

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

Consolidated Statement of Earnings

Year ended December 31, 2017

(In thousands)

Revenues:	
Investment management fees	\$ 153,983
Underwriting and distribution fees	428,226
Shareholder service fees	106,939
Revenue sharing and reimbursements	52,865
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Total	742,013
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Operating expenses:	
Underwriting and distribution	433,616
Compensation and related costs (including share-based compensation of \$53,585)	174,028
Depreciation	20,037
General and administrative	18,827
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Total	646,508
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Operating income	95,505
Investment and other income	23,000
Interest expense	(90)
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Income before provision for income taxes	118,415
Provision for income taxes	56,668
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Net income	61,747
Net income attributable to redeemable noncontrolling interests	570
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Net income attributable to Waddell & Reed, Inc. and Subsidiaries	\$ <u><u>61,177</u></u>

See accompanying notes to consolidated financial statements.