

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

Consolidated Statement of Earnings

Year ended December 31, 2016

(In thousands)

Revenues:	
Investment management fees	\$ 258,913
Underwriting and distribution fees	445,600
Shareholder service fees	120,311
Revenue sharing and reimbursements	49,699
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Total	874,523
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Operating expenses:	
Underwriting and distribution	470,892
Compensation and related costs (including share-based compensation of \$46,279)	198,344
General and administrative	44,210
Subadvisory fees	1,388
Depreciation	17,621
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Total	732,455
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Operating income	142,068
Investment and other income	11,856
Interest expense	(80)
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Income before provision for income taxes	153,844
Provision for income taxes	56,451
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Net income	97,393
Net loss attributable to redeemable noncontrolling interests	(214)
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Net income attributable to Waddell & Reed, Inc. and Subsidiaries	\$ <u><u>97,607</u></u>

See accompanying notes to consolidated financial statements.