UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2007

Commission File Number: 000-32191

T. ROWE PRICE GROUP, INC.

(Exact name of registrant as specified in its charter)

Maryland	**52-2264646**
(State of incorporation)	(IRS Employer Identification No.)

100 East Pratt Street, Baltimore, Maryland 21202
(Address, including Zip Code, of principal executive offices)

(410) 345-2000
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days. ☑ **Yes** o No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer (based on definitions in Rule 12b-2 of the Exchange Act).

Large accelerated filer ☑ Accelerated filer o Non-accelerated filer o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). o Yes ☑ **No**

The number of shares outstanding of the issuer's common stock ($.20 par value), as of the latest practicable date, April 23, 2007, is **265,619,772.**

The exhibit index is at Item 6 on page 13.

PART I — FINANCIAL INFORMATION

Item 1. Financial Statements.

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
(in millions, except share data)

	12/31/2006	3/31/2007
ASSETS		
Cash and cash equivalents	$ 773.0	$ 911.1
Accounts receivable and accrued revenue	223.5	223.2
Investments in sponsored mutual funds	554.4	593.2
Debt securities held by savings bank subsidiary	126.2	124.8
Other investments	81.8	87.0
Property and equipment	264.9	278.6
Goodwill and other intangible assets	669.4	669.3
Other assets	72.1	70.2
Total assets	$ 2,765.3	$ 2,957.4
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Accounts payable and accrued expenses	$ 77.2	$ 84.8
Accrued compensation and related costs	67.5	71.6
Income taxes payable	33.9	93.6
Dividends payable	45.1	45.2
Customer deposits at savings bank subsidiary	114.7	113.4
Total liabilities	338.4	408.6
Commitments and contingent liabilities		
Stockholders' equity		
Preferred stock, undesignated, $.20 par value - authorized and unissued 20,000,000 shares	—	—
Common stock, $.20 par value — authorized 500,000,000 shares; issued 264,959,903 shares in 2006 and 265,649,353 shares in 2007	53.0	53.1
Additional capital in excess of par value	247.5	265.4
Retained earnings	2,057.1	2,154.8
Accumulated other comprehensive income	69.3	75.5
Total stockholders' equity	2,426.9	2,548.8
	$ 2,765.3	$ 2,957.4

The accompanying notes are an integral part of these statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(in millions, except per-share amounts)

	Three months ended 3/31/2006	Three months ended 3/31/2007
Revenues		
Investment advisory fees	$ 353.9	$ 425.0
Administrative fees	75.2	83.1
Investment income of savings bank subsidiary	1.2	1.5
Total revenues	430.3	509.6
Interest expense on savings bank deposits	1.0	1.2
Net revenues	429.3	508.4
Operating expenses		
Compensation and related costs	160.0	184.2
Advertising and promotion	28.0	31.8
Depreciation and amortization of property and equipment	11.1	13.7
Occupancy and facility costs	19.6	21.4
Other operating expenses	32.1	38.4
	250.8	289.5
Net operating income	178.5	218.9
Other investment income	7.7	11.8
Credit facility expenses	0.1	—
Net non-operating income	7.6	11.8
Income before income taxes	186.1	230.7
Provision for income taxes	69.4	87.8
Net income	$ 116.7	$ 142.9
Earnings per share		
Basic	$ .44	$ .54
Diluted	$ .42	$ .51
Dividends declared per share	$ .14	$ .17
Weighted average shares		
Outstanding	264.0	265.4
Outstanding assuming dilution	277.9	279.8

The accompanying notes are an integral part of these statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)

	Three months ended	
	3/31/2006	3/31/2007
Cash flows from operating activities		
Net income	$ 116.7	$ 142.9
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization of property and equipment	11.1	13.7
Stock-based compensation expense	14.8	16.8
Intangible asset amortization	—	0.1
Other changes in assets and liabilities	38.6	68.2
Net cash provided by operating activities	181.2	241.7
Cash flows from investing activities		
Net investments in sponsored mutual funds	(25.0)	(29.5)
Additions to property and equipment	(21.6)	(26.9)
Other investing activity	(3.2)	(4.4)
Net cash used in investing activities	(49.8)	(60.8)
Cash flows from financing activities		
Repurchases of common stock	—	(23.2)
Stock options exercised	33.6	26.8
Dividends paid to stockholders	(36.9)	(45.1)
Change in savings bank subsidiary deposits	1.6	(1.3)
Net cash used in financing activities	(1.7)	(42.8)
Cash and cash equivalents		
Net increase during period	129.7	138.1
At beginning of year	803.6	773.0
At end of period	$ 933.3	$ 911.1

The accompanying notes are an integral part of these statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(dollars in millions)

	Common stock	Additional capital in excess of par value	Retained earnings	Accumulated other comprehensive income	Total stockholders' equity
Balances at December 31, 2006, 264,959,903 common shares	$ 53.0	$ 247.5	$ 2,057.1	$ 69.3	$ 2,426.9
Common shares issued under stock-based compensation plans					
1,000 restricted common shares issued	.0	.0			.0
1,245,932 common shares upon option exercises	.2	27.0			27.2
4,000 restricted common shares forfeited	.0	.0	.0		.0
553,482 common shares repurchased	(.1)	(25.9)			(26.0)
Comprehensive income					
Net income			142.9		
Change in unrealized security holding gains, net of taxes				6.2	
Total comprehensive income					149.1
Stock-based compensation expense		16.8			16.8
Dividends declared			(45.2)		(45.2)
Balances at March 31, 2007, 265,649,353 common shares	$ 53.1	$ 265.4	$ 2,154.8	$ 75.5	$ 2,548.8

The accompanying notes are an integral part of these statements.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 — THE COMPANY AND BASIS OF PREPARATION.

T. Rowe Price Group derives its consolidated revenues and net income primarily from investment advisory services that its subsidiaries provide to individual and institutional investors in the sponsored T. Rowe Price mutual funds and other investment portfolios. We also provide our investment advisory clients with related administrative services, including mutual fund transfer agent, accounting and shareholder services; participant recordkeeping and transfer agent services for defined contribution retirement plans; discount brokerage; and trust services. While investors that we serve are primarily domiciled in the United States of America, investment advisory clients outside the United States account for more than 7% of our assets under management at March 31, 2007.

Investment advisory revenues depend largely on the total value and composition of assets under our management. Accordingly, fluctuations in financial markets and in the composition of assets under management impact our revenues and results of operations.

These unaudited condensed consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States and reflect all adjustments which are, in the opinion of management, necessary to a fair statement of our results for the interim periods presented. All such adjustments are of a normal recurring nature.

The unaudited interim financial information contained in these condensed consolidated financial statements should be read in conjunction with the consolidated financial statements contained in our 2006 Annual Report.

NOTE 2 — INFORMATION ABOUT RECEIVABLES, REVENUES, AND SERVICES.

Accounts receivable from our sponsored mutual funds for advisory fees and advisory-related administrative services aggregate $122.9 million at December 31, 2006 and $128.1 million at March 31, 2007.

Revenues (in millions) from advisory services provided under agreements with our sponsored mutual funds and other investment clients include:

	Three months ended	
	3/31/2006	3/31/2007
Sponsored mutual funds in the U.S.		
Stock and blended asset	$ 222.9	$ 263.2
Bond and money market	36.2	42.6
	259.1	305.8
Other portfolios	94.8	119.2
Total investment advisory fees	$ 353.9	$ 425.0

The following table summarizes the various investment portfolios and assets under management (in billions) on which advisory fees are earned.

	Average during the first quarter			
	2006	2007	12/31/2006	3/31/2007
Sponsored mutual funds in the U.S.				
Stock and blended asset	$ 146.4	$ 174.6	$ 168.5	$ 178.6
Bond and money market	33.1	39.0	38.0	40.2
	179.5	213.6	206.5	218.8
Other portfolios	102.5	130.0	128.2	131.1
	$ 282.0	$ 343.6	$ 334.7	$ 349.9

First quarter fees for advisory-related administrative services provided to our sponsored mutual funds were $58.5 million in 2006 and $66.0 million in 2007.

NOTE 3 — STOCK-BASED COMPENSATION.

The following table summarizes the status of and changes in our stock option grants during the first quarter of 2007.

	Options	Weighted-average exercise price
Outstanding at beginning of 2007	43,770,758	$25.97
New hire grants	28,000	$46.84
Reload grants	198,411	$47.17
Exercised	(1,748,037)	$21.07
Forfeited or cancelled	(330,600)	$32.23
Outstanding at March 31, 2007	41,918,532	$26.24
Exercisable at March 31, 2007	24,303,012	$20.79

The following table summarizes the status of and changes in our nonvested restricted shares and restricted stock units during the first quarter of 2007.

	Restricted shares	Restricted stock units	Weighted-average grant-date fair value
Nonvested at beginning of 2007	104,500	36,000	$43.01
Granted	1,000	25,000	$48.26
Forfeited	(4,000)	—	$42.80
Nonvested at March 31, 2007	101,500	61,000	$43.86

The following table (in millions) presents the compensation expense to be recognized over the separate vesting periods of the 17,615,520 nonvested options and 162,500 restricted shares and restricted stock units outstanding at March 31, 2007. Estimated future compensation expense will change to reflect future option grants, including reloads; future awards of unrestricted shares, restricted shares, and restricted stock units; changes in estimated forfeitures; and adjustments for actual forfeitures.

Second quarter 2007	$ 15.8
Third quarter 2007	15.7
Fourth quarter 2007	11.6
2008 through 2011	61.3
Total	$ 104.4

NOTE 4 — INCOME TAXES.

The January 1, 2007 adoption of FASB Interpretation 48, *Accounting for Uncertainty in Income Taxes*, did not affect our financial position. Our liability at the date of adoption for unrecognized tax benefits was $3.0 million. If recognized, this amount would affect our effective tax rate; however, we do not expect that these unrecognized tax benefits will significantly change this year. Our United States federal tax obligations have been settled through the year 2000. Our accounting policy with respect to interest and penalties arising from income tax settlements is to recognize them as part of our provision for income taxes. Net interest recoverable of $1.8 million was accrued as of January 1, 2007.

NOTE 5 — COMMON SHARE REPURCHASES.

At March 31, 2007, accounts payable and accrued expenses includes $2.8 million representing the unsettled liability for common stock repurchases made on the last three business days of March.

During the first five business days of April 2007, we repurchased 130,000 common shares for $6.3 million.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
T. Rowe Price Group, Inc.:

We have reviewed the condensed consolidated balance sheet of T. Rowe Price Group, Inc. and subsidiaries as of March 31, 2007, the related condensed consolidated statements of income and cash flows for the three-month periods ended March 31, 2006 and 2007, and the related condensed consolidated statement of stockholders' equity for the three-month period ended March 31, 2007. These condensed consolidated financial statements are the responsibility of the Company's management.

We conducted our reviews in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the condensed consolidated financial statements referred to above for them to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of T. Rowe Price Group, Inc. and subsidiaries as of December 31, 2006, and the related consolidated statements of income, cash flows, and stockholders' equity for the year then ended (not presented herein); and in our report dated February 7, 2007, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2006, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ KPMG LLP

Baltimore, Maryland
April 24, 2007

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

GENERAL.

Our revenues and net income are derived primarily from investment advisory services provided to individual and institutional investors in our sponsored mutual funds and other managed investment portfolios. Investment advisory clients outside the United States account for more than 7% of our assets under management at March 31, 2007.

We manage a broad range of U.S. and international stock, bond, and money market mutual funds and other investment portfolios which meet the varied needs and objectives of individual and institutional investors. Investment advisory revenues depend largely on the total value and composition of assets under our management. Accordingly, fluctuations in financial markets and in the composition of assets under management impact our revenues and results of operations.

The equity markets in the United States began 2007 by continuing their upward trend that had started in August 2006 when the Federal Reserve discontinued its series of interest rate increases. In February, weak economic data and a sharp decline in the values of Chinese equities turned the year's early market gains to losses. The markets rebounded slightly before falling off again at the end of the quarter. Uncertainty about the U.S. economy — including concerns about rising energy costs, effects of the continuing housing market downturn, and sub-prime mortgage defaults - led investors to be cautious about corporate earnings growth and near-term financial market prospects. Overall, the broad financial market results for the first quarter of 2007 were modest — total return for the NASDAQ was .3% and for the S&P 500 was .6%.

Outside the U.S., stocks in several European markets helped the markets in developed countries outperform those of the emerging world markets where Latin America performed much better than other developing regions. On a broad basis, the MSCI EAFE (Europe, Australasia and Far East) Index returned 4.15%.

The yield for 10-year U.S. Treasuries was 4.65% at the end of the first quarter of 2007, down from 4.71% at the end of 2006. The yield curve remained inverted at the end of March 2007 with the six-month and one-year maturities yielding 41 and 25 basis points more, respectively, than the 10-year Treasuries. The Federal Reserve target short-term rate of 5.25% remained unchanged from June 2006, and expectations of a near-term easing of monetary policy diminished as the inflation outlook deteriorated somewhat.

In this financial environment, total assets under our management ended the first quarter of 2007 at a record $349.9 billion, up 4.5% or $15.2 billion during the quarter. Our strong relative investment performance and brand awareness contributed significantly to investors entrusting net inflows of $9.6 billion to our management. Higher market valuations and income added $5.6 billion to our assets under management in 2007.

Assets under management at March 31, 2007, include $279.8 billion in equity and blended asset investment portfolios and $70.1 billion in fixed income investment portfolios. The underlying investment portfolios consist of $218.8 billion in the T. Rowe Price mutual funds distributed in the United States and $131.1 billion in other investment portfolios that we manage, including separately managed accounts, sub-advised funds, and other sponsored investment funds offered to investors outside the U.S. and through variable annuity life insurance plans.

RESULTS OF OPERATIONS — Three months ended March 31, 2007 versus 2006.

Investment advisory revenues were up 20%, or $71.1 million, to $425.0 million because our average assets under our management increased $61.6 billion to $343.6 billion. The average fee rate earned on our assets under management was 50.2 basis points in the 2007 quarter, virtually unchanged from the 50.3 basis points earned during the year 2006. Assets under our management are $349.9 billion at March 31, 2007, up nearly 2% from the average during the 2007 first quarter.

Net revenues increased 18%, or $79.1 million, to $508.4 million. Operating expenses were $289.5 million in the first quarter of 2007, up $38.7 million from the 2006 first quarter. Overall, net operating income for the first quarter of 2007 increased $40.4 million, or nearly 23%, to $218.9 million. Our operating margin was 43.1%, down slightly from 43.4% for the 2006 year.

Net income increased $26.2 million, or 22%, to $142.9 million for the 2007 quarter, driving diluted earnings per share up 21% from $.42 to $.51.

Investment advisory revenues earned from the T. Rowe Price mutual funds distributed in the United States increased 18%, or $46.7 million, to $305.8 million. Average mutual fund assets were $213.6 billion in the first quarter of 2007, an increase of 19% over the 2006 first quarter average. Mutual fund assets at March 31, 2007 were $218.8 billion, up $12.3 billion during the first three months of 2007. Fund assets increased across all distribution channels, with the largest increase sourced from third-party financial intermediaries.

Net inflows to the mutual funds were nearly $8.4 billion during the first quarter of 2007, including $2.8 billion that originated in our target-date Retirement Funds. Our U.S. stock and blended asset funds had net inflows of $5.7 billion, our bond funds added $1.3 billion, our international stock funds added $1.0 billion, and our money market funds added $.4 billion. The Growth Stock Fund added $2.3 billion of net investments while the Value, Capital Appreciation, Equity Index 500, and New Income funds combined to also account for net inflows of $2.3 billion. Each of these funds added more than $.5 billion. Higher market valuations and income increased fund assets by $3.9 billion.

Investment advisory revenues earned on the other investment portfolios that we manage increased $24.4 million, or nearly 26%, to $119.2 million. Average assets in these portfolios were $130.0 billion the first quarter of 2007, up 27% from the comparable first quarter 2006 average. Quarter-end assets totaled $131.1 billion, an increase of $2.9 billion during the first three months of 2007. Net inflows, primarily from U.S. and international institutional investors, were $1.2 billion and market gains and income added $1.7 billion.

Administrative fees increased $7.9 million to $83.1 million. The change in these revenues includes $1.9 million from 12b-1 distribution fees received on greater assets under management in the Advisor and R classes of our sponsored mutual fund shares. The balance of the increase is primarily attributable to our mutual fund servicing activities and defined contribution plan recordkeeping services for the mutual funds and their investors. The change in administrative fees is generally offset by similar changes in related operating expenses that we incur to distribute the Advisor and R classes of mutual fund shares through third party financial intermediaries and to provide the services to the funds and their investors.

Our largest expense, compensation and related costs, increased $24.2 million or 15% over the comparable 2006 quarter. The largest part of the increase is attributable to nearly $9 million of salary expense that results from an increase in our average staff size by nearly 7% coupled with an increase of our associates' base salaries. At March 31, 2007, we employed 4,765 associates, up 3.5% from the beginning of 2007, primarily to handle increased volume-related activities and other growth. The 2007 results also include an $8 million increase to our interim bonus compensation accrual, which is based on projected operating results for 2007 that consider our strong relative and risk-adjusted investment performance, our growth in assets under management including new investor inflows, and the high quality of our investor services. Other employee benefits and employment expenses, including $1.9 million of higher stock-based compensation, account for the remainder of the increase in our compensation and related costs in the 2007 quarter.

Advertising and promotion expenditures increased $3.8 million in response to investor interest. We expect our advertising and promotion expenditures for the second quarter and full year 2007 will each be up about 10% versus comparable 2006 spending.

Other operating expenses were up $6.3 million, including $1.9 million of higher distribution expenses recognized on greater assets under management sourced from financial intermediaries that distribute our Advisor and R classes of mutual fund shares. These distribution costs are offset by an equal increase in our administrative revenues recognized from the 12b-1 fees discussed above.

Our net non-operating income, which includes interest income as well as the recognition of investment gains and losses, increased $4.2 million to $11.8 million. Larger money market mutual fund balances at higher interest rates added $2.5 million of the increase.

The first quarter 2007 provision for income taxes as a percentage of pretax income has been recognized using an estimated 38.1% rate, down slightly from 38.3% for the year 2006 when our provision included additional amounts for the anticipated settlement of prior years' taxes. A higher anticipated effective state income tax rate has pushed our current estimate for the full year 2007 to 38.0%, up from our prior estimate of 37.7%.

CAPITAL RESOURCES AND LIQUIDITY.

Operating activities during the first quarter of 2006 provided cash flows of $241.7 million, up $60.5 million from the 2006 period, including increased net income of $26.2 million and non-cash depreciation, amortization and stock-based compensation expense of $4.7 million.

Increased timing differences in the cash settlements of our assets and liabilities added $29.6 million, including $14.1 million of larger estimated income tax payments for the first quarter not payable until April. Our interim operating cash outflows do not include 2007 bonus compensation that is accrued throughout the year before being substantially paid out in December.

Net cash used in investing activities totaled $60.8 million, up $11.0 million from the 2006 period. Our investments in mutual funds and other holdings made from our larger available cash balances were $5.7 million more than in the 2006 quarter. Capital spending for property and equipment was $5.3 million more than in the 2006 period. Our anticipated capital expenditures for property and equipment in 2007 are expected to be about $145 million, down from our prior estimate of $170 million, but up $50 million from 2006.

Net cash used in financing activities was $42.8 million in the 2007 quarter, up $41.1 million from the comparable 2006 period. During the first quarter of 2007, we expended $23.2 million for common stock repurchases whereas no repurchases were made during the 2006 first quarter. Our increased quarterly dividend to stockholders resulted in additional outflows of $8.2 million in the 2007 quarter.

FORWARD-LOOKING INFORMATION.

From time to time, information or statements provided by or on behalf of T. Rowe Price, including those within this report, may contain certain forward-looking information, including information or anticipated information relating to changes in our revenues and net income, changes in the amount and composition of our assets under management, our expense levels, and our expectations regarding financial markets and other conditions. Readers are cautioned that any forward-looking information provided by or on behalf of T. Rowe Price is not a guarantee of future performance. Actual results may differ materially from those in forward-looking information because of various factors including, but not limited to, those discussed below and in Item 1A of our 2006 Form 10-K Annual Report under the caption Risk Factors. Further, forward-looking statements speak only as of the date on which they are made, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which it is made or to reflect the occurrence of unanticipated events.

Our future revenues and results of operations will fluctuate primarily due to changes in the total value and composition of assets under our management. Such changes result from many factors including, among other things: cash inflows and outflows in the T. Rowe Price mutual funds and other managed investment portfolios; fluctuations in the financial markets around the world that result in appreciation or depreciation of the assets under our management; our introduction of new mutual funds and investment portfolios; and changes in retirement savings trends relative to participant-directed investments and defined contribution plans. The ability to attract and retain investors' assets under our management is dependent on investor sentiment and confidence; the relative investment performance of the Price mutual funds and other managed investment portfolios as compared to competing offerings and market indexes; the ability to maintain our investment management and administrative fees at appropriate levels; competitive conditions in the mutual fund, asset management, and broader financial services sectors; and our level of success in implementing our strategy to expand our business. Our revenues are substantially dependent on fees earned under contracts with the Price funds and could be adversely affected if the independent directors of one or more of the Price funds terminated or significantly altered the terms of the investment management or related administrative services agreements.

Our future results are also dependent upon the level of our expenses, which are subject to fluctuation for the following or other reasons: changes in the level of our advertising expenses in response to market conditions, including our efforts to expand our investment advisory business to investors outside the United States and to further penetrate our distribution channels within the United States; variations in the level of total compensation expense due to, among other things, bonuses, stock option grants, stock awards, changes in our employee count and mix, and competitive factors; any goodwill impairment that may arise; fluctuation in foreign currency exchange rates applicable to the costs of our international operations; expenses and capital costs, such as technology assets, depreciation, amortization, and research and development, incurred to maintain and enhance our administrative and operating services infrastructure; unanticipated costs that may be incurred to protect investor accounts and the goodwill of our clients; and disruptions of services, including those provided by third parties, such as facilities, communications, power, and the mutual fund transfer agent and accounting systems.

Our business is also subject to substantial governmental regulation, and changes in legal, regulatory, accounting, tax, and compliance requirements may have a substantial effect on our operations and results, including but not limited to effects on costs that we incur and effects on investor interest in mutual funds and investing in general, or in particular classes of mutual funds or other investments.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

There has been no material change in the information provided in Item 7A of the Form 10-K Annual Report for 2006.

Item 4. Controls and Procedures.

Our management, including our principal executive and principal financial officers, has evaluated the effectiveness of our disclosure controls and procedures as of March 31, 2007. Based on that evaluation, our principal executive and principal financial officers have concluded that our disclosure controls and procedures as of March 31, 2007, are effective at the reasonable assurance level to ensure that the information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934, including this Form 10-Q report, is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms, and to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Our management, including our principal executive and principal financial officers, has evaluated any change in our internal control over financial reporting that occurred during the first quarter of 2007, and has concluded that there was no change during the first quarter of 2007 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings.

In September 2003, a purported class action (T.K. Parthasarathy, et al., including Woodbury, v. T. Rowe Price International Funds, Inc., et al.) was filed in the Circuit Court, Third Judicial Circuit, Madison County, Illinois, against T. Rowe Price International and the T. Rowe Price International Funds with respect to the T. Rowe Price International Stock Fund. The basic allegations in the case were that the T. Rowe Price defendants did not make appropriate price adjustments to the foreign securities owned by the T. Rowe Price International Stock Fund prior to calculating the Fund's daily share prices, thereby allegedly enabling market timing traders to trade the Fund's shares in such a way as to disadvantage long-term investors. Following three years of procedural litigation in State and Federal courts, this case is currently lodged in Federal court, where a motion to remand to State court is pending. As a result of the Supreme Court's ruling in the Dabit case holding that actions such as this one are barred by a federal preemption statute and may not be maintained as class actions under state law, it seems clear that, substantively, class actions such as this one may not be maintained in either federal court or state court. In the opinion of management, after consultation with counsel, the likelihood of an adverse determination in this matter that would have a material adverse effect on our financial position or results of operations is remote.

Item 1A. Risk Factors.

There has been no material change in the information provided in Item 1A of our Form 10-K Annual Report for 2006.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

(c) Recent repurchase activity conducted pursuant to the Board of Director's 2003 authorization (as increased by 15,000,000 shares on February 15, 2007) follows.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Programs	Maximum Number of Shares that May Yet Be Purchased Under the Programs
January 2007				3,790,868
February 2007	100,000	$ 48.09	100,000	18,690,868
March 2007	453,482	46.67	453,482	18,237,386
Total	553,482	$ 46.93	553,482	

Item 4. Submission of Matters to a Vote of Security Holders.

The annual meeting of our stockholders was held on April 12, 2007. The proxy statement and solicitation pertaining to this meeting were previously filed with the Commission. Shares eligible to vote were 265,650,486 at the record date of February 12, 2007.

The nine nominees for the Board of Directors were elected to serve until the next annual meeting of directors or until their respective successors are elected and qualify. The tabulation of votes was:

Nominee	For	Withheld
Edward C. Bernard	235,138,923	9,178,642
James T. Brady	240,174,323	4,143,242
J. Alfred Broaddus, Jr.	240,584,303	3,733,262
Donald B. Hebb, Jr.	225,728,149	18,589,416
James A.C. Kennedy	236,418,869	7,898,696
Brian C. Rogers	235,154,669	9,162,896
Dr. Alfred Sommer	240,582,737	3,734,828
Dwight S. Taylor	240,599,099	3,718,466
Anne Marie Whittemore	223,169,900	21,147,665

The 2007 Non-Employee Director Equity Plan was approved by a vote of 157,422,331 for; 43,823,553 against; and 2,636,794 abstentions. Broker non-votes were 40,434,887. The appointment of KPMG LLP as the company's independent registered public accounting firm for 2007 was approved by a vote of 237,010,060 for; 5,541,209 against; and 1,766,296 abstentions.

Item 5. Other Information.

On April 25, 2007, we issued a press release reporting our results of operations for the first quarter of 2007. A copy of this press release is furnished herewith as Exhibit 99. The information in this Item 5 and in Exhibit 99 shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933.

Item 6. Exhibits.

The following exhibits required by Item 601 of Regulation S-K are furnished herewith.

3(i)	Amended and Restated Charter of T. Rowe Price Group, Inc. as of March 9, 2001. (Incorporated by reference from Form 10-K for 2000; Accession No. 0001113169-01-000003.)
3(ii)	Amended and Restated By-Laws of T. Rowe Price Group, Inc. as of December 12, 2002. (Incorporated by reference from Form 10-K for 2002; Accession No. 0000950133-03-000699.)
10.03	Transfer Agency and Service Agreement dated as of January 1, 2007, between T. Rowe Price Services, Inc. and the T. Rowe Price Funds. (Incorporated by reference from Form 485BPOS; Accession No. 0000871839-07-000078.)
10.04	Agreement dated January 1, 2007, between T. Rowe Price Retirement Plan Services, Inc. and certain of the T. Rowe Price Funds. (Incorporated by reference from Form 485BPOS; Accession No. 0000871839-07-000078.)
10.08	Schedule of Non-Employee Director Compensation.
10.19	2007 Non-Employee Director Equity Plan. (Incorporated by reference from Form DEF 14A; Accession No. 0001113169-07-000018.)
10.20	Form of option agreement available for awards issued under the 2007 Non-Employee Director Equity Plan (Incorporated by reference from Form S-8; Accession No. 0000950133-07-001664.)
10.21	Form of restricted stock agreement available for awards issued under the 2007 Non-Employee Director Equity Plan (Incorporated by reference from Form S-8; Accession No. 0000950133-07-001664.)
10.22	Form of restricted stock units agreement available for awards issued under the 2007 Non-Employee Director Equity Plan (Incorporated by reference from Form S-8; Accession No. 0000950133-07-001664.)
15	Letter from KPMG LLP, independent registered public accounting firm, re unaudited interim financial information.
31(i).1	Rule 13a-14(a) Certification of Principal Executive Officer.
31(i).2	Rule 13a-14(a) Certification of Principal Financial Officer.
32	Section 1350 Certifications.
99	Press release issued April 25, 2007 reporting our results of operations for the first quarter of 2007.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized on April 25, 2007.

T. Rowe Price Group, Inc.

/s/ Kenneth V. Moreland
Vice President and Chief Financial Officer

Exhibit 10.08

T. Rowe Price Group, Inc.
Schedule of Non-Employee Director Compensation
As amended April 12, 2007

Cash fees are paid semiannually, on the last business days of June and December, or at the beginning of the following year if payment is deferred pursuant to the Outside Directors Deferred Compensation Plan.

Annual Retainer Fee	$75,000
Committee Meeting Fees, per meeting	$ 1,500
Committee Annual Retainer Fees:	
Audit Committee Chairperson	$10,000
Audit Committee Member	$ 5,000
Executive Compensation Committee Chairperson	$ 5,000
Nominating and Corporate Governance Committee Chairperson	$ 5,000

Under our 2007 Non-Employee Director Equity Plan, each non-employee director is entitled to make certain elections regarding the form of his or her equity compensation.

Event	Non-Employee Director's Alternatives
Initial election or appointment to the Board	4,000 restricted shares or 4,000 stock units
Semiannual grants	4,000 options or 1,200 restricted shares or 1,200 stock units

The initial grant will be made at the close of business on the first business day after the first regular meeting of our Board of Directors held on or after that director's election or appointment. Semiannual grants will be made as of the close of business on the third business day after our earnings release for the first and third fiscal quarters of each year. Non-employee directors will not be entitled to semiannual grants in the calendar year in which they receive an initial grant. All awards will be subject to adjustment by our Nominating and Corporate Governance Committee and upon certain capitalization and change-in-control events.

Options

All options will have an exercise price per share equal to the fair market value per share of our common stock on the grant date, and will vest one year after the grant date or, if earlier, upon the director's death. Unvested options will terminate when the non-employee director ceases to be a member of the Board for any reason other than death. Vested options will terminate 10 years after the grant date or, if earlier, five years after the director leaves the Board for any reason.

Restricted Shares

Restricted shares vest and generally become transferable one year after the grant date if the non-employee director is then a member of our Board or, if earlier, upon the director's death. All regular cash dividends payable with respect to restricted shares will be paid in cash directly to the non-employee director even if the restricted shares remain unvested. If and when a non-employee director ceases to be a member of the Board for any reason other than death, all unvested restricted shares will be forfeited to the company without consideration.

Stock Units

Stock units vest one year after the grant date if the non-employee director is then a member of the Board or, if earlier, upon the director's death. If and when the non-employee director ceases to be a member of the Board for any reason other than death, all unvested stock units will be forfeited to the company without consideration. All vested stock units will be settled upon separation from service, as defined by Section 409A of the Internal Revenue Code. If and when we declare a cash dividend payable to our common stockholders, non-employee directors holding stock units will be credited with additional, vested stock units equal to the number of shares of our common stock that could be purchased on the dividend payment date with the aggregate amount of dividends that would have been received if the stock units had been outstanding shares.

Exhibit 15

**Letter from KPMG LLP, independent registered public accounting firm,
re unaudited interim financial information**

T. Rowe Price Group, Inc.
100 East Pratt Street
Baltimore, Maryland 21202

Re: Registration Statements on Form S-8: No. 33-7012, No. 33-72568, No. 33-58749, No. 333-20333, No. 333-90967, No. 333-59714, No. 333-120882, No. 333-120883 and No. 333-142092

With respect to the subject registration statements, we acknowledge our awareness of the use therein of our report dated April 24, 2007 related to our review of interim financial information.

Pursuant to Rule 436 under the Securities Act of 1933 (the Act), such report is not considered part of a registration statement prepared or certified by an independent registered public accounting firm, or a report prepared or certified by an independent registered public accounting firm within the meaning of sections 7 and 11 of the Act.

/s/ KPMG LLP

Baltimore, Maryland
April 24, 2007

Exhibit 31(i).1

Rule 13a-14(a) Certification of Principal Executive Officer

I, James A. C. Kennedy, certify that:

1. I have reviewed this Form 10-Q Quarterly Report for the quarterly period ended March 31, 2007 of T. Rowe Price Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

April 24, 2007

/s/ James A.C. Kennedy
Chief Executive Officer and President

Exhibit 31(i).2

Rule 13a-14(a) Certification of Principal Financial Officer

I, Kenneth V. Moreland, certify that:

1. I have reviewed this Form 10-Q Quarterly Report for the quarterly period ended March 31, 2007 of T. Rowe Price Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

April 24, 2007

/s/ Kenneth V. Moreland

Vice President and Chief Financial Officer

Exhibit 32

Section 1350 Certifications

We certify, to the best of our knowledge, based upon a review of the Form 10-Q Quarterly Report for the quarterly period ended March 31, 2007 of T. Rowe Price Group, Inc., that:

(1) The Form 10-Q Quarterly Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Form 10-Q Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of T. Rowe Price Group, Inc.

April 24, 2007

/s/ James A.C. Kennedy
Chief Executive Officer and President

/s/ Kenneth V. Moreland
Vice President and Chief Financial Officer

A signed original of this written statement has been provided to T. Rowe Price Group, Inc. and will be retained by T. Rowe Price Group, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 99

T. Rowe Price INVEST WITH CONFIDENCE WWW.TROWEPRICE.COM

News Release 100 East Pratt Street, Baltimore, Maryland 21202 FAX: 410.345.4661

Contacts: Steven Norwitz 410.345.2124 Brian Lewbart 410.345.2242 Robert Benjamin 410.345.2205

T. ROWE PRICE GROUP REPORTS FIRST QUARTER 2007 RESULTS

Assets Under Management at March 31 Reach Record $349.9 Billion

BALTIMORE (April 25, 2007) — T. Rowe Price Group, Inc. (Nasdaq-GS: TROW) today reported its quarterly results for the first quarter of 2007 that include net revenues of $508 million, net income of nearly $143 million, and diluted earnings per share of $.51, an increase of 21% from $.42 per share in the comparable 2006 quarter. Net revenues in the first quarter of 2006 were $429 million, and net income was nearly $117 million.

Investment advisory revenues were up $71 million or 20% from the 2006 first quarter. Assets under management increased to a record $349.9 billion at March 31, 2007, up 4.5% or $15.2 billion since the end of 2006. Net cash inflows from investors were $9.6 billion during the first quarter of 2007. Net market appreciation and income added $5.6 billion.

The company split its common shares two-for-one in June 2006, and data for the first quarter of 2006 has been adjusted to reflect this split.

Financial Highlights

Investment advisory revenues earned from the T. Rowe Price mutual funds distributed in the United States increased to $306 million for the first quarter of 2007, up $47 million from the 2006 first quarter. Mutual fund assets increased $12.3 billion across all distribution channels during the first quarter of 2007 and ended the quarter at $218.8 billion. Investors added net inflows of $8.4 billion to the mutual funds during the quarter while market appreciation and income added $3.9 billion. Net cash inflows were spread among the funds, with the U.S. stock and blended asset funds adding nearly $5.7 billion, the bond and money market funds adding $1.7 billion and the international stock funds adding $1.0 billion. The Growth Stock Fund added $2.3 billion of net investments during the quarter.

The series of target-date Retirement Funds, which provide fund shareholders with single, diversified portfolios that invest in underlying T. Rowe Price funds and automatically adjust fund asset allocations as investors age, continue to be a significant source of mutual fund asset growth. Net inflows of $2.8 billion originated in the Retirement Funds during the first quarter of 2007, the largest quarterly amount since this series of funds was launched in September 2002. Total fund assets in the Retirement Funds were $20.5 billion at March 31, 2007.

Investment advisory revenues earned from other managed investment portfolios, consisting of institutional separate accounts, sub-advised funds, sponsored mutual funds which are offered to non-U.S. investors, and variable insurance portfolios, were $119 million in the 2007 quarter, an increase of $24 million from the 2006 first quarter. Ending assets in these portfolios were $131.1 billion, up $2.9 billion since the beginning of the year. Market value appreciation added $1.7 billion and net cash inflows, primarily from institutional investors in the U.S. and other countries, were $1.2 billion during the first quarter. Investors outside the United States now account for more than 7% of our assets under management.

Operating expenses were $289.5 million in the first quarter of 2007, up $38.7 million from the 2006 first quarter. The largest expense, compensation and related costs, increased $24.2 million or 15% over the comparable 2006 quarter, primarily due to higher salary and bonus compensation expense. The firm has increased its average staff size by nearly 7% since the first quarter of 2006. At March 31, 2007, the firm employed 4,765 associates, up 3.5% from the beginning of 2007, primarily to handle increased volume-related activities and other growth.

Advertising and promotion expenditures increased $3.8 million in response to investor interest. Advertising and promotion expenditures for the second quarter and full year 2007 are expected to each be up about 10% versus comparable 2006 spending.

Other operating expenses were up $6.3 million, including $1.9 million of higher distribution expenses recognized on greater assets under management sourced from financial intermediaries that distribute the Advisor and R classes of mutual fund shares. These distribution costs are offset by an equal increase in administrative revenues recognized from the 12b-1 fees.

Net non-operating income, which includes interest income as well as the recognition of investment gains and losses, increased $4.2 million to $11.8 million, due primarily to larger money market mutual fund balances at higher interest rates.

The first quarter 2007 provision for income taxes as a percentage of pretax income has been recognized using an estimated 38.1% rate, down slightly from 38.3% for the year 2006 when the provision included additional amounts for the anticipated settlement of prior years' taxes. A higher anticipated effective state income tax rate has pushed the current estimate for the full year 2007 to 38.0%, up from the prior estimate of 37.7%.

Management Commentary

James A.C. Kennedy, the company's Chief Executive Officer and President, commented: "The firm's investment advisory results relative to our peers remain strong, with at least 77% of the T. Rowe Price funds across their share classes surpassing their comparable Lipper averages on a total return basis for the one-, three-, and five-year periods ended March 31, 2007, and 71% outperforming the average for the 10-year period. In addition, 77 of the T. Rowe Price stock and bond funds across their share classes, which account for more than 73% of stock and bond fund assets under management, ended the first quarter with an overall rating of four or five stars from Morningstar. These four- and five-star rated investments represent 63% of our rated funds and share classes, compared with 32.5% for the overall industry.

"Our strong first quarter performance was achieved during a period in which fixed-income markets performed reasonably well while global equity markets on an overall basis produced modest returns. A major mid-quarter Asian market sell-off and subprime mortgage concerns in the U.S. led to steep market declines from February highs. As they did last year, though, global markets showed resilience, with the S&P 500, for example, reaching a six-and-a-half-year high in April. Looking ahead, our outlook for the financial markets remains positive; however, market volatility has increased and corporate earnings growth in the U.S. will likely moderate as we proceed through the year. We believe the global economy will continue to expand, albeit at a slower pace from the rapid growth of recent years. Prospects for relatively stable interest rates are favorable, and we continue to be encouraged by strong corporate balance sheets and investor liquidity. While valuations are not as supportive as they once were, they still seem reasonable.

"T. Rowe Price's strong capital position gives us substantial financial flexibility," Mr. Kennedy added. "As a result, we continue to invest in our business and to position our firm for growth opportunities. Along with a modest increase in the size of our staff, we are planning $145 million of capital expenditures this year. Our directors increased our quarterly corporate dividend by 21% to $.17 per share versus $.14 per share at this time last year. We have also repurchased more than 683,000 common shares for $32.3 million thus far in 2007. T. Rowe Price Group remains debt free and we have cash and corporate investment holdings of $1.6 billion at March 31, 2007."

In closing, Mr. Kennedy said: "The outlook for our company remains strong. We have an outstanding pool of employees who are focused on our clients, a healthy balance sheet, a brand that is increasingly respected around the globe, and a business model that is diversified across distribution channels and investment portfolios. Despite the ebbs and flows of the markets, we believe investors will continue to be well served over the long term by our disciplined investment approach and culture."

Other Matters

The financial results presented in this release are unaudited. The company expects that it will file its Form 10-Q Quarterly Report for the first quarter of 2007 with the U.S. Securities and Exchange Commission later today. The Form 10-Q will include more complete information on the company's unaudited financial results.

Certain statements in this press release may represent "forward-looking information," including information relating to anticipated growth in revenues, net income and earnings per share, anticipated changes in the amount and composition of assets under management, anticipated expense levels, and expectations regarding financial and other market conditions. For a discussion concerning risks and other factors that could affect future results, see the company's Form 10-K and Form 10-Q reports.

Founded in 1937, Baltimore-based T. Rowe Price is a global investment management organization that provides a broad array of mutual funds, subadvisory services, and separate account management for individual and institutional investors, retirement plans, and financial intermediaries. The organization also offers a variety of sophisticated investment planning and guidance tools. T. Rowe Price's disciplined, risk-aware investment approach focuses on diversification, style consistency, and fundamental research. More information is available at www.troweprice.com.

Unaudited Condensed Consolidated Statements of Income
(in millions, except per-share amounts)
Three months ended March 31,

	2006	2007
Revenues		
Investment advisory fees	$ 353.9	$ 425.0
Administrative fees	75.2	83.1
Investment income of savings bank subsidiary	1.2	1.5
Total revenues	430.3	509.6
Interest expense on savings bank deposits	1.0	1.2
Net revenues	429.3	508.4
Operating expenses		
Compensation and related costs	160.0	184.2
Advertising and promotion	28.0	31.8
Depreciation and amortization of property and equipment	11.1	13.7
Occupancy and facility costs	19.6	21.4
Other operating expenses	32.1	38.4
	250.8	289.5
Net operating income	178.5	218.9
Other investment income	7.7	11.8
Credit facility expenses	0.1	—
Net non-operating income	7.6	11.8
Income before income taxes	186.1	230.7
Provision for income taxes	69.4	87.8
Net income	$ 116.7	$ 142.9
Earnings per share		
Basic	$ 0.44	$ 0.54
Diluted	$ 0.42	$ 0.51
Dividends declared per share	$ 0.14	$ 0.17
Weighted average shares outstanding	264.0	265.4
Weighted average shares outstanding assuming dilution	277.9	279.8

Investment Advisory Revenues (in millions)

	Three months ended 3/31/2006	Three months ended 3/31/2007
Sponsored mutual funds in the U.S.		
Stock and blended asset	$ 222.9	$ 263.2
Bond and money market	36.2	42.6
	259.1	305.8
Other portfolios	94.8	119.2
	$ 353.9	$ 425.0

Assets Under Management (in billions)

	Average during the first quarter 2006	Average during the first quarter 2007	12/31/2006	3/31/2007
Sponsored mutual funds in the U.S.				
Stock and blended asset	$ 146.4	$ 174.6	$ 168.5	$ 178.6
Bond and money market	33.1	39.0	38.0	40.2
	179.5	213.6	206.5	218.8
Other portfolios	102.5	130.0	128.2	131.1
	$ 282.0	$ 343.6	$ 334.7	$ 349.9
Equity securities			$ 267.0	$ 279.8
Debt securities			67.7	70.1
			$ 334.7	$ 349.9

Condensed Consolidated Cash Flows Information (in millions)

	Three months ended 3/31/2006	Three months ended 3/31/2007
Cash provided by operating activities	$ 181.2	$ 241.7
Cash used in investing activities, including ($26.9) for additions to property and equipment and ($29.5) for investments in sponsored mutual funds in 2007	(49.8)	(60.8)
Cash used in financing activities, including common stock repurchases of ($23.2) and dividends paid of ($45.1) in 2007	(1.7)	(42.8)
Net increase in cash during the period	$ 129.7	$ 138.1

Condensed Consolidated Balance Sheet Information (in millions)

	12/31/2006	3/31/2007
Cash and cash equivalents	$ 773.0	$ 911.1
Investments in sponsored mutual funds	554.4	593.2
Property and equipment	264.9	278.6
Goodwill and other intangible assets	669.4	669.3
Receivables and other assets	503.6	505.2
Total assets	2,765.3	2,957.4
Total liabilities	338.4	408.6
Stockholders’ equity, 265.6 common shares outstanding in 2007, including net unrealized holding gains of $75.5 in 2007	$ 2,426.9	$ 2,548.8