributions of Excess Contributions and Excess Aggregate Contributions shall be adjusted for income (gain or loss) through the end of the Plan Year to which such contributions relate. Such distributions shall not include gain or loss for the "gap period," i.e., the period between the end of the applicable Plan Year and the date of distribution. The Administrator shall have discretion to determine and allocate income using either of the methods set forth below:

(a) Reasonable Method of Allocating Income. The Administrator may use any reasonable method for computing the income allocable to Excess Contributions and Excess Aggregate Contributions, provided that the method does not violate Code Section 401(a)(4), is used consistently for all Participants and for all corrective distributions under the Plan for the Plan Year, and is used by the Plan for allocating income to Participant's accounts. A Plan will not fail to use a reasonable method for computing the income allocable to Excess Contributions or Excess Aggregate Contributions merely because the income allocable to such Excess Contributions or Excess Aggregate Contributions is determined on a date that is no more than seven (7) days before the distribution.

(b) Alternative Method of Allocating Income.

(1) The Administrator may allocate income to Excess Contributions for the Plan Year by multiplying the income for the Plan Year allocable to Elective Contributions and other amounts taken into account under the ADP test (including contributions made for the Plan Year), by a fraction, the numerator of which is the Excess Contributions for the Employee for the Plan Year, and the denominator of which is the sum of (A) the Account balance attributable to Elective Contributions and other amounts taken into account under the ADP test as of the beginning of the Plan Year, and (B) any additional amount of such contributions for the Plan Year.

(2) The Administrator may allocate income to Excess Aggregate Contributions for the Plan Year by multiplying the income for the Plan Year allocable to Matching Contributions and other amounts taken into account under the ACP test (including contributions made for the Plan Year), by a fraction, the numerator of which is the Excess Aggregate Contributions for the Employee for the Plan Year, and the denominator of which is the sum of (A) the Account balance attributable to Matching Contributions and other amounts taken into account under the ACP test as of the

beginning of the Plan Year, and (B) any additional amount of such contributions for the Plan Year.

13.6 QACA Safe Harbor Plan Potential. The provisions of this Section 13.6 are intended to constitute a "qualified automatic contribution arrangement" (as defined in Code Section 401(k)(13)(B)) and shall be construed accordingly for any Plan Year in advance of which the Employer determines that non-elective employer contributions of at least 3% of compensation shall be contributed to the Plan. For such a Plan Year, the Plan therefore is intended to satisfy the actual deferral percentage and actual contributions percentage tests by virtue of its status as a Code Section 401(k)(13) "qualified automatic contribution arrangement" (the "ADP/ACP QACA Safe Harbor Test") for each Plan Year as to which an appropriate notice has been given. For each such year, notwithstanding any contrary provision of this Plan, the provisions of Section 13.1 through Section 13.4 shall be inapplicable. The following additional requirements shall apply for a Plan Year for which the Plan is intended to satisfy the ADP/ACP QACA Safe Harbor Test:

(a) Plan Year requirement. Except as provided in Regulation 1.401(k)-3(e), the Plan will fail to satisfy the requirements of Code Section 401(k)(13)(B) and this Section 13.6 for a Plan Year unless such provisions remain in effect for an entire twelve (12) month Plan Year.

(b) Eliminating or Reducing the Safe Harbor Matching Contribution. The Employer may amend the Plan to no longer satisfy the ADP/ACP QACA Safe Harbor Test provided: (1) effective for Plan Years beginning on or after January 1, 2015, the notice provided to Participants before the beginning of the Plan Year discloses that the contributions might be reduced or suspended mid-year, as will be disclosed in a supplemental notice, and such reduction or suspension will not be effective at least 30 days after the supplemental notice is provided, (2) a supplemental notice is provided to the Participants which explains the consequences of the amendment, specifies the amendment's effective date, and informs Participants that they will have a reasonable opportunity to modify their Pre-tax Elective Deferral Contributions; (3) Participants have a reasonable opportunity (including a reasonable period after receipt of the supplemental notice) prior to the effective date of the amendment to modify their Pre-tax Elective Deferral Contributions; and (4) the amendment is not effective earlier than the later of: (A) thirty (30) days after the supplemental notice is given; or (B) the date the Employer adopts the amendment. If the Employer should amend the Plan to no longer satisfy the ADP/ACP QACA Safe Harbor Test in accordance with this Section 13.6(b), then effective during the Plan Year, the Employer: (i) must continue to apply all of the ADP/ACP QACA Safe Harbor Test requirements of the Plan until the amendment becomes effective; and (ii) also must apply for the entire Plan Year, the nondiscrimination testing provisions of Sections 13.1 through 13.4, using the Current Year Testing Method. Notwithstanding the first sentence of this Section 13.6(b), effective for Plan Years beginning on or after January 1, 2015, the Employer may amend the Plan to no longer satisfy the ADP/ACP QACA Safe Harbor Test if the Employer is operating at an economic loss as described in Code Section 412(c)(2)(A).



**ARTICLE XIV**
**ANNUAL ADDITION LIMITATIONS**

14.1 Maximum Annual Additions.

(a) Notwithstanding the foregoing, the maximum "annual additions" credited to a Participant's accounts for any "limitation year" shall equal the lesser of: (1) $40,000 adjusted annually as provided in Code Section 415(d) pursuant to the Regulations (e.g., for the Plan Year commencing January 1, 2014, the adjusted amount is $52,000) or (2) one-hundred percent (100%) of the Participant's "415 Compensation" for such "limitation year." If the Employer contribution that would otherwise be contributed or allocated to the Participant's accounts would cause the "annual additions" for the "limitation year" to exceed the maximum "annual additions," the amount contributed or allocated will be reduced so that the "annual additions" for the "limitation year" will equal the maximum "annual additions," and any amount in excess of the maximum "annual additions," which would have been allocated to such Participant may be allocated to other Participants. For any short "limitation year," the dollar limitation in (1) above shall be reduced by a fraction, the numerator of which is the number of full months in the short "limitation year" and the denominator of which is twelve (12).

(b) For purposes of applying the limitations of Code Section 415, "annual additions" means the sum credited to a Participant's accounts for any "limitation year" of (1) Employer contributions, (2) Employee contributions, (3) forfeitures, (4) amounts allocated, after March 31, 1984, to an individual medical account, as defined in Code Section 415(1)(2) which is part of a pension or annuity plan maintained by the Employer, (5) amounts derived from contributions paid or accrued after December 31, 1985, in taxable years ending after such date, which are attributable to post-retirement medical benefits allocated to the separate account of a key employee (as defined in Code Section 419A(d)(3)) under a welfare benefit plan (as defined in Code Section 419(e)) maintained by the Employer and (6) allocations under a simplified employee pension plan. Except, however, the "415 Compensation" percentage limitation referred to in paragraph (a)(2) above shall not apply to: (1) any contribution for medical benefits after separation from service (within the meaning of Code Sections 401(h) or 419A(f)(2)) which is otherwise treated as an "annual addition," or (2) any amount otherwise treated as an "annual addition" under Code Section 415(1)(1).

If the "annual additions" under the Plan would cause the maximum "annual additions" to be exceeded for any Participant, and all or a portion of the "excess amount" is treated as a Catch-Up Contribution, then any Matching Contributions which relate to such Catch-Up Contribution will be used to reduce the Employer contribution in the next "limitation year."

(c) For purposes of applying the limitations of Code Section 415, the transfer of funds from one qualified plan to another is not an "annual addition." In addition, the following are not Employee contributions for the purposes of Section 14.1(b): (1) rollover contributions (as defined in Code Sections 401(a)(31), 402(c)(1), 403(a)(4), 403(b)(8), 408(d)(3) and 457(e)(16)); (2) repayments of loans made to a Participant from the Plan; (3) repayments of distributions received by an Employee pursuant to Code Section 411(a)(7)(B) (cash-outs); (4) repayments of distributions received by an Employee pursuant to Code Section 411(a)(3)(D) (mandatory contributions); (5) Catch-Up Contributions; and (6) Employee contributions to a simplified employee pension excludable from gross income under Code Section 408(k)(6).



(d) For purposes of applying the limitations of Code Section 415, the "limitation year" shall be the Plan Year. The limitation year may only be changed by a Plan amendment. If the Plan is terminated effective as of a date other than the last day of the Plan's limitation year, then the Plan is treated as if the Plan had been amended to change its limitation year.

(e) For the purpose of this Section, all qualified defined benefit plans (whether terminated or not) ever maintained by the Employer shall be treated as one defined benefit plan, and all defined contribution plans (whether terminated or not) ever maintained by the Employer (or a "predecessor employer") under which the Participant receives "annual additions" are treated as one defined contribution plan.

For purposes of aggregating plans for Code Section 415, a "formerly affiliated plan" of an Employer is taken into account for purposes of applying the Code Section 415 limitations to the Employer, but the formerly affiliated plan is treated as if it had terminated immediately prior to the "cessation of affiliation."

Two or more defined contribution plans that are not required to be aggregated pursuant to Code Section 415 (f) and the Regulations thereunder as of the first day of a limitation year do not fail to satisfy the requirements of Code Section 415 with respect to a Participant for the limitation year merely because they are aggregated later in that limitation year, provided that no "annual additions" are credited to the Participant's account after the date on which the plans are required to be aggregated.

(1) For the purpose of this subsection (e):

(i) The "Employer" shall mean the Employer that adopts this Plan and all members of a controlled group or an affiliated service group that includes the Employer (within the meaning of Code Sections 414(b), (c), (m) or (o)), except that for purposes of this subsection, the determination shall be made by applying Code Section 514(h), and shall take into account tax-exempt organizations under Regulation Section 1.414(c)-5, as modified by Regulation Section 1.415(a)-1(f)(1).

(ii) A former employer is a "predecessor employer" with respect to a Participant in a Plan maintained by the Employer if the Employer maintains a plan under which the Participant had accrued a benefit while performing services for the former Employer, but only if that benefit is provided under the Plan maintained by the Employer. For this purpose, the formerly affiliated plan rules in Regulation Section 1.415(f)-1 (b)(2) apply as if the Employer and predecessor Employer constituted a single employer under the rules described in Regulation Section 1.415(a)-1(f)(1) and (2) immediately prior to the cessation of affiliation (and as if they constituted two, unrelated employers under the rules described in Regulation Section 1.415(a)-1 (f)(1) and (2) immediately after the cessation of affiliation) and cessation of affiliation was the event that gives rise to the predecessor employer relationship, such as a transfer of benefits or plan sponsorship.

With respect to an Employer of a Participant, a former entity that antedates the Employer is a "predecessor employer" with respect to the Participant if, under the facts and circumstances, the Employer constitutes a continuation of all or a portion of the trade or business of the former entity.



(iii) A "formerly affiliated plan" of an Employer is a plan that, immediately prior to the cessation of affiliation, was actually maintained by one or more of the entities that constitute the Employer (as determined under the employer affiliation rules described in Regulation Section 1.415(a)-1(f)(1) and (2)).

(iv) A “cessation of affiliation” means the event that causes an entity to no longer be aggregated with one or more other entities as a single employer under the employer affiliation rules described in Regulation Section 1.415(a)-1(f)(1) and (2) (such as the sale of a subsidiary outside a controlled group), or that causes a plan to not actually be maintained by any of the entities that constitute the Employer under the employer affiliation rules of Regulation Section 1.415(a)-1(f)(1) and (2) (such as a transfer of plan sponsorship outside of a controlled group).

(f) For the purpose of this Section, if the Employer is a member of a controlled group of corporations, trades or businesses under common control (as defined by Code Section 1563(a) or Code Section 414(b) and (c) as modified by Code Section 415(h)), is a member of an affiliated service group (as defined by Code Section 414(m)), or is a member of a group of entities required to be aggregated pursuant to Regulations under Code Section 414(o), all Employees of such Employers shall be considered to be employed by a single Employer.

(g) If this is a plan described in Code Section 413(c) (other than a plan described in Code Section 413(f)), then all of the benefits or contributions attributable to a Participant from all of the Employers maintaining this Plan shall be taken into account in applying the limits of this Section with respect to such Participant. Furthermore, in applying the limitations of this Section with respect to such a Participant, the total “415 Compensation” received by the Participant from all of the Employers maintaining the Plan shall be taken into account.

(h) (1) If a Participant participates in more than one defined contribution plan maintained by the Employer which have different plan years, the maximum “annual additions” under this Plan shall equal the maximum “annual additions” for the “limitation year” minus any “annual additions” previously credited to such Participant’s accounts during the “limitation year.”

(2) If a Participant participates in both a defined contribution plan subject to Code Section 412 and a defined contribution plan not subject to Code Section 412 maintained by the Employer which have the same plan year, “annual additions” will be credited to the Participant’s accounts under the defined contribution plan subject to Code Section 412 prior to crediting “annual additions” to the Participant’s accounts under the defined contribution plan not subject to Code Section 412.

(3) If a Participant participates in more than one defined contribution plan not subject to Code Section 412 maintained by the Employer which have the same plan year, the maximum “annual additions” under this Plan shall equal the product of (A) the maximum “annual additions” for the “limitation year” minus any “annual additions” previously credited under subparagraphs (1) or (2) above, multiplied by (B) a fraction (i) the numerator of which is the “annual additions” which would be credited to such Participant’s accounts under this Plan without regard to the limitations of Code Section 415 and (ii) the denominator of which is such “annual additions” for all plans described in this subparagraph.



(i) For all limitation years beginning on or after July 1, 2007, “annual additions” shall not include restorative payments made to restore losses to a Plan resulting from actions by a fiduciary for which there is reasonable risk of liability for breach of a fiduciary duty under ERISA or under other applicable federal or state law, where Participants who are similarly situated are treated similarly with respect to the payments. Generally, payments are restorative only if the payments are made in order to restore some or all of the Plan’s losses due to an action (or a failure to act) that creates a reasonable risk of liability for such a breach of fiduciary duty (other than a breach of fiduciary duty arising from failure to remit contributions to the Plan). This includes payments to a plan made pursuant to a Department of Labor order, the Department of Labor’s Voluntary Fiduciary Correction Program, or a court-approved settlement, to restore losses to a qualified defined contribution plan on account of the breach of fiduciary duty (other than a breach of fiduciary duty arising from failure to remit contributions to the Plan). Payments made to the Plan to make up for losses due merely to market fluctuations and other payments that are not made on account of a reasonable risk of liability for breach of a fiduciary duty under ERISA are not restorative payments and generally constitute contributions that are considered annual additions.

(j) Notwithstanding anything contained in this Section to the contrary, the limitations, adjustments and other requirements prescribed in this Section shall at all times comply with the provisions of Code Section 415 and the Regulations thereunder.

14.2 Adjustment for Excessive Annual Additions.

(a) Notwithstanding any provision of the Plan to the contrary, if the “annual additions” are exceeded for any Participant, then the Plan may only correct such excess in accordance with the Employee Plans Compliance Resolution System (EPCRS) as set forth in Revenue Procedure 2008-50, Revenue Procedure 2013-12 or any superseding guidance, including, but not limited to, the preamble of the final Section 415 regulations. The EPCRS currently provides in relevant part the following:

(1) Any "excess amount" that is attributable to elective deferrals or after-tax employee contributions (along with earnings attributable thereto), must be distributed to the Participant.

(2) If the "excess amount" is attributable to both employer contributions and elective deferral or after-tax contributions, any unmatched Participant's after-tax contributions (adjusted for earnings) shall be distributed first, followed by the unmatched Participant's elective deferrals (adjusted for earnings). If any "excess amount" remains and is attributable to either elective deferrals or after-tax employee contributions that are matched, the "excess amount" is apportioned first to after-tax employee contributions with the associated matching employer contributions and then to elective deferrals with the associated matching employer contributions. Any matching contributions or nonelective employer contribution (adjusted for earnings) which constitutes an excess allocation is then forfeited and placed in an unallocated account established for the purpose of holding these "excess amounts." The amounts in the unallocated account will be applied to reduce future employer contributions (excluding elective deferrals) for all remaining Participants in the current year or succeeding year if necessary. While such amounts remain in the unallocated account, the Participating Employer is not permitted to make contributions to the Plan other than elective deferrals.



**ARTICLE XV**
**TOP HEAVY**

15.1 Top Heavy Plan Requirements. For any Top Heavy Plan Year, the Plan shall provide the special vesting requirements of Code Section 416(b) and the special minimum allocation requirements of Code Section 416(c), as described below.

(a) Vesting of the Minimum Allocations. For any Top Heavy Plan Year, the minimum allocations described in Section 15.1(b) shall vest in accordance with Section 6.2.

(b) Minimum Allocations Required for Top Heavy Plan Years. For any Top Heavy Plan Year, the sum of the employer contributions (as determined by Code Section 416) and Forfeitures allocated to the Account of each Non-Key Employee shall be equal to at least three percent (3%) of such Non-Key Employee's "415 Compensation" (reduced by contributions and forfeitures, if any, allocated to each Non-Key Employee in any defined contribution plan included with this Plan in a Required Aggregation Group).

(1) If (A) the sum of the employer contributions (as determined by Code Section 416) and Forfeitures allocated to the Account of each Key Employee for such Top Heavy Plan Year is less than three percent (3%) of each Key Employee's "415 Compensation" and (B) this Plan is not required to be included in an Aggregation Group to enable a defined benefit plan to meet the requirements of Code Section 401(a)(4) or 410, then the sum of the employer contributions (as determined by Code Section 416) and Forfeitures allocated to the Account of each Non-Key Employee shall be equal to the largest percentage allocated to the Account of any Key Employee.

(2) In determining whether a Non-Key Employee has received the required minimum allocation, such Non-Key Employee's Elective Contributions shall not be taken into account.

(3) No such minimum allocation shall be required in this Plan for any Non-Key Employee who participates in another defined contribution plan subject to Code Section 412 included with this Plan in a Required Aggregation Group.

15.2 Determination of Top Heavy Status.

(a) This Plan shall be a Top Heavy Plan for any Plan Year in which, as of the "determination date," (1) the Present Value of Accrued Benefits of Key Employees and (2) the sum of the Aggregate Accounts (defined below) of Key Employees under this Plan and all plans of an Aggregation Group, exceeds sixty percent (60%) of the Present Value of Accrued Benefits and the Aggregate Accounts of all Key and Non-Key Employees under this Plan and all plans of an Aggregation Group.

If any Participant is a Non-Key Employee for any Plan Year, but such Participant was a Key Employee for any prior Plan Year, such Participant's Present Value of Accrued Benefit and/or Aggregate Account balance shall not be taken into account for purposes of determining whether this Plan is a Top Heavy Plan (or whether any Aggregation Group which includes this Plan is a Top Heavy Group). In addition, if a Participant or Terminated Participant has not performed any services for any Participating Employer at any time during the one-year period ending on the "determination date," any accrued benefit for such Participant or Terminated

Participant shall not be taken into account for the purposes of determining whether this Plan is a Top Heavy Plan.

(b) A Participant's "Aggregate Account" as of the "determination date" means the sum of:

(1) the Participant's balance under all of his or her Accounts as of the most recent valuation occurring within a twelve (12) month period ending on the "determination date." However, with respect to Employees not performing services for a Participating Employer during the year ending on the "determination date," the Participant's Account balances as of the most recent valuation occurring within a twelve (12) month period ending on the "determination date" shall not be taken into account for purposes of this Section.

(2) an adjustment for any contributions due as of the "determination date." Such adjustment shall be the amount of any contributions actually made after the Valuation Date but due on or before the "determination date," except for the first Plan Year when such adjustment shall also reflect the amount of any contributions made after the "determination date" that are allocated as of a date in that first Plan Year.

(3) any Plan distributions made within the Plan Year that includes the "determination date" or, with respect to distributions made for a reason other than severance from employment, disability or death, within the five (5) preceding Plan Years. The preceding sentence shall also apply to distributions under a terminated plan which, had it not been terminated, would have been aggregated with the Plan under Code Section 416(g)(2)(A)(i). In the case of distributions made after the Valuation Date and prior to the "determination date," such distributions are not included as distributions for top heavy purposes to the extent that such distributions are already included in the Participant's Aggregate Account balance as of the Valuation Date.

(4) any Employee contributions, whether voluntary or mandatory. However, amounts attributable to tax deductible qualified voluntary employee contributions shall not be considered to be a part of the Participant's Aggregate Account balance.

(5) with respect to unrelated rollovers and plan-to-plan transfers (ones which are both initiated by the Employee and made from a plan maintained by one employer to a plan maintained by another employer), if this Plan provides the rollovers or plan-to-plan transfers, it shall always consider such rollovers or plan-to-plan transfers as a distribution for the purposes of this Section. If this Plan is the plan accepting such rollovers or plan-to-plan transfers, it shall not consider such rollovers or plan-to-plan transfers as part of the Participant's Aggregate Account balance.

(6) with respect to related rollovers and plan-to-plan transfers (ones either not initiated by the Employee or made to a plan maintained by the same employer), if this Plan provides the rollover or plan-to-plan transfer, it shall not be counted as a distribution for purposes of this Section. If this Plan is the plan accepting such rollover or plan-to-plan transfer, it shall consider such rollover or plan-to-plan transfer as part of the Participant's Aggregate Account balance, irrespective of the date on which such rollover or plan-to-plan transfer is accepted.



(7) For the purposes of determining whether two employers are to be treated as the same employer in (5) and (6) above, all employers aggregated under Code Section 414(b), (c), (m) and (o) are treated as the same employer.

(c) "Aggregation Group" means either a Required Aggregation Group or a Permissive Aggregation Group as hereinafter determined.

(1) *Required Aggregation Group*: In determining a Required Aggregation Group hereunder, each plan of the Employer and Affiliated Employers in which a Key Employee is a participant in the Plan Year containing the Determination Date or any of the four preceding Plan Years, and each other plan of the Employer and Affiliated Employers which enables any plan in which a Key Employee participates to meet the requirements of Code Sections 401(a)(4) or 410, will be required to be aggregated. Such group shall be known as a Required Aggregation Group.

In the case of a Required Aggregation Group, each plan in the group will be considered a Top Heavy Plan if the Required Aggregation Group is a Top Heavy Group. No plan in the Required Aggregation Group will be considered a Top Heavy Plan if the Required Aggregation Group is not a Top Heavy Group.

(2) *Permissive Aggregation Group*: The Employer may also include any other plan not required to be included in the Required Aggregation Group, provided the resulting group, taken as a whole, would continue to satisfy the provisions of Code Sections 401(a)(4) and 410. Such group shall be known as a Permissive Aggregation Group.

In the case of a Permissive Aggregation Group, only a plan that is part of the Required Aggregation Group will be considered a Top Heavy Plan if the Permissive Aggregation Group is a Top Heavy Group. No plan in the

Permissive Aggregation Group will be considered a Top Heavy Plan if the Permissive Aggregation Group is not a Top Heavy Group.

(3) Only those plans of the Employer and Affiliated Employers in which the Determination Dates fall within the same calendar year shall be aggregated in order to determine whether such plans are Top Heavy Plans.

(4) An Aggregation Group shall include any terminated plan of the Employer or an Affiliated Employer if it was maintained within the last five (5) years ending on the Determination Date.

(d) "Determination date" means (a) the last day of the preceding Plan Year, or (b) in the case of the first Plan Year, the last day of such Plan Year.

(e) Present Value of Accrued Benefit: In the case of a defined benefit plan, the Present Value of Accrued Benefit for a Participant other than a Key Employee, shall be as determined using the single accrual method used for all plans of the Employer and Affiliated Employers, or if no such single method exists, using a method which results in benefits accruing not more rapidly than the slowest accrual rate permitted under Code Section 411(b)(1)(C). The determination of the Present Value of Accrued Benefit shall be determined as of the most recent valuation date that falls within or ends with the 12-month period ending on the Determination



Date except as provided in Code Section 416 and the Regulations thereunder for the first and second plan years of a defined benefit plan.

(f) "Top Heavy Group" means an Aggregation Group in which, as of the Determination Date, the sum of:

(1) the Present Value of Accrued Benefits of Key Employees under all defined benefit plans included in the group, and

(2) the Aggregate Accounts of Key Employees under all defined contribution plans included in the group,

(3) exceeds sixty percent (60%) of a similar sum determined for all Participants.



## ARTICLE XVI
## MISCELLANEOUS

16.1 Plan-to-Plan Transfers from Qualified Plans.

(a) With the consent of the Administrator, amounts may be transferred (within the meaning of Code Section 414 (1)) to this Plan from other tax qualified plans under Code Section 401(a) by Eligible Employees, provided that the trust from which such funds are transferred permits the transfer to be made and the transfer will not jeopardize the tax exempt status of the Plan or Trust or create adverse tax consequences for the Participating Employers. Prior to accepting any transfers to which this Section applies, the Administrator may require an opinion of counsel that the amounts to be transferred meet the requirements of this Section. The amounts transferred shall be set up in a separate account herein referred to as a Participant's Transfer Account. Vesting shall occur under the schedule applicable under the Transfer Account or Plan.

(b) Except as permitted by Regulations (including Regulation 1.411(d)-4), amounts attributable to elective contributions (as defined in Regulation 1.401(k)-1(g)(3)), including amounts treated as elective contributions, which are transferred from another qualified plan in a plan-to-plan transfer (other than a direct rollover) shall be subject to the distribution limitations provided for in Regulation 1.401(k)-1(d).

(c) This Plan shall not accept any direct or indirect transfers (as that term is defined and interpreted under Code Section 401(a)(11) and the Regulations thereunder) from a defined benefit plan, money purchase plan (including a target benefit plan), stock bonus or profit sharing plan which would otherwise have provided for a life annuity form of payment to the Participant.

(d) Notwithstanding anything herein to the contrary, a transfer directly to this Plan from another qualified plan (or a transaction having the effect of such a transfer) shall only be permitted if it will not result in the elimination or reduction of any "Section 411(d)(6) protected benefit."

16.2 Qualified Military Service. Notwithstanding any provision of this Plan to the contrary, contributions, benefits and service will be provided in accordance with Code Section 414(u).

(a) In the case of a death occurring on or after January 1, 2007, if a Participant dies while performing qualified military service (as defined in Code Section 414(u)), the survivors of the Participant are entitled to any additional benefits (other than benefit accruals relating to the period of qualified military service) provided under the Plan as if the Participant had resumed and then terminated employment on account of death.

(b) An individual receiving differential wage payments (as defined in Code Section 3401(h)(2)) is treated as an Employee of the Employer or Affiliated Employer making the payment.

(c) Notwithstanding any provision of this Plan to the contrary, an individual is treated as having been severed from employment during any period the individual is performing service in the uniformed services described in Code Section 3401(h)(2)(A) (for purposes of Code Section 401(k)(2)(B)(i)(I)). If an individual elects to receive a distribution by reason of severance from employment, death or disability, the individual may not make an Elective Contribution during the 6-month period beginning on the date of the distribution.



(d) If any contribution or benefit under the Plan is based on a differential wage payments (as defined in Code Section 3401(h)(2)), the Plan will not be treated as failing to meet the requirements of Code Section 414(u)(1)(C) only if all employees of the Employer and the Affiliated Employers performing service in the uniformed services described in Code Section 3401(h)(2)(A) are entitled to receive differential wage payments (as defined in Code Section 3401(h)(2)) on reasonably equivalent terms and, if eligible to participate in a retirement plan maintained by the Employer or an Affiliated Employer, to make contributions based on the payments on reasonably equivalent terms (taking into account Code Section 410(b)(3), (4) and (5)).

16.3 Participant's Rights. This Plan shall not be deemed to constitute a contract between any of the Participating Employers and any Participant or to be a consideration or an inducement for the employment of any Participant or Employee. Nothing contained in this Plan shall be deemed to give any Participant or Employee the right to be retained in the service of a Participating Employer or to interfere with the right of a Participating Employer to discharge any Participant or Employee at any time regardless of the effect which such discharge shall have upon the Employee as a Participant of this Plan.

16.4 Alienation.

(a) Subject to the exceptions provided below, and as otherwise permitted by the Code and ERISA, no benefit which shall be payable out of the Trust Fund to any person (including a Participant or the Participant's Beneficiary) shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, or charge, and any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, or charge the same shall be void; and no such benefit shall in any manner be liable for, or subject to, the debts, contracts, liabilities, engagements, or torts of any such person, nor shall it be subject to attachment or legal process for or against such person, and the same shall not be recognized by the Trustee, except to such extent as may be required by law.

(b) Subsection (a) shall not apply to the extent a Participant or Beneficiary is indebted to the Plan by reason of a loan made pursuant to Section 9.1, as a result of a loan from the Plan. At the time a distribution is to be made to or for a Participant's or Beneficiary's benefit, such proportion of the amount to be distributed as shall equal such indebtedness shall be paid to the Plan, to apply against or discharge such indebtedness. Prior to making a payment, however, the Participant or Beneficiary must be given written notice by the Administrator that such indebtedness is to be so paid in whole or part from the Participant's Accounts. If the Participant or Beneficiary does not agree that the indebtedness is a valid claim against the Participant's Vested Accounts, the Participant or Beneficiary shall be entitled to a review of the validity of the claim in accordance with procedures provided in Section 11.8.

(c) Subsection (a) shall not apply to a "qualified domestic relations order" defined in Code Section 414(p) and discussed in Section 16.5.

(d) Subsection (a) shall not apply to an offset to a Participant's accrued benefit against an amount that the Participant is ordered or required to pay the Plan with respect to a judgment, order, or decree issued, or a settlement entered into in accordance with Code Sections 401(a)(13)(C) and (D).

16.5 Qualified Domestic Relations Order. All rights and benefits, including elections, provided to a Participant in this Plan shall be subject to the rights afforded to any "alternate payee" under a "qualified domestic relations order." Furthermore, a distribution to an "alternate payee" shall be permitted if such distribution is authorized by a "qualified domestic relations order," even if the affected Participant has not separated from service and has not reached the "earliest retirement age" under the Plan. For the purposes of this Section 16.5, "alternate payee," "qualified domestic relations order" and "earliest retirement age" shall have the meaning set forth under Code Section 414(p). A domestic relations order that otherwise satisfies the requirements for a "qualified domestic relations order" will not fail to be a "qualified domestic relations order" (a) solely because the order is issued after, or revises, another domestic relations order or "qualified domestic relations order" or (b) solely because of the time at which the order is issued, including issuance after the annuity starting date or after the Participant's death; such domestic relations order being subject to the same requirements and protections that apply to "qualified domestic relations orders." The Administrator shall establish a written procedure to determine the qualified status of domestic relations orders and to administer distributions under such qualified orders. Further, to the extent provided under a "qualified domestic relations order," a former spouse of a Participant shall be treated as the spouse or surviving spouse for all purposes under the Plan.

16.6 Construction of Plan. This Plan and Trust shall be construed and enforced according to the Code, ERISA and the laws of the State of Missouri, other than its laws respecting choice of law, to the extent not pre-empted by ERISA.

16.7 Gender and Number. Wherever any words are used herein in the masculine, feminine or neuter gender, they shall be construed as though they were also used in another gender in all cases where they would so apply, and whenever any words are used herein in the singular or plural form, they shall be construed as though they were also used in the other form in all cases where they would so apply.

16.8 Prohibition Against Diversion of Funds.

(a) Except as provided below and otherwise specifically permitted by law, it shall be impossible by operation of the Plan or of the Trust, by termination of either, by power of revocation or amendment, by the happening of any contingency, by collateral arrangement or by any other means, for any part of the corpus or income of any Trust Fund maintained pursuant to the Plan or any funds contributed thereto to be used for, or diverted to, purposes other than the exclusive benefit of Participants, Terminated Participants, or their Beneficiaries.

(b) In the event a Participating Employer shall make an excessive contribution under a mistake of fact pursuant to ERISA Section 403(c)(2)(A), the Participating Employer may demand repayment of such excessive contribution at any time within one (1) year following the time of payment and the Trustee shall return such amount to the Participating Employer within the one (1) year period. Earnings of the Plan attributable to the contributions may not be returned to the Participating Employer but any losses attributable thereto must reduce the amount so returned.

(c) Except for Sections 2.3, 2.4 and 15.1(b), any contribution by a Participating Employer to the Trust Fund is conditioned upon the deductibility of the contribution by the Participating Employer under the Code and, to the extent any such deduction is disallowed, the Participating Employer may, within one (1) year following the final determination of the disallowance, whether by agreement with the Internal Revenue Service or by final decision of a competent jurisdiction, demand repayment of such disallowed contribution and the Trustee shall return such contribution within one (1) year following the disallowance. Earnings of the Plan attributable to the contribution may not be returned to the Participating Employer, but any losses attributable thereto must reduce the amount so returned.



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16.9 Receipt and Release for Payments. Any payment to any Participant, the Participant's legal representative, Beneficiary, or to any guardian or committee appointed for such Participant or Beneficiary in accordance with the provisions of the Plan, shall, to the extent thereof, be in full satisfaction of all claims hereunder against the Trustee and the Participating Employers, and the Employer may require such Participant, legal representative, Beneficiary, guardian or committee, as a condition precedent to such payment, to execute a receipt and release thereof in such form as shall be determined by the Employer.

16.10 Action by the Employer. Whenever the Employer under the terms of the Plan is permitted or required to do or perform any act or matter or thing, it shall be done and performed by a person duly authorized by its legally constituted authority.

16.11 Named Fiduciaries and Allocation of Responsibility. The "named Fiduciaries" of this Plan are (1) the Employer, (2) the Administrator and (3) the Trustee, and (4) any Investment Manager appointed hereunder. The named Fiduciaries shall have only those specific powers, duties, responsibilities, and obligations as are specifically given them under the Plan or Trust Fund agreement, including, but not limited to, any agreement allocating or delegating their responsibilities, the terms of which are incorporated herein by reference. No named Fiduciary shall guarantee the Trust Fund in any manner against investment loss or depreciation in asset value. Any person or group may serve in more than one Fiduciary capacity.

16.12 Headings. The headings and subheadings of this Plan have been inserted for convenience of reference and are to be ignored in any construction of the provisions hereof.

16.13 Electronic Media. The Administrator may use telephonic or electronic media to satisfy any notice requirements required by this Plan, to the extent permissible under regulations (or other generally applicable guidance). In addition, a Participant's consent to an immediate distribution may be provided through telephonic or electronic means, to the extent permissible under regulations (or other generally applicable guidance). The Administrator also may use telephonic or electronic media to conduct plan transactions such as enrolling participants, making (and changing) deferral elections, electing (and changing) investment allocations, applying for Plan loans, and other transactions, to the extent permissible under regulations (or other generally applicable guidance).

16.14 Plan Correction. The Administrator in conjunction with the Employer may undertake such correction of Plan errors as the Administrator deems necessary, including correction to preserve tax qualification of the Plan under Code Section 401(a) or to correct a fiduciary breach under ERISA. Without limiting the Administrator's authority under the prior sentence, the Administrator, as it determines to be reasonable and appropriate, may undertake correction of Plan document, operational, demographic and employer eligibility failures under a method described in the Plan or under the IRS Employee Plans Compliance Resolution System ("EPCRS") or any successor program to EPCRS. The Administrator, as it determines to be reasonable and appropriate, also may undertake or assist the appropriate fiduciary or plan official in undertaking correction of a fiduciary breach, including correction under the DOL Voluntary Fiduciary Correction Program ("VFC") or any successor program to VFC.

16.15 Approval by Internal Revenue Service. Notwithstanding anything herein to the contrary, if, pursuant to an application for qualification filed by or on behalf of the Plan by the time prescribed by law for filing the Employer's return for the taxable year in which the Plan is adopted, or such later date that the Secretary of the Treasury may prescribe, the Commissioner of Internal Revenue Service or the Commissioner's delegate should determine that the Plan does not initially qualify as a tax-exempt plan under Code Sections 401 and 501, and such determination is not contested, or if contested, is finally upheld, then if the Plan is a new plan, it shall be void ab initio and all amounts contributed to the Plan by



the Employer, less expenses paid, shall be returned within one (1) year and the Plan shall terminate, and the Trustee shall be discharged from all further obligations. If the disqualification relates to an amended plan, then the Plan shall operate as if it had not been amended.

16.16 Uniformity. All provisions of this Plan shall be interpreted and applied in a uniform, nondiscriminatory manner. In the event of any conflict between the terms of this Plan and any contract purchased hereunder, the Plan provisions shall control.

16.17 Legacy ESOP Protections.

(a) Company Stock which is acquired with the proceeds of an exempt loan and which is not publicly traded when distributed, or which is subject to a trading limitation when distributed, shall be subject to the put option described in this Section 16.17. For purposes of this paragraph, a "trading limitation" on a Company Stock is a restriction under any Federal or State securities law or any regulation thereunder, or an agreement (not prohibited by Section 16.17(d)) affecting the Company Stock which would make the Company Stock not as freely tradeable as stock not subject to such restriction. No part of this Section 16.17 applies to Company Stock that was not acquired with the proceeds of an exempt loan.

(b) The put option may be exercised only by a Participant or Terminated Participant, by the Participant's or Terminated Participant's donees, or by a person (including an estate or its distributee) to whom the Company Stock passes by reason of a Participant's or Terminated Participant's death. The put option entitles such person to put the Company Stock to the Employer. Under no circumstances may the put option bind the Plan. However, the Plan shall have an option to assume the rights and obligations of the Employer at the time that the put option is exercised.

(c) The put option shall commence as of the day following the date the Company Stock is distributed to (or on behalf of) the Terminated Participant and end sixty (60) days thereafter and if not exercised within such sixty (60) day period, an additional sixty day put option shall commence on the first day of the fifth month of the Plan Year next following the date the stock was distributed to (or on behalf of) the Terminated Participant (or such other sixty (60) day period as provided in regulations). However, in the case of the Company Stock that is publicly traded without restrictions when distributed but ceases to be so traded within either of the sixty (60) day periods described herein after distribution, the Employer must notify each holder of such Company Stock in writing on or before the tenth day after the date the Company Stock ceases to be so traded that for the remainder of the applicable sixty (60) day period the Company Stock is subject to the put option.

(d) Except as provided above in this Section 16.17, no Company Stock acquired with the proceeds of an exempt loan may be subject to a put, call, or other option, or buy-sell or similar arrangement when held by and when distributed from the Trust Fund, whether or not the Plan is then an ESOP. The protections and rights granted in this Section 16.17 are non-terminable, and such protections and rights shall continue to exist under the terms of this Plan so long as any Company Stock acquired with the proceeds of an exempt loan is held by the Trust Fund or by any Participant or other person for whose benefit such protections and rights have been created.

IN WITNESS WHEREOF, this Plan has been adopted in accordance with the determination letter issued to the Plan by the Internal Revenue Service on October 14, 2014 and is hereby executed December 19, 2014.

Janus Capital Group Inc.

By /s/ Karlene Lacy
EMPLOYER



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**Appendix A**

**Participating Employers**

Janus Capital Group Inc.

Janus Capital Management LLC

Janus Management Holdings Corporation

Janus Holdings LLC

INTECH Investment Management LLC

Perkins Investment Management LLC

Janus Capital International Limited

Janus Capital Asia Limited

Janus Capital Singapore Pte. Limited

Janus Capital (Switzerland) LLC

Janus Capital Taiwan Limited



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# Section 3: EX-10.9 (EX-10.9)

**Exhibit 10.9**

**FIRST AMENDMENT TO THE
JANUS 401(K) AND EMPLOYEE STOCK OWNERSHIP PLAN**

The Janus 401(k) and Employee Stock Ownership Plan, as amended and restated effective January 1, 2014 (the “Plan”), is hereby amended as follows:

1. Effective as of January 1, 2014, Section 1.8 of the Plan is hereby clarified by deleting the first paragraph and replacing it in its entirety to read as follows:

1.8 “Compensation” means (i) Basic Compensation for purposes of the regular Payroll Withholding Agreement election in Section 3.1(a)(2)(i) (including an election with respect to Catch-Up Contributions); (ii) Supplemental Compensation for purposes of the bonus Payroll Withholding Agreement election in Section 3.1(a)(2)(ii); (iii) Basic Compensation and Supplemental Compensation for purposes of the passive Payroll Withholding Agreement in Section 3.1(b)(1), (iv) Basic Compensation and Supplemental Compensation for purposes of Matching Contributions; and (v) amounts paid to an Eligible Employee by a Participating Employer as

“Wages” (defined below) for purposes of other Contributions made under Article IV.

2. Effective as of January 1, 2014, Section 1.12 of the Plan is hereby clarified to read as follows:

1.12 “Employer” means Janus Capital Group Inc. and any successor which shall maintain this Plan; and any predecessor which has maintained this Plan. The Employer is a corporation with principal offices in the State of Colorado.

3. Effective as of June 26, 2013, the Plan is hereby amended by redesignating Sections 1.43 through 1.53 to be Sections 1.44 through 1.54 and adding a new Section 1.43 to read as follows:

1.43 “Spouse” means a person of the same or opposite sex to whom an Employee is legally married under the laws of any domestic or foreign jurisdiction having the legal authority to sanction marriage, even if the Participant and his or her Spouse are currently domiciled in a jurisdiction that does not recognize the validity of such marriage; provided, however, that federal tax law recognizes such marriage.

4. Effective as of June 26, 2013, the Plan is hereby amended by substituting “Spouse” for “spouse” in each place that it appears in the Plan document.

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5. Effective as of January 1, 2014, Section 7.4 of the Plan is hereby clarified by adding the following paragraph to the end thereto to read as follows:

Notwithstanding anything in this Section 7.4 to the contrary, if a Participant has designated the Participant’s Spouse as a Beneficiary, then a divorce decree that relates to such Spouse shall revoke the Participant’s designation of the Spouse as a Beneficiary unless the decree or a qualified domestic relations order (within the meaning of Code Section 414(p)) provides otherwise.

6. Effective as of January 1, 2014, Section 8.3(c) of the Plan is hereby clarified by deleting it and replacing it in its entirety to read as follows:

Notwithstanding the above, distributions from the Participant’s Elective Account pursuant to this Section 8.3 shall be limited solely to the Participant’s total Elective Contributions as of the date of distribution (and not take into account earnings on those Contributions), reduced by the amount of any previous distributions pursuant to this Section 8.3 and Section 8.1; provided, however, that 100% of the Participant’s Pre-Tax Elective Deferral Contributions valued as of the last Valuation Date must be distributed before any of a Participant’s Roth Elective Deferral Contributions may be distributed pursuant to this Section 8.

7. Effective immediately as of the date hereof, Section 16.6 of the Plan is hereby clarified to read as follows:

16.6 Construction of Plan. This Plan and Trust shall be construed and enforced according to the Code, ERISA and the laws of the State of Colorado, other than its laws respecting choice of law, to the extent not pre-empted by ERISA.

8. Except as expressly provided herein, the Plan shall remain in full force and effect.

IN WITNESS WHEREOF, Janus Capital Group Inc. has executed this Amendment as of this 19th day of December, 2014.

Janus Capital Group Inc.

/s/ Michelle Rosenberg
Michelle Rosenberg
V.P. and Assistant General Counsel

ATTEST:

/s/ Sue Armstrong
Sue Armstrong

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# Section 4: EX-10.13.7 (EX-10.13.7)

**Exhibit 10.13.7**

**JANUS LONG TERM INCENTIVE AWARD ("LTI") ACCEPTANCE FORM**

The Company grants to Richard M. Weil ("you" or "Grantee"), effective as of December 31, 2014 (the "Grant Date"), a Performance Stock Unit Award (the "LTI Award") as described below, subject to the terms and conditions set forth in this LTI Acceptance Form, the attached Company Plan and the attached Appendices A and B.

**Performance Stock Unit Award — see Appendix A for additional terms**
Number of Stock Units Granted [ ]

a. Pursuant to the terms of the LTI Award, you shall be eligible to vest in a number of stock units, if any, based on the achievement of the performance criteria set forth below (the "Performance Criteria"), provided that you have not experienced a Termination of Affiliation prior to December 31, 2017 (the "Vesting Date"). Any portion of the LTI Award that does not vest because the applicable Performance Criteria have not been satisfied as of the Vesting Date shall be terminated, cancelled and forfeited.

i. If, between the Grant Date and the Vesting Date (the "Performance Period"), the Company's Operating Income Margin, as set forth below, is less than or equal to 24%, then none of the LTI Award will vest.

ii. If the Company's Operating Income Margin during the Performance Period is equal to 28%, then 100% of the LTI Award will vest.

iii. If the Company's Operating Income Margin during the Performance Period is greater than or equal to 32%, then 200% of the LTI Award will vest.

iv. If the Company's Operating Income Margin during the Performance Period is greater than 24% and less than 32%, the Grantee shall vest in a number of Stock Units that is the mathematical linear interpolation between the number of Stock Units which would vest at the defined ends of the applicable spectrum.

v. For the purposes of this LTI Award, the Company's Operating Income Margin shall mean Total Operating Income divided by Total Revenue for 2015, 2016 and 2017 (each as reflected on the "Consolidated Statements of Comprehensive Income" in each year's Janus Capital Group Inc. audited financial statements). Appendix B provides an example of calculating Company's Operating Income Margin.

b. Notwithstanding the provisions of (a) above, if you have a Termination of Affiliation with the Company due to death or Disability, the LTI Award shall vest based on applicable performance through the date of the Company's latest quarterly financial statements (e.g., Janus Capital Group Inc.'s Quarterly Form 10-Q or Annual Form 10-K) prior to the Termination of Affiliation. Except as provided in the preceding sentence, in the event that you have a Termination of Affiliation, any portion of the LTI



Award that is unvested, and any of your rights hereunder, shall be terminated, cancelled and forfeited effective immediately upon such Termination of Affiliation.

c. Notwithstanding anything to the contrary in the Company Plan, following a Change of Control, the Performance Criteria shall be measured based on applicable performance through the date of the Company's latest quarterly financial statements (e.g., Janus Capital Group Inc.'s Quarterly Form 10-Q or Annual Form 10-K) prior to the Change of Control. The portion of the LTI Award that is earned based upon such measurement will convert into a time-based award that will vest in full on December 31, 2016 (the "Resulting Award"), subject to Section 4(b) of Appendix A. Any portion of the LTI Award that is not converted into the Resulting Award, and any of your related rights hereunder, shall be terminated, cancelled and forfeited effective immediately upon such Change of Control. Notwithstanding the foregoing, in the event of a termination of your employment or service by the Company without Cause or by you for Good Reason, or due to death or Disability, in each case following a Change of Control and prior to December 31, 2017, the Resulting Award shall vest in full on the date of such termination.

d. In accordance with the Company Plan, the Committee may, in its sole discretion, accelerate the vesting of all or a portion of the LTI Award or waive any or all of the terms and conditions applicable to this LTI Acceptance Form or the attached Appendix. This LTI Acceptance Form and the attached Appendix A do not supersede, or otherwise amend or affect any other LTI awards, agreements, rights or restrictions that may exist between the parties.

e. Capitalized terms used but not defined in this LTI Acceptance Form have the meaning specified in the Company Plan and/or in the attached Appendix A.

By executing this LTI Acceptance Form, you indicate your acceptance of the LTI Award set forth above and agree to be bound by the terms, conditions and provisions set forth in the LTI Acceptance Form, the attached Appendix A and the Company Plan, all of which are incorporated by reference herein and are an integral part of this LTI Acceptance Form. Please sign and return this LTI Acceptance Form to the Assistant Corporate Secretary's Office in the envelope provided within sixty (60) days after the Company's mailing of this LTI Acceptance Form to you. In the event you fail to return the executed original within sixty (60) days, the Company reserves the right to terminate and forfeit the LTI Award (including any rights provided for in this LTI Acceptance Form and the attached Appendix A), or to suspend or forfeit all or any vesting event(s) arising from the LTI Award. This LTI Acceptance Form may be executed in counterparts, which together shall constitute one and the same original. This LTI Acceptance Form may be executed by the exchange of facsimile signature pages, provided that by doing so the Participant agrees to provide an original signature as soon thereafter as possible.



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**ACCEPTED AND AGREED TO AS OF THE GRANT DATE:**

**PARTICIPANT:**

______________________________________________

Richard M. Weil

**JANUS CAPITAL GROUP INC.**

By: ____________________________________________

By: David W. Grawemeyer
Title: Executive Vice President, General Counsel and Secretary



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**APPENDIX A — TERMS OF PERFORMANCE STOCK UNIT AWARD**

1. Grant of Performance Stock Unit Award.

Subject to the provisions of this Appendix, the LTI Acceptance Form and the Company's 2010 Long Term Incentive Stock Plan, as may be amended from time to time (the "Company Plan"), the Company hereby grants to the Grantee the number of performance stock units (the "Stock Units") identified under the Performance Stock Unit Award section of the attached LTI Acceptance Form, representing the same number of shares of the Company's common stock, par value $.01 per share ("Common Stock").

2. No Right to Continued Employment.

Nothing in this Appendix or the Company Plan shall confer upon Grantee any right to continue providing services to, or be in the employ of, the Company or any Subsidiary or interfere in any way with the right of the Company any Subsidiary to terminate Grantee's association or employment at any time.

3. Unfair Interference.

During Grantee's employment with the Company or any Subsidiary and during the twelve months after Termination of Affiliation, Grantee shall not: (i) knowingly and directly solicit, hire or attempt to hire, or assist another in soliciting, hiring or attempting to hire, on behalf of any Competitive Business, any person who is an employee or contractor of the Company or any Subsidiary; or (ii) knowingly and directly divert, attempt to divert, solicit, or assist another in diverting, attempting to divert or soliciting, the customer business of any Protected Client on behalf of a Competitive Business. For purposes of this section, "Competitive Business" means any business that provides investment advisory or investment management services or related services; and "Protected Client" shall mean any person or entity to whom the Company or any Subsidiary provided investment advisory or investment management services at any point during the six months preceding Grantee's Termination of Affiliation.

4. Change of Control.

(a) For purposes of this Appendix and the LTI Acceptance Form, "Good Reason" shall have the meaning assigned to such term in Grantee's individual employment, change in control or severance agreement (if any). If Grantee is not a party to an agreement in which Good Reason is defined, Good Reason shall mean the occurrence of any of the events or conditions described below which are not cured by the Company within thirty (30) days after the Company has received written notice from Grantee (which notice must be provided by Grantee within ninety (90) days of the initial existence of the event or condition constituting Good Reason):



(i) a material adverse alteration in the nature or status of your responsibilities from those in effect immediately prior to the Change of Control other than any such alteration primarily attributable to the fact that the Company may no longer be a public company or to other changes in the identity, nature or structure of the Company; and provided, that a change in Grantee's title or reporting relationships shall not of itself constitute Good Reason (unless such change results in a material adverse alteration as described above);

(ii) any material reduction in Grantee's base salary except for any across-the-board reduction similarly affecting similarly-situated employees of the Company; or

(iii) the relocation of Grantee's principal place of employment to a location more than 40 miles from Grantee's principal place of employment immediately prior to the Change of Control, provided that such relocation results in a material negative change to Grantee's employment.

(b) Notwithstanding subsection (c) of the LTI Acceptance Form, in the event of a Change of Control of the Company, the Company may, in its sole discretion, cancel Grantee's Resulting Award in exchange for a payment in cash in an amount equal to (x) the consideration paid per Share in the Change of Control multiplied by (y) the number of Shares subject to Grantee's Resulting Award.

5. Clawback.

Notwithstanding anything to the contrary contained in this Agreement, and subject to then-applicable U.S. Securities and Exchange Commission, New York Stock Exchange and/or other regulatory requirements related to clawback or compensation reimbursement rules, if Grantee is found by a court of competent jurisdiction (in a final judgment that is either not appealed or is non-appealable) or by any relevant regulator to have knowingly committed fraud against the Company or any of its Affiliates, or if Grantee is found to have actively participated in, knowingly concealed or covered up, or knowingly failed to identify a material misstatement in the Company's financial statements, the Grantee's LTI award granted in the three calendar years prior to such judgment or regulatory determination, whether vested or unvested, shall be immediately forfeited and cancelled, and Grantee shall promptly return and repay to the Company, in respect of any Company shares, stock options or mutual fund units previously transferred to Grantee pursuant to such LTI award agreements, an amount equal to the lesser of: (i) the fair market value of such shares, stock options (based on the intrinsic value of such stock options) or mutual fund units on the date of vesting, and (ii) the fair market value of such shares, stock options (based on the intrinsic value of such stock options) or mutual fund units on the date on which such repayment obligation arises, in each case, regardless of whether the Grantee previously sold or otherwise disposed of such shares.

6. Issuance of Shares.

Subject to Section 12 (pertaining to the withholding of taxes) and Section 20 (pertaining to Section 409A of the Code), as soon as practicable after each vesting event under Subsections (a), (b)



and (c) of the LTI Acceptance Form, but in no case later than 70 days following the date on which an award becomes vested (provided that it has been determined that the applicable Performance Criteria have been achieved and there has been no prior forfeiture of the Stock Units pursuant to the terms of this Appendix or the Company Plan), the Company shall issue (or cause to be delivered) to the Grantee one or more stock certificates or otherwise transfer shares with respect to the Stock Units vesting (or shall take other appropriate steps to reflect the Grantee's ownership of all or a portion of the vested Stock Units that are subject to this Appendix). Following the settlement of the vested Stock Units in Common Stock pursuant to this Section 6, Grantee may not sell, assign, transfer or otherwise dispose of any of the "net shares" (as defined below) of Common Stock transferred to Grantee upon settlement of such vested Stock Units until the first anniversary of the date on which the Stock Units vested. Grantee may be required to execute and deliver such other agreements as may be reasonably requested by the Company that are consistent with the foregoing or that are necessary to give further effect thereto. For purposes of this Section 6 only, the term "net shares" shall mean the net number of shares of Common Stock transferred to Grantee upon settlement of the vested Stock Units after subtracting such shares of Common Stock withheld by the Company, if any, in payment of tax withholding obligations applicable to such settlement.

7. Nontransferability of the Stock Units.

No Stock Units shall be transferable by the Grantee by means of sale, assignment, exchange, encumbrance, pledge or otherwise.

8. Rights as a Stockholder.

Except as otherwise specifically provided in this Appendix, the Grantee shall have no rights as a stockholder solely as a result of the grant of the Stock Units and shall have no right to cash or stock dividends or to be credited with Dividend Equivalents on his or her Stock Units to the extent dividends are paid on Company Common Stock, unless and until the Grantee has become the holder of record of shares of Common Stock following payment in Common Stock upon the vesting of Stock Units.

9. Adjustment in the Event of Change in Stock.

In the event that the Committee determines that any dividend or other distribution (whether in the form of cash, Common Stock, other securities, or other property), recapitalization, stock split, reverse stock split, subdivision, consolidation or reduction of capital, reorganization, merger, scheme of arrangement, split-up, spin-off or combination involving the Company or repurchase or exchange of Common Stock or other rights to purchase Common Stock or other securities of the Company, or other similar corporate transaction or event that affects the Common Stock such that an adjustment is determined by the Committee to be appropriate to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Company Plan, then the Committee shall, in such manner as it may deem equitable, adjust the number and type of shares or Stock Units, or, if deemed appropriate, make provision for a cash payment to the Grantee or the substitution of other property for Stock Units; provided, that the number of Stock Units shall always be a whole number.



10. Payment of Transfer Taxes, Fees and Other Expenses.

The Company agrees to pay any and all original issue taxes and stock transfer taxes that may be imposed on the issuance of shares received by a Grantee in connection with the Stock Units, together with any and all other fees and expenses necessarily incurred by the Company in connection therewith.

11. Other Restrictions.

Notwithstanding any other provision of the Company Plan or this Appendix, the Company will not be required to issue, and the Grantee may not sell, assign, transfer or otherwise dispose of, any shares of Common Stock received as payment of the Stock Units, unless (a) there is in effect with respect to the shares of Common Stock received as payment for the Stock Units a registration statement under the Securities Act of 1933, as amended, and any applicable state or foreign securities laws or an exemption from such registration, and (b) there has been obtained any other consent, approval or permit from any other regulatory body which the Committee, in its sole discretion, deems necessary or advisable. The Company may condition such issuance, sale or transfer upon the receipt of any representations or agreements from the parties involved, and the placement of any legends on certificates representing Common Stock received as payment of Stock Units, as may be deemed necessary or advisable by the Company in order to comply with such securities law or other restrictions.

12. Taxes and Withholding.

No later than the date as of which an amount first becomes includible in the gross income of the Grantee for tax withholding purposes with respect to any Stock Units or underlying shares of Common Stock, the Grantee shall pay all taxes that are required by applicable laws and regulations, if any, to be withheld by either: (i) participating in the Company's Share Withholding Program to have shares withheld by the Company or its agent (provided that it will not result in adverse accounting consequences to the Company), or (ii) making other payment arrangements satisfactory to the Company. For the avoidance of doubt, the shares are subject to income tax at the time of the issuance of the shares. The obligations of the Company under this Appendix shall be conditioned on compliance by the Grantee with this Section 12. It is intended that the foregoing provisions of this Section 12 shall normally govern the payment of withholding taxes (if required); however, if the required withholding is not accomplished under the preceding provisions of this Section 12, the Grantee agrees that the Company shall, to the extent permitted by law, have the right to deduct any such taxes from any payment otherwise due to the Grantee, including compensation or the delivery of the Stock Units or underlying shares of Common Stock that gives rise to the withholding requirement.

13. Notices.

Any notice to be given to the Company shall be addressed to the Company at its principal office, in care of its Assistant Corporate Secretary. Any notice to be given to the Grantee shall be addressed to Grantee at the address listed in the Company's records. By a notice given pursuant to this section, either party may designate a different address for notices. Any notice shall have been deemed



given (i) when actually delivered to the Company, or (ii) if to the Grantee, when actually delivered; when deposited in the U.S. Mail, postage prepaid and properly addressed to the Grantee; or when delivered by overnight courier.

14. Binding Effect.

Except as otherwise provided hereunder, this Appendix shall be binding upon and shall inure to the benefit of the heirs, executors or successors of the parties to this Appendix.

15. Laws Applicable to Construction.

The interpretation, performance and enforcement of this Appendix shall be governed by the laws of the State of Delaware without reference to principles of conflict of laws, as applied to contracts executed in and performed wholly within the State of Delaware. In addition to the terms and conditions set forth in this Appendix, the Stock Units are subject to the terms and conditions of the Company Plan, which is hereby incorporated by reference.

16. Severability.

The invalidity or enforceability of any provision of this Appendix shall not affect the validity or enforceability of any other provision of this Appendix.

17. Conflicts and Interpretation.

In the event of any conflict between this Appendix and the Company Plan, the Company Plan shall control. In the event of any ambiguity in this Appendix, or any matters as to which this Appendix is silent, the Company Plan shall govern including, without limitation, the provisions thereof pursuant to which the Committee has the power, among others, to (i) interpret the Company Plan, (ii) prescribe, amend and rescind rules and regulations relating to the Company Plan, and (iii) make all other determinations deemed necessary or advisable for the administration of the Company Plan.

18. Amendment.

Except as otherwise provided for in this Appendix, this Appendix may not be modified, amended or waived except by an instrument in writing approved by both parties hereto or approved by the Committee. The waiver by either party of compliance with any provision of this Appendix shall not operate or be construed as a waiver of any other provision of this Appendix, or of any subsequent breach by such party of a provision of this Appendix. Notwithstanding anything to the contrary contained in the Company Plan or in this Appendix, to the extent that the Company determines that the Stock Units are subject to Section 409A of the Code and fail to comply with the requirements of Section 409A of the Code, the Company reserves the right to amend, restructure, terminate or replace the Stock Units in order to cause the Stock Units to either not be subject to Section 409A of the Code or to comply with the applicable provisions of such section.



19. Headings.

The headings of Sections herein are included solely for convenience of reference and shall not affect the meaning or interpretation of any of the provisions of this Appendix.

20. Section 409A; Six-Month Delay.

The intent of the parties is that payments and benefits under this Appendix comply with Section 409A and, accordingly, to the maximum extent permitted this Appendix shall be interpreted and administered to be in compliance therewith. Notwithstanding anything contained herein to the contrary, a Grantee shall not be considered to have terminated employment with the Company for purposes of this Appendix unless the Grantee would be considered to have incurred a “separation from service” from the Company within the meaning of 409A. Each amount to be paid or benefit to be provided under this Appendix shall be construed as a separate identified payment for purposes of Section 409A, and any payments described in this Appendix that are due within the “short term deferral period” as defined in Section 409A shall not be treated as deferred compensation unless applicable law requires otherwise. Without limiting the foregoing, and notwithstanding anything contained herein to the contrary, to the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A of the Code, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to this Appendix during the six-month period immediately following Grantee’s separation from service shall instead be paid on the first business day after the date that is six months following the Grantee's separation from service (or death, if earlier).



**APPENDIX B — COMPANY'S OPERATING INCOME MARGIN CALCULATION**

The following sample calculation of Company's Operating Income Margin is for illustrative purposes only.

| | 2015 | | 2016 | | 2017 | | Total |
|---|---|---|---|---|---|---|---|
| **Total Revenues** | $ 950 | + | $ 1000 | + | $ 1,100 | = | $ 3,050(b) |
| **Total Operating Income** | $ 270 | + | $ 310 | + | $ 365 | = | $ 945(a) |
| **3 Year Operating Income Margin** | | | | | | | 31.0% |
| | | | | | | | (a) ÷ (b) |



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# Section 5: EX-10.19 (EX-10.19)

**Exhibit 10.19**

*Last updated: 2/21/2014*

JANUS

**Janus Capital Variable Compensation Program**

The Janus Capital Variable Compensation Program (the "Program") covers all variable compensation to be paid to employees of Janus Capital Group Inc. ("JCG"), Janus Management Holdings Corporation, Janus Capital International Limited, Janus Capital Asia Limited, Janus Capital Singapore Pte. Limited and any future subsidiary that has one or more Janus employee(s) (collectively, "Janus").

**The Program at a Glance**

The Program is designed to fund 100% of Janus employee variable compensation awards from company profits. The Program has two separate variable compensation pools: (i) the Janus Investments Pool, and (ii) the JCG Pool. Each pool will fund variable cash and long-term incentive ("LTI") awards to employees eligible to receive awards from that pool. Employees will generally be eligible to participate in one pool or the other, as determined by JCG's Chief Executive Officer ("CEO").

1. **The Janus Investments Pool**: The Janus Investments Pool covers employees contributing to the investment management team of Janus, such as portfolio managers, research analysts, research associates, traders, client portfolio managers, portfolio analytics personnel, risk personnel and the investment team's administrative support.

2. **The JCG Pool**: The JCG Pool covers employees contributing to the executive, distribution, administrative, and operational support of JCG and its subsidiaries, such as non-investment team officers, core employees, distribution/sales personnel, and any other Janus employee who is not eligible to participate in the Janus Investments Pool.

**General Eligibility Criteria:** Eligibility to participate in the Program is limited to Janus employees; however, certain positions and/or departments may be excluded from Program participation as determined in Janus' discretion. Program participation does not guarantee that variable compensation will be paid to or earned by an eligible employee. To be eligible to receive awards under the Program, an employee must be actively employed by Janus on the day that Janus pays or otherwise distributes awards under the Program.

**How the Program Works for You**

**Overview**. The Program provides participants with the opportunity to earn variable incentive compensation in addition to an employee's base salary, sales commissions, if any, and retirement benefits such as employer contributions to the Janus 401(k), Profit Sharing and Employee Stock Ownership Plan. The Program is designed to reward Janus employees based on a combination of company, team, and individual contributions.

Any award under the Program may be paid 100% in cash or in a combination of cash and LTI awards based on the employee's role within the organization. Janus generally will issue awards under the Program on an annual basis, or more or less frequently as determined in Janus' discretion.



**Cash awards are considered "earned" only on the dates such awards are issued to the employees. Participants in the Program must be actively employed on the date of the cash payment in order to be eligible to receive the cash award.**

**LTI awards are considered earned on the applicable vesting dates pursuant to the terms of the LTI award agreement. Participants in the Program must be actively employed on the date the LTI award is granted in order to be eligible to receive the LTI award.**

**The amount of any variable compensation award is discretionary as described under "Awards from the Pools" section below.**

**Awards from the Pools**. Amounts in the Janus Investments Pool and the JCG Pool will be awarded as follows:

1. **Janus Investments Pool**

    a. **Investment Portfolio Managers:** Any awards to investment portfolio managers out of the Janus Investments Pool are fully discretionary and the amount of any such award shall be determined by the Co-Chief Investment Officers, subject to approval by the CEO.

    b. **Other Eligible Participants under the Janus Investments Pool:** Variable compensation awards to other employees that are eligible to participate in the Janus Investments Pool are fully discretionary. The amount of any award under the Janus Investments Pool to an eligible employee shall be determined by the Co-Chief Investment Officers, subject to approval by the CEO. In exercising this discretion, the Co-Chief Investment Officers will consider, among other things, whether specific goals, performance criteria and/or objectives established for each eligible employee by his or her manager or supervisor have been met.

2. **JCG Pool**

    a. Variable compensation awards to employees that are eligible to participate in the JCG Pool are fully discretionary. The amount of any award out of the JCG Pool to an eligible employee shall be determined by the CEO after consultation with senior management. In exercising this discretion, Janus will consider, among other things, whether specific goals, performance criteria and/or objectives established for each eligible employee by his or her manager or supervisor have been met.

**LTI Awards**. LTI awards, if any, made from either of the two pools may consist of one or more of the following components: restricted stock, stock options, restricted stock units, phantom stock, stock appreciation rights, Janus Capital Management LLC's ("JCM") equity or phantom interests, and/or mutual fund unit awards. The annual mix of the LTI awards will be approved by the Compensation Committee of the JCG Board of Directors ("Compensation Committee"). LTI awards will be subject to a vesting schedule (typically 4 years), and therefore LTI compensation is not fully earned until the applicable vesting schedule is satisfied. LTI awards granted under the Program will be made on an annual basis and generally at the same time that annual LTI awards are granted to eligible employees. LTI awards granted pursuant to this Program shall be valued in accordance with Janus' standard valuation methodology for such awards, and shall be subject to such other terms and conditions as may be determined in the Compensation Committee's discretion, but in any event, in



accordance with the Company's applicable LTI plans and related award agreements and documentation.

**Other Benefits**. This Program does not supersede or replace Janus' medical, dental, vision, life insurance, disability or retirement programs, as such programs may be amended or terminated by Janus from time to time in its discretion.

**Termination of Employment**. Upon termination of employment, Janus will pay to the impacted employee his or her base salary through the date of termination, any fully earned but unpaid monthly sales commissions (if any) through the date of termination in accordance with the terms of any applicable sales commission plan, and any accrued but unpaid personal time off (PTO), but only if PTO is tracked and recorded under Janus' policies for the applicable position of the employee. An eligible employee who is terminated will not be entitled to receive or otherwise have earned any cash payment or LTI award to be made under this Program, or any pro rata portion of same, because an employee must be employed on the date such future payment is made to earn the award under this

Program. Additionally, except as set forth in the applicable award agreement, any portion of an LTI award that is unvested, and any rights thereunder, will be terminated, cancelled and forfeited effective upon such termination.

**How the Program is Funded**

**The Janus Investments Pool** will be funded each year in an amount equal to a percentage of JCM's fully-allocated Pre-Incentive Operating Income ("PIOI"), defined as operating income before the deduction of incentive compensation and overhead using the then-current expense allocation and intracompany practices applied by Janus' accounting and finance department (the "Janus Investments Funding Level"). Subject to the terms of the Program, the Janus Investments Funding Level will be annually established by the Compensation Committee.

**The JCG Pool** will be funded each year in an amount equal to a certain percentage of JCG's consolidated PIOI (the "JCG Funding Level"). Subject to the terms of the Program, the JCG Funding Level will be annually established by the Compensation Committee.

The determination of the funding level and the aggregate amount of awards available for each pool are subject to the approval of the Compensation Committee. The Compensation Committee retains the discretion to modify or terminate the Program without prior notice, although Janus will not make any change that adversely affects any award under this Program after it has been fully earned by a participant.

**Other Important Disclosures**

Plan Administration. All calculations and the administration of the Program shall be conducted by Janus management, subject to oversight by the Compensation Committee. The CEO shall make the final determination regarding the eligibility of a Janus employee to participate in one or both of the pools. All calculations, decisions and interpretations of the terms of the Program by Janus shall be final and binding. No employee shall have the individual or collective right to challenge or appeal the calculation of the pools, issues of eligibility or the amount of any individual share of such pool.

Prior Agreements/Verbal Statements. The Program supersedes any and all prior compensation programs, plans or arrangements for variable compensation, including but not limited to any previous



variable compensation or bonus plans or arrangements that a Janus employee may have with Janus or any of its subsidiaries, if any. The terms and conditions of the Program shall not be modified by any oral statement or course of dealing.

Taxes. Janus may withhold such Federal, state, local or foreign taxes from any amounts payable under the Program that are required to be withheld pursuant to any applicable law or regulation.

Confidentiality. The Program and the information contained in this document are proprietary and confidential, and Janus employees shall not disclose, provide or furnish any term of the Program or related communications in any manner, in whole or in part, to any third party without the prior written consent of Janus (excluding an individual's personal accountant or attorney).

No Affect on At-Will Employment. No provision in the Program nor any other document or statement shall: (i) modify an employee's status as an at-will employee; (ii) be construed to confer upon any individual the right to remain in the employ or service of any Janus entity; (iii) interfere with Janus' right or authority to terminate any employee's employment at any time, with or without cause, with or without prior notice, procedure or formality; nor (iv) interfere with Janus' right or authority to increase or decrease the compensation or other payments to any individual at any time. No independent contractor or temporary employee is eligible to participate in this Program.



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# Section 6: EX-12.1 (EX-12.1)

**Exhibit 12.1**

**JANUS CAPITAL GROUP INC.**
**COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES**

| (dollars in millions) | 2014 | 2013 | 2012 | 2011 | 2010 |
|---|---|---|---|---|---|
| | Year Ended December 31, | | | | |
| Pretax income from continuing operations, excluding equity in earnings of unconsolidated affiliates | $ 257.7 | $ 195.5 | $ 176.6 | $ 232.8 | $ 245.0 |
| Interest expense | 33.1 | 41.1 | 45.0 | 51.0 | 63.2 |
| Portion of rents representative of an appropriate interest factor | 5.7 | 5.5 | 5.2 | 5.9 | 5.5 |
| Income as adjusted | $ 296.5 | $ 242.1 | $ 226.8 | $ 289.7 | $ 313.7 |
| Fixed charges: | | | | | |
| Interest expense on indebtedness | $ 26.9 | $ 33.1 | $ 35.7 | $ 48.8 | $ 55.2 |
| Amortized premiums, discounts and capitalized expenses related to indebtness | 6.2 | 8.0 | 9.3 | 2.2 | 8.0 |
| Portion of rents representative of an appropriate interest factor | 5.7 | 5.5 | 5.2 | 5.9 | 5.5 |
| Total fixed charges | $ 38.8 | $ 46.6 | $ 50.2 | $ 56.9 | $ 68.7 |
| **Ratio of Earnings to Fixed Charges** | **7.64** | **5.20** | **4.52** | **5.09** | **4.57** |

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# Section 7: EX-21.1 (EX-21.1)

**Exhibit 21.1**

**List of Subsidiaries**

All subsidiaries of Janus Capital Group Inc. listed below are included in the consolidated financial statements unless otherwise indicated.

| Organization | Percentage of Ownership | State or Other Jurisdiction of Incorporation |
|---|---|---|
| INTECH Investment Management LLC(1) | 96.81 | Delaware |
| Janus Capital Management LLC (2) (3) | 95 | Delaware |
| Janus Capital Trust Manager Limited (4) | 100 | Ireland |
| Janus Distributors LLC (1) | 100 | Delaware |
| Janus Holdings LLC (2) | 100 | Nevada |
| Janus Capital Institutional Advisers LLC (Plaisance GP)(2) | 100 | Delaware |
| Janus Capital Asia Limited (4) | 100 | Hong Kong |
| Janus Capital International Limited (4) | 100 | U.K. |
| Janus Capital Singapore Pte. Limited (4) | 100 | Singapore |
| Janus Capital (Switzerland) LLC | 100 | Switzerland |
| Janus Capital Taiwan Limited (4) | 100 | Taiwan |
| Janus International Holding LLC (5) | 100 | Nevada |
| Janus Management Holdings Corporation (2) | 100 | Delaware |
| Janus Services LLC (1) | 100 | Delaware |
| Perkins Investment Management LLC (1) | 100 | Delaware |
| VS Holdings, Inc. (2) | 100 | Delaware |
| VelocityCapital Management LLC (6) | 100 | Delaware |
| VelocityShares, LLC (6) | 100 | Delaware |
| VLS Securities LLC (7) | 100 | Delaware |

(1) Subsidiary of Janus Capital Management LLC
(2) Subsidiary of Janus Capital Group Inc.
(3) 95% owned by Janus Capital Group Inc. and 5% owned by Janus Management Holdings Corporation
(4) Subsidiary of Janus International Holding LLC
(5) Subsidiary of Janus Holdings LLC
(6) Subsidiary of VS Holdings, Inc.
(7) Subsidiary of VelocityShares, LLC

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# Section 8: EX-23.1 (EX-23.1)

**Exhibit 23.1**

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in Registration Statements on Form S-8 (Nos. 333-20062, 333-115579, 333-100653, 333-59636, 333-41348, 333-41288, 333-140220, 333-166383, 333-187265 and 333-187266) and Registration Statement No. 333-187263 on Form S-3 of our reports dated February 24, 2015, relating to the consolidated financial statements of Janus Capital Group Inc. and the effectiveness of Janus Capital Group Inc.'s internal control over financial reporting, appearing in this Annual Report on Form 10-K of Janus Capital Group Inc. for the year ended December 31, 2014.

/s/ Deloitte & Touche LLP

Denver, Colorado
February 24, 2015

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# Section 9: EX-31.1 (EX-31.1)

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**Exhibit 31.1**

**CERTIFICATION**

I, Richard M. Weil, certify that:

1. I have reviewed this annual report on Form 10-K of Janus Capital Group Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures

(as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting that are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 24, 2015

/s/ RICHARD M. WEIL

Richard M. Weil
*Chief Executive Officer*

A signed original of this written statement required by Section 302 has been provided to Janus Capital Group Inc. and will be retained by Janus Capital Group Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

# Section 10: EX-31.2 (EX-31.2)

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**Exhibit 31.2**

**CERTIFICATION**

I, Jennifer J. McPeek, certify that:

1. I have reviewed this annual report on Form 10-K of Janus Capital Group Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting that are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 24, 2015

/s/ JENNIFER J. MCPEEK

Jennifer J. McPeek
*Executive Vice President and Chief Financial Officer*

A signed original of this written statement required by Section 302 has been provided to Janus Capital Group Inc. and will be retained by Janus Capital Group Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

# Section 11: EX-32.1 (EX-32.1)

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**Exhibit 32.1**

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the annual report of Janus Capital Group Inc. (the "Company") on Form 10-K for the year ended December 31, 2014, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Richard M. Weil, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ RICHARD M. WEIL

Richard M. Weil
*Chief Executive Officer*

Date: February 24, 2015

A signed original of this written statement required by Section 906 has been provided to Janus Capital Group Inc. and will be retained by Janus Capital Group Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

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# Section 12: EX-32.2 (EX-32.2)

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**Exhibit 32.2**

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the annual report of Janus Capital Group Inc. (the "Company") on Form 10-K for the year ended December 31, 2014, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jennifer J. McPeek, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ JENNIFER J. MCPEEK

Jennifer J. McPeek
*Executive Vice President and Chief Financial Officer*

Date: February 24, 2015

A signed original of this written statement required by Section 906 has been provided to Janus Capital Group Inc. and will be retained by Janus Capital Group Inc. and furnished to the Securities and Exchange Commission or its staff upon request.