

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

Consolidated Statement of Earnings

Year ended December 31, 2018

(In thousands)

Revenues:	
Investment management fees	\$ 22,907
Underwriting and distribution fees	474,336
Shareholder service fees	102,733
Revenue sharing and reimbursements	102,389
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Total	702,365
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Operating expenses:	
Distribution	353,437
Compensation and benefits	157,739
General and administrative	62,528
Technology	59,955
Occupancy	27,048
Depreciation	22,430
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Total	683,137
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Operating income	19,228
Investment and other income	16,178
Interest expense	(76)
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Income before provision for income taxes	35,330
Provision for income taxes	7,238
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Net income	28,092
Net loss attributable to redeemable noncontrolling interests	(9)
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Net income attributable to Waddell & Reed, Inc. and Subsidiaries	\$ 28,101
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See accompanying notes to consolidated financial statements.