

WADDELL & REED, INC. AND SUBSIDIARIES
(A Wholly Owned Subsidiary of Waddell & Reed Financial, Inc.)

Consolidated Statement of Cash Flows

Year ended December 31, 2015

(In thousands)

Cash flows from operating activities:	
Net income	\$ 139,477
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	14,880
Amortization of deferred sales commissions	22,977
Excess tax benefits from share-based payment arrangements	(4,004)
Net purchases and maturities of trading securities	58
Investments loss, net	2,763
Loss on sale and retirement of property and equipment	423
Deferred income taxes	1,014
Changes in assets and liabilities:	
Cash and cash equivalents – restricted	9,715
Receivables from funds and separate accounts	5,421
Other receivables	(8,257)
Due from affiliates, net	5,232
Deferred sales commissions	(207)
Other assets	(17,768)
Accounts payable and payable to third party brokers	(4,809)
Payable to investment companies for securities and payable to customers	(5,964)
Accrued compensation	(1,098)
Income taxes receivable	5,170
Other liabilities	(4,251)
Net cash provided by operating activities	<u>160,772</u>
Cash flows from investing activities:	
Purchases of sponsored investment securities	1,500
Additions to property and equipment	(29,441)
Net cash used in investing activities	<u>(27,941)</u>
Cash flows from financing activities:	
Dividends to parent	(120,000)
Excess tax benefits from share-based payment arrangements	4,004
Net cash used in financing activities	<u>(115,996)</u>
Net increase in cash and cash equivalents	16,835
Cash and cash equivalents at beginning of year	<u>320,308</u>
Cash and cash equivalents at end of year	<u><u>\$ 337,143</u></u>
Supplemental disclosure for cash flow information:	
Cash paid for:	
Income taxes (net)	\$ 78,412
Interest	\$ 84

See accompanying notes to consolidated financial statements.