

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

Consolidated Statement of Cash Flows

Year ended December 31, 2019

(In thousands)

Cash flows from operating activities:	
Net loss	\$ (9,679)
Adjustments to reconcile net income to net cash provided by operating activities:	
Writedown of impaired assets	12,841
Depreciation and amortization	17,645
Net purchases, maturities, and sales of trading securities	(1,849)
Investments gain, net	(1,088)
Deferred income taxes	(9,564)
Pension and postretirement plan expense	6,803
Other	1,786
Changes in assets and liabilities:	
Receivables from funds and separate accounts	1,246
Other receivables	81,708
Due from affiliates, net	(7,669)
Other assets	19,331
Accounts payable and payable to third party brokers	(862)
Payable to investment companies for securities and payable to customers	(64,828)
Accrued compensation	16,906
Income taxes payable	1,197
Other liabilities	(14,693)
Net cash provided by operating activities	<u>49,231</u>
Cash flows from investing activities:	
Additions to property and equipment	<u>(4,627)</u>
Net cash used in investing activities	<u>(4,627)</u>
Cash flows from financing activities:	
Dividends to parent	(13,000)
Return of capital to parent	<u>(13,500)</u>
Net cash used in financing activities	<u>(26,500)</u>
Net increase in cash and cash equivalents	18,104
Cash, cash equivalents, and restricted cash at beginning of year	<u>132,598</u>
Cash, cash equivalents, and restricted cash at end of year	<u>\$ 150,702</u>
Supplemental disclosure for cash flow information:	
Cash paid for:	
Income taxes, net	\$ 8,030
Interest	\$ 34

See accompanying notes to consolidated financial statements.