

**WADDELL & REED FINANCIAL, INC.  
COMPENSATION COMMITTEE CHARTER**

**ADOPTED MARCH 11, 2003**

**I. PURPOSE AND ROLE**

The Compensation Committee (the "Committee") of the Board of Directors (the "Board") of Waddell & Reed Financial, Inc. (the "Company") has overall responsibility for approving and evaluating the director and executive officer compensation plans, policies and programs of the Company. The Committee is appointed by the Board to discharge the Board's responsibilities relating to the compensation of the Company's directors and executive officers and to ensure that the Company's directors and executive officers are fairly compensated based upon their performance and contribution to the Company's growth and profitability and that the executive compensation strategy supports Company objectives and shareholder interests.

**II. COMMITTEE MEMBERSHIP**

The Committee shall be comprised of not less than two nor more than eight members, all of whom must qualify as independent directors under the listing standards of the New York Stock Exchange (the "NYSE") and must be free of any relationship that may interfere with the exercise of their independence and judgment.

The members of the Committee shall be appointed annually by the Board at a duly convened meeting of the Board. The Chairman of the Committee (the "Chairman") shall be appointed by the Chairman of the Board. The members of the Committee will serve until their resignation, retirement, removal by the Board, or until their successors shall be duly appointed and qualified. No member of the Committee may be removed except by majority vote of the independent directors then in office, and no reduction in the number of members constituting the full Committee shall have the effect of reducing the term of any incumbent member.

**III. COMMITTEE MEETINGS**

The Committee shall meet at least two times annually, or more frequently as circumstances dictate. In addition, the Chairman of the Board or any Committee member may call a special meeting of the Committee. The greater of two or 1/3 of the members of the Committee shall constitute a quorum.

At least annually, the Committee shall report on meetings thereof to the Board, including a description of all actions taken by the Committee at the meeting. The Committee shall keep written minutes of its meetings and such minutes shall be maintained with the books and records of the Company.

#### IV. COMMITTEE AUTHORITY AND RESPONSIBILITIES

The Committee shall have the power to perform the following:

##### Review and Approve Corporate Goals and Objectives Relevant to Chief Executive Officer Compensation

1. Annually review and approve, with participation of management, corporate goals and objectives with respect to the compensation of the Chief Executive Officer (the "CEO"), evaluate the CEO's performance in light of those established goals and objectives, and set the CEO's compensation, including, but not limited to, (i) the annual base salary level, (ii) the annual incentive opportunity level, including equity-based compensation (iii) the long-term incentive opportunity level, including equity-based compensation (iv) employment agreements, severance arrangements, and change in control agreements/provisions, in each case as, when and if appropriate, and (v) any special or supplemental benefits. In determining the long-term incentive component of CEO compensation, if any, the Committee will consider the Company's performance and relative shareholder return, the value of similar incentive awards to CEOs at comparable companies, and the awards given to the CEO in past years.
2. Annually review publicly available data for the financial industry to assess the competitiveness of the CEO's base salary, annual incentives and long-term incentives.

##### Review and Approve Corporate Goals and Objectives Relevant to Executive Compensation

3. Annually review and approve, with participation of management, the compensation of all other senior executive officers and the five next most highly compensated officers (the "Principal Executives"), including, but not limited to, (i) the annual base salary level, (ii) the annual incentive opportunity level, including equity-based compensation, (iii) the long-term incentive opportunity level, including equity-based compensation, (iv) employment agreements, severance arrangements, and change in control agreements/provisions, in each case as, when and if appropriate, and (v) any special or supplemental benefits, and review the Chairman of the Board's compensation recommendations for the Company's Principal Executives.
4. Annually review publicly available data for the financial industry to assess the Company's competitive position with respect to the Company's executive compensation program, including consideration of base salaries, annual incentives and long-term incentives.

### Review the Company's Incentive Compensation and Other Equity-based Compensation Plans

5. Review, adopt, amend or take any other action related to the Company's incentive compensation plans and equity-based compensation plans, including, but not limited to, (i) approving option and restricted stock guidelines and general size of overall awards, (ii) approving awards, (iii) interpreting the plans, (iv) determining rules and regulations relating to the plans, (v) modifying or canceling existing awards, (vi) designating employees eligible to participate in the long-term incentive plans, (vii) appointing and reviewing the performance of one or more administrators for the plans, and (viii) imposing limitations, restrictions and conditions upon awards.
6. Monitor awards made under the Company's long-term incentive and equity-based compensation plans for compliance with any restrictions placed thereon by the plans, any laws, rules, regulations, or the Board.

### Review and Approve Corporate Goals and Objectives Relevant to Director Compensation

7. Review and approve compensation recommendations for the Company's outside directors made by the Chairman of the Board.

### Issue an Annual Report

8. Annually issue a report on executive compensation in accordance with applicable rules and regulations of the SEC for inclusion in the Company's proxy statement.

### Appoint Sub-Committees

9. Appoint subcommittees for any purpose that the Committee deems appropriate and may delegate to such subcommittees such power and authority as the Committee deems appropriate. Notwithstanding the foregoing (i) no subcommittee shall consist of fewer than two members, and (ii) the Committee shall not delegate to a subcommittee any power or authority required by any law, regulation or listing standard to be exercised by the Committee as a whole.

## **V. PERFORMANCE EVALUATION**

The Committee shall conduct a self-evaluation of its performance annually and evaluate whether this Charter appropriately addresses the matters that are or should be within its scope.

In conducting its self-evaluation, the Committee may address all matters that it considers relevant to its performance, including, but not limited to, the following:

1. The adequacy, appropriateness and quality of the information and recommendations presented to the Committee by management, and by the Committee to the Board.
2. The manner in which such information and recommendations were discussed or debated.
3. Whether the number and length of meetings of the Committee were adequate for the Committee to complete its work in a thorough and thoughtful manner.

The Committee shall report to the Board the results of any self-evaluation, including any recommended amendments to this Charter and any recommended changes to the Company's or the Board's corporate governance policies and procedures.

## **VI. INVESTIGATIONS AND STUDIES; OUTSIDE ADVISORS**

The Committee may conduct or authorize investigations into or studies of matters within the scope of the Committee's authority and responsibilities, and may retain, at the Company's expense, outside advisors, such as it deems necessary.

The Committee shall have the sole authority to retain or terminate any consulting firm engaged to assist in the evaluation of director, CEO or Principal Executive compensation, and to retain outside counsel and any other advisors as the Committee may deem appropriate in its sole discretion. The Committee shall have the sole authority to approve related fees and retention terms.