WADDELL & REED OUT OF STEP ON EXECUTIVE PAY; ISSUES UNUSUAL SPECIAL MAILING ARGUING PAY REFORM THREATENS SHAREHOLDER VALUE

March 25, 2010

Shareowners of Waddell & Reed Financial Inc. are poised to receive a troubling letter from CEO Henry Herrmann in advance of the company's April 7 annual meeting. In a special solicitation filed alongside the company's proxy statement, Mr. Herrmann claims in bold print that giving shareowners an advisory vote on his compensation and that of other executives could put the company "at a serious competitive disadvantage and could erode the value of your investment." Mr. Herrmann further exclaims that an advisory vote could "reduce executive compensation below competitive levels," "lead to the loss of executive talent" and that a vote of disapproval on the company's compensation policies and practices "creates the risk of unintended consequences and negative publicity".

It is hard to reconcile this alarmist picture painted by Waddell & Reed with reality according to Boston Common Asset Management, the firm leading the advisory vote initiative at Waddell & Reed for the past three years. To date, over 60 companies have pledged to implement say on pay including financial leaders such as Goldman Sachs, JPMorgan Chase, Capital One, Ameriprise Financial, Morgan Stanley, Wells Fargo, State Street, Bank of New York Mellon and hundreds of other financial institutions that received TARP funds, many of which voluntarily agreed to continue the advisory vote after their TARP obligations ended. Furthermore, in 2009, Waddell & Reed announced that 50.6% of its very own shareowners supported an advisory vote on executive compensation. The company later reported that just under 50% of shareowners supported the reform after the company took the extraordinary step of asking the Delaware Chancery court to re-open the polls and count missed votes it identified as being cast against the reform.

"Mr. Herrmann's letter contradicts the positive responses from companies that have implemented an advisory vote," said Dawn Wolfe, Associate Director of ESG Research at Boston Common Asset Management.

"In addition to the numerous companies that have implemented say on pay, rejecting the notion that it will erode shareholder value, institutional investors actively involved in promoting good governance publicly support this reform, including the State of Connecticut, CalSTRS, CalPERS, TIAA-CREF, and the Council of Institutional Investors," continued Wolfe. "Waddell & Reed is one of the outliers in its aggressive campaign against this important reform, and that concerns us as shareowners."

California State Teachers Retirement System (CalSTRS) and Calvert Asset Management joined lead filer Boston Common Asset Management as co-proponents of the advisory vote proposal at Waddell & Reed Financial, Inc. this year.

"CalSTRS has a long history of promoting responsible compensation policies that link pay to performance and align shareholder and management interests and that is one reason we support an advisory vote on pay," said Anne Sheehan, CalSTRS director of corporate governance. "We view say on pay as a way to help improve long-term returns and as shareowners of Waddell & Reed Financial we are asking the company to adopt this important reform." CalSTRS is the second largest public pension fund in the United States.

Waddell & Reed Financial's 2010 Annual Meeting of Stockholders will take place at 10:00 a.m. CDT on Wednesday, April 7, 2010 in Overland Park, Kansas.

"Financial services companies such as JPMorgan Chase and American Express have voluntarily adopted say on pay. Waddell & Reed's position on this reform is clearly out of line with its peers and general public opinion on executive pay," said Aditi Mohapatra, Sustainability Analyst at Calvert Asset Management Company, Inc.

The Waddell & Reed letter goes on to argue the proposal would not "result in meaningful dialogue with stockholders." Experience simply proves this false. "Scores of companies that have implemented an advisory vote on executive compensation are demonstrating that it can and does stimulate dialogue, especially when the company reaches out and seeks investor advice and input," stated Tim Smith, Senior Vice President of the Environment, Social and Governance Group at Walden Asset Management and a primary organizer of the say on pay campaign with the American Federation of State, County, and Municipal Employees (AFSCME) union.

"Waddell & Reed is attempting to manipulate its shareholders through scare tactics," said AFSCME President Gerald W. McEntee. "The time has come to implement an advisory vote on Say on Pay. Sixty companies have made the commitment already. It's time that Waddell & Reed did the same."

Despite growing investor support for this reform, Mr. Herrmann's alarmist letter is just the latest in a string of actions by Waddell & Reed Financial to undermine say on pay.

FALSE & MISLEADING OPPOSITION:
In February, Boston Common Asset Management, California State Teachers Retirement System (CalSTRS), and Calvert Asset Management submitted a letter to the Securities and Exchange Commission arguing that the company's proposed statement formally urging a vote against say on pay in the proxy was materially false and misled shareowners in stating that none of the company's peers had adopted a similar reform. Waddell & Reed later altered its statement.

DEMANDING A SELECTIVE RECOUNT:
At the 2009 annual stockholder meeting, Waddell & Reed announced that the say on pay proposal received over 50 percent support from investors. Over 3 months later, the company filed its 10-Q with the SEC, stating that the proposal did not receive majority support. Investors were left in the dark about why the result changed between the annual meeting and the quarterly report. During that period, Waddell & Reed Financial argued to the Delaware court that it should be allowed to retroactively count approximately 3.2 million additional votes, more than 2 months after the close of the polls.

CLAIMING THEIR PREFERRED CHANNEL OF COMMUNICATION IS MORE ROBUST:
Henry Hermann claims that "the company supports the goal" of letting stockholders provide feedback on compensation practices by directly contacting the Board or Compensation Committee. Shareowners tried that method as well, only to receive correspondence from the company's legal department on March 3, 2009 that "management does not desire, nor see any need for, further discussion". It appears painfully obvious that Waddell & Reed has no interest in communicating with shareholders on executive compensation in any form.

For further information please contact:
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FULL TEXT OF SHAREOWNER PROPOSAL:
http://www.sec.gov/Archives/edgar/data/1052100/000104746910001436/a2196660zdef14a.htm

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ADVISORY VOTE ON EXECUTIVE COMPENSATION

RESOLVED - the shareholders of Waddell & Reed Financial, Inc. recommend that the board of directors adopt a policy requiring that the proxy statement for each annual meeting contain a proposal, submitted by and supported by Company Management, seeking an advisory vote of shareholders to ratify and approve the board Compensation's Committee Report and the executive compensation policies and practices set forth in the Company's Compensation Discussion and Analysis.

SUPPORTING STATEMENT

Investors are increasingly concerned about mushrooming executive compensation especially when it is insufficiently linked to performance. In 2009, shareholders filed close to 100 "Say on Pay" resolutions. Votes on these resolutions averaged more than 46% in favor, and more than 20 companies had votes over 50%, demonstrating strong shareholder support for this reform.

Investor, public and legislative concerns about executive compensation have reached new levels of intensity. A 2009 report by The Conference Board Task Force on Executive Compensation, noting that pay has become a flashpoint, recommends taking immediate and credible action "in order to restore trust in the ability of boards to oversee executive compensation" and calls for compensation programs which are "transparent, understandable and effectively communicated to shareholders."

An Advisory Vote establishes an annual referendum process giving shareholders a say on senior executive compensation. We believe this vote would provide our board and management useful information about shareholder views on the company's senior executive compensation, especially if shareholders are fully informed about compensation polices through an innovative investor communications program.

Over 30 companies have agreed to an advisory vote, including Apple, Ingersoll Rand, Microsoft, Occidental Petroleum, Hewlett-Packard, Intel, Verizon, MBIA and PG&E. Nearly 300 TARP participants implemented the advisory vote in 2009.

Influential proxy voting service RiskMetrics Group recommends voting in favor of say on pay proposals, noting: "RiskMetrics encourages companies to allow shareholders to express their opinions of executive compensation practices by establishing an annual referendum process. An advisory vote on executive compensation is another step forward in enhancing board accountability."

A bill mandating annual advisory votes passed the House of Representatives, and similar legislation is expected to pass in the Senate. However, we believe companies should demonstrate leadership and proactively adopt this reform before the law requires it.

We believe existing SEC rules and stock exchange listing standards do not provide shareholders with sufficient mechanisms for providing input to boards on senior executive compensation. In contrast, in the United Kingdom, public companies allow shareholders to cast a vote on the "directors' remuneration report," which discloses executive compensation. Such a vote isn't binding, but gives shareholders a clear voice that could help shape senior executive compensation.

We believe voting against the election of Board members to send a message about executive compensation is a blunt, sledgehammer approach, whereas an Advisory Vote provides shareowners a more effective instrument.

We believe that a company that clearly explains compensation philosophy and metrics, reasonably links pay to performance, and communicates effectively to investors would find a management sponsored advisory vote a helpful tool.