

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, 2009

Commission File Number: 000-32191

T. ROWE PRICE GROUP, INC.

(Exact name of registrant as specified in its charter)

Maryland

(State of incorporation)

52-2264646

(I.R.S. 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 No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller Reporting Company

(Do not check if a smaller reporting company)

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

The number of shares outstanding of the issuer's common stock (\$.20 par value), as of the latest practicable date, April 17, 2009, is 255,477,858.

The exhibit index is at Item 6 on page 15.

PART I — FINANCIAL INFORMATION

Item 1. Financial Statements.

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

(in millions, except share data)

	<u>12/31/2008</u>	<u>03/31/2009</u>
ASSETS		
Cash and cash equivalents	\$ 619.1	\$ 621.8
Accounts receivable and accrued revenue	177.3	167.5
Investments in sponsored mutual funds	513.5	488.3
Debt securities held by savings bank subsidiary	166.0	186.1
Other investments	41.9	41.8
Property and equipment	440.1	454.5
Goodwill	665.7	665.7
Other assets	195.8	166.8
Total assets	<u>\$ 2,819.4</u>	<u>\$ 2,792.5</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Accounts payable and accrued expenses	\$ 86.8	\$ 83.8
Accrued compensation and related costs	60.7	50.1
Income taxes payable	25.3	22.5
Customer deposits at savings bank subsidiary	157.8	175.5
Total liabilities	<u>330.6</u>	<u>331.9</u>
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 750,000,000; issued 256,856,000 shares in 2008 and 255,443,000 in 2009	51.4	51.1
Additional capital in excess of par value	363.7	364.3
Retained earnings	2,086.8	2,047.7
Accumulated other comprehensive loss	(13.1)	(2.5)
Total stockholders' equity	<u>2,488.8</u>	<u>2,460.6</u>
	<u>\$ 2,819.4</u>	<u>\$ 2,792.5</u>

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	
	3/31/2008	3/31/2009
Revenues		
Investment advisory fees	\$ 470.1	\$ 306.8
Administrative fees	88.8	77.4
Investment income of savings bank subsidiary	1.5	1.5
Total revenues	<u>560.4</u>	<u>385.7</u>
Interest expense on savings bank deposits	1.3	1.2
Net revenues	<u>559.1</u>	<u>384.5</u>
Operating expenses		
Compensation and related costs	207.4	175.4
Advertising and promotion	36.5	22.7
Depreciation and amortization of property and equipment	15.0	16.7
Occupancy and facility costs	25.1	25.4
Other operating expenses	45.0	33.7
	<u>329.0</u>	<u>273.9</u>
Net operating income	230.1	110.6
Non-operating investment income (loss)	14.3	(36.0)
Income before income taxes	244.4	74.6
Provision for income taxes	92.9	26.4
Net income	<u>\$ 151.5</u>	<u>\$ 48.2</u>
Earnings per share		
Basic	\$.58	\$.19
Diluted	<u>.55</u>	<u>.19</u>
Dividends declared per share	<u>\$.24</u>	<u>\$.25</u>
Weighted average shares		
Outstanding	261.7	255.4
Outstanding assuming dilution	<u>273.5</u>	<u>259.0</u>

The accompanying notes are an integral part of these statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)

	Three months ended	
	3/31/2008	3/31/2009
Cash flows from operating activities		
Net income	\$ 151.5	\$ 48.2
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization of property and equipment	15.0	16.7
Stock-based compensation expense	18.4	20.6
Intangible asset amortization	0.2	0.1
Other than temporary impairments of investments in sponsored mutual funds	—	35.6
Other changes in assets and liabilities	73.5	18.2
Net cash provided by operating activities	<u>258.6</u>	<u>139.4</u>
Cash flows from investing activities		
Change in savings bank investments	(2.6)	(17.5)
Additions to property and equipment	(29.9)	(30.8)
Other investing activity	(1.6)	1.0
Net cash used in investing activities	<u>(34.1)</u>	<u>(47.3)</u>
Cash flows from financing activities		
Repurchases of common stock	(294.9)	(50.9)
Common share issuances under stock-based compensation plans	18.3	7.7
Dividends paid to stockholders	(126.1)	(63.9)
Change in savings bank subsidiary deposits	3.3	17.7
Net cash used in financing activities	<u>(399.4)</u>	<u>(89.4)</u>
Cash and cash equivalents		
Net change during period	(174.9)	2.7
At beginning of year	785.1	619.1
At end of period	<u>\$ 610.2</u>	<u>\$ 621.8</u>

The accompanying notes are an integral part of these statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(shares in thousands; dollars in millions)

	Common shares outstanding	Common stock	Additional capital in excess of par value	Retained earnings	Accumulated other comprehensive loss	Total stockholders' equity
Balances at December 31, 2008	256,856	\$ 51.4	\$ 363.7	\$ 2,086.8	\$ (13.1)	\$ 2,488.8
Common stock-based compensation plans activity						
Shares issued upon option exercises	383	0.1	7.6			7.7
Restricted shares issued	127	—	—			—
Stock-based compensation expense			20.6			20.6
Other activity	(3)	—	(0.6)			(0.6)
Common shares repurchased	(1,920)	(0.4)	(27.1)	(23.4)		(50.9)
Comprehensive income						
Net income				48.2		
Change in net unrealized security holding losses, net of taxes					10.6	
Total comprehensive income						58.8
Dividends declared and related tax benefits			0.1	(63.9)		(63.8)
Balances at March 31, 2009	<u>255,443</u>	<u>\$ 51.1</u>	<u>\$ 364.3</u>	<u>\$ 2,047.7</u>	<u>\$ (2.5)</u>	<u>\$ 2,460.6</u>

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 10% of our assets under management at March 31, 2009.

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 that 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 2008 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 \$95.0 million at December 31, 2008, and \$89.9 million at March 31, 2009.

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

	Three months ended	
	3/31/2008	3/31/2009
Sponsored mutual funds in the U.S.		
Stock and blended asset	\$ 282.4	\$ 162.0
Bond and money market	51.2	49.7
	333.6	211.7
Other portfolios	136.5	95.1
Total investment advisory fees	<u>\$ 470.1</u>	<u>\$ 306.8</u>

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

	Average during the first quarter		12/31/2008	3/31/2009
	2008	2009		
Sponsored mutual funds in the U.S.				
Stock and blended asset	\$ 184.7	\$ 109.9	\$ 117.9	\$ 111.0
Bond and money market	46.5	47.4	46.5	47.8
	231.2	157.3	164.4	158.8
Other portfolios	147.7	107.5	111.9	110.0
	<u>\$ 378.9</u>	<u>\$ 264.8</u>	<u>\$ 276.3</u>	<u>\$ 268.8</u>

Fees for advisory-related administrative services provided to our sponsored mutual funds during the first quarter were \$72.0 million in 2008 and \$61.7 million in 2009.

NOTE 3 – INVESTMENTS IN SPONSORED MUTUAL FUNDS.

These investments (in millions) include:

	Aggregate cost	Unrealized holding		Aggregate fair value
		Gains	Losses	
December 31, 2008				
Stock and blended asset funds	\$ 345.7	\$ 6.5	\$ (37.4)	\$ 314.8
Bond funds	185.3	16.3	(2.9)	198.7
	<u>\$ 531.0</u>	<u>\$ 22.8</u>	<u>\$ (40.3)</u>	<u>\$ 513.5</u>
March 31, 2009				
Stock and blended asset funds	\$ 308.1	\$ 3.4	\$ (20.7)	\$ 290.8
Bond funds	183.7	15.0	(1.2)	197.5
	<u>\$ 491.8</u>	<u>\$ 18.4</u>	<u>\$ (21.9)</u>	<u>\$ 488.3</u>

Unrealized holding losses that are temporary are attributable to fund holdings with an aggregate fair value of \$195.2 million at December 31, 2008, and \$168.3 million at March 31, 2009. Unrealized losses totaling \$12.6 million on investments valued at \$56.8 million at March 31, 2009, have been temporarily impaired on a continuous basis from December 31, 2008. The remaining unrealized losses totaling \$9.3 million were incurred in the first quarter of 2009 on fund investments valued at \$111.5 million on March 31, 2009.

NOTE 4 – FAIR VALUE MEASUREMENTS.

We determine the fair value of our investments using broad levels of inputs as defined by related accounting standards:

Level 1 – quoted prices in active markets for identical securities.

Level 2 – observable inputs other than Level 1 quoted prices including, but not limited to, quoted prices for similar securities, interest rates, prepayment speeds, and credit risk. These inputs are based on market data obtained from independent sources.

These levels are not necessarily an indication of the risk or liquidity associated with the investments. The following table summarizes our investments (in millions) at March 31, 2009, that are recognized in our balance sheet using fair value measurements determined based on the differing levels of inputs.

	Level 1	Level 2
Cash equivalents	\$ 573.7	
Investments in sponsored mutual funds		
Held as available-for-sale	488.3	
Held as trading	1.1	
Debt securities held by savings bank subsidiary	—	\$ 186.1
	<u>\$ 1,063.1</u>	<u>\$ 186.1</u>

NOTE 5 – COMMON STOCK.

Unsettled liability for common shares repurchased.

Accounts payable and accrued expenses includes \$4.0 million at December 31, 2008, representing the unsettled liability for common stock repurchases made prior to year-end.

Stock-based grants.

In February 2009, our executive compensation committee of the board of directors reviewed our equity grant program for associates. The annual grant was bifurcated to achieve the retention and other objectives of the program and align the interests of our associates with those of our common stockholders. The following table summarizes the status of and changes in our stock option grants during the first quarter of 2009.

	Options	Weighted-average exercise price
Outstanding at beginning of 2009	39,037,741	\$36.52
Semiannual grants	3,129,170	\$27.47
Reload grants	15,711	\$29.09
New hire grants	7,000	\$36.40
Exercised	(410,841)	\$17.46
Forfeited or expired	(290,199)	\$40.85
Outstanding at March 31, 2009	<u>41,488,582</u>	\$35.99
Exercisable at March 31, 2009	<u>22,804,652</u>	\$29.15

The following table summarizes the status of and changes in our nonvested restricted shares and restricted stock units during the first quarter of 2009.

	Restricted shares	Restricted stock units	Weighted-average grant-date fair value
Nonvested at beginning of 2009	475,194	233,539	\$54.28
Granted to employees	127,550	80,100	\$27.64
Vested	(625)	(4,250)	\$50.10
Forfeited	(6,850)	(750)	\$53.60
Nonvested at March 31, 2009	<u>595,269</u>	<u>308,639</u>	\$48.19

Future stock-based compensation expense.

The following table presents the compensation expense (in millions) to be recognized over the separate vesting periods of the 18,683,930 nonvested options and 903,908 nonvested restricted shares and restricted stock units outstanding at March 31, 2009. 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 2009	\$ 21.7
Third quarter 2009	20.7
Fourth quarter 2009	15.5
2010	48.0
2011 through 2014	42.6
Total	<u>\$ 148.5</u>

NOTE 6 – INVESTMENT GAINS (LOSSES) AND OTHER COMPREHENSIVE LOSS.

The following table reconciles our net unrealized investment holding losses (in millions) for the first quarter 2009 to that recognized in other comprehensive loss.

	Sponsored mutual fund investments	Savings bank holdings	Total
Net unrealized holding gains (losses)	\$ (22.2)	\$ 2.1	\$ (20.1)
Reconciling amounts recognized in other investment income (loss)			
Other than temporary impairments	35.6	—	35.6
Net losses realized on dispositions	<u>.6</u>	<u>.3</u>	<u>.9</u>
Net unrealized holding gains recognized in other comprehensive loss	14.0	2.4	16.4
Deferred income taxes	<u>(5.0)</u>	<u>(.8)</u>	<u>(5.8)</u>
Net gains recognized in other comprehensive loss	<u>\$ 9.0</u>	<u>\$ 1.6</u>	<u>\$ 10.6</u>

The components of accumulated other comprehensive loss (in millions) at March 31, 2009, are presented below.

Net unrealized holding losses on Investments in sponsored mutual funds	\$ (3.5)
Debt securities held by savings bank subsidiary	<u>(.6)</u>
	(4.1)
Deferred income tax benefits	1.6
	<u>\$ (2.5)</u>

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, 2009, the related condensed consolidated statements of income and of cash flows for the three-month periods ended March 31, 2008 and 2009, and the related condensed consolidated statement of stockholders' equity for the three-month period ended March 31, 2009. 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, 2008, 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 5, 2009, 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, 2008, 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 20, 2009

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 10% of our assets under management at March 31, 2009.

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 affect our revenues and results of operations.

The severe downturn in global financial markets during 2008, and through the early part of 2009, has had a dramatic effect on investor returns and our financial results. Although we have not experienced a fundamental change in our business model like many other financial services companies, the collateral damage from the global economic woes has significantly reduced our assets under management, related advisory revenues, the value of our corporate mutual fund investments, and our net income. In response, we have been vigilant about our expense levels and initiated a series of expense reduction measures that have been accelerated since the equity market's steep fourth quarter 2008 decline. These efforts included the April 21, 2009 decision to reduce our workforce by 288 associates, or 5.5%. The short-term cost resulting from severance and related expenses will lower our operating earnings by about \$2.5 million in the second quarter of 2009. We expect to realize net savings of approximately \$17 million over the following four quarters, including a roughly \$6 million reduction of our administrative fee revenues that in turn saves a similar amount of annual expenses for our sponsored mutual funds. Through year-to-date attrition, retirements and the workforce reduction, our number of associates is now down 8.6% from the 5,385 employed at the beginning of the year. Overall, we expect that our cost savings efforts could reduce our 2009 operating expenses by as much as \$120 million from our 2007 level of spending.

We remain debt-free with substantial liquidity and resources that are available to help us ride through the current market crises while prudently managing the firm for the long-term. Our financial stability allows us to take advantage of attractive growth opportunities, invest in key capabilities including investment professionals and technologies and, most importantly, provide our clients with strong investment management expertise and service both now and in the future. While we believe 2009 will be a tough year for consumers and companies alike around the world, we think the investment environment will improve as we move into the latter half of the year and efforts to get the global economy back on track gain traction.

BACKGROUND.

Credit markets loosened modestly in early 2009 though rate spreads remain high by historical standards. Equity markets were down for the sixth consecutive quarter, despite a significant March rally. Fears of a lingering recession and an uncertain timeframe for economic recovery are weighing on investors. The Federal Reserve's target funds rate remains in a range of 0% to .25%, the lowest in history. Businesses are in a cost cutting mode, and households are reducing spending and increasing savings.

U.S. stock indexes fell in the first quarter of 2009. The broad S&P 500 Index of large-cap companies in leading industries of the U.S. economy registered an 11.0% loss while the NASDAQ Composite Index, which is heavily weighted with technology companies, was down 3.1% (excluding dividends).

Performance of stocks outside the United States was mixed in dollar terms as the MSCI EAFE Index, which measures the performance of mostly large-cap stocks in Europe, Australasia and the Far East, experienced a 13.9% loss, while the MSCI Emerging Markets Index returned 1.0% for the quarter.

U.S. Treasury yields rose during the first quarter as supply forecasts grew dramatically. The yield curve steepened with yields increasing more for bonds with longer maturities. The yield on the benchmark 10-year U.S. Treasuries was 2.71% at March 31, 2009, up 46 basis points from the end of 2008. On the shortest side of the yield curve, the one-month yield was only .17%, up from .11% at year-end 2008.

Returns for other fixed income securities were mixed in the first quarter with gains from the most oversold sectors recouping a portion of their steep 2008 losses. Municipal bonds, high-yield issues, and dollar-denominated emerging markets bonds saw gains. The Barclays Capital Municipal Bond Index gained 4.2% while the Credit Suisse High Yield Index gained 5.8%. Longer-term investment-grade corporate issues produced weak to poor results as the Barclays Capital U.S. Aggregate Index gained .1% and the Barclays Capital Global Aggregate Ex-U.S. Dollar Bond Index lost 5.4%.

In this unsettled financial environment, investors entrusted net inflows of \$4.5 billion to our management during the first quarter of 2009. Total assets under our management ended March 31, 2009 at \$268.8 billion, down 2.7% from the beginning of the year. The change (in billions) during the first quarter occurred as follows.

Assets under management at beginning of year	\$ 276.3
Net cash inflows	
Sponsored mutual funds in the U.S.	1.8
Other portfolios	2.7
	4.5
Market valuation changes and income	(12.0)
Change during the period	(7.5)
Assets under management at end of period	\$ 268.8

Assets under management at March 31, 2009, include \$187.1 billion in stock and blended asset investment portfolios and \$81.7 billion in fixed income investment portfolios. The investment portfolios that we manage consist of \$158.8 billion in the T. Rowe Price mutual funds distributed in the United States and \$110.0 billion in other investment portfolios, including separately managed accounts, sub-advised funds, and other sponsored investment portfolios including common trust funds and mutual funds offered to investors outside the U.S. and through variable annuity life insurance plans.

Our \$488.3 million corporate-owned portfolio of investments in sponsored mutual funds at March 31, 2009, includes a net unrealized loss of \$3.5 million, including fund holdings with aggregate unrealized gains of \$18.4 million and aggregate unrealized losses of \$21.9 million. The aggregate unrealized losses are considered temporary and, accordingly are recognized in accumulated other comprehensive losses in stockholders' equity. Unrealized losses totaling \$12.6 million on investments valued at \$56.8 million at March 31, 2009, have been temporarily impaired on a continuous basis from December 31, 2008. The remaining unrealized losses totaling \$9.3 million were incurred in the first quarter of 2009 on fund investments valued at \$111.5 million. See Item 3, Quantitative and Qualitative Disclosures About Market Risk, in this report for further discussion about the possible recognition of impairments to our investments in sponsored mutual funds.

We incur significant expenditures to attract new investment advisory clients and additional investments from our existing clients. These efforts involve costs that generally precede any future revenues that we might recognize from additions to our assets under management.

RESULTS OF OPERATIONS — First quarter 2009 versus first quarter 2008.

Investment advisory revenues decreased about 35%, or \$163.3 million, to \$306.8 million in the first quarter of 2009 as average assets under our management decreased \$114.1 billion to \$264.8 billion. The average annualized fee rate earned on our assets under management was 47.0 basis points during the first quarter of 2009, down from the 49.2 basis points earned in the year 2008, as lower equity market valuations resulted in a greater percentage of our assets under management being attributable to lower fee fixed income portfolios. Extended stress on the financial markets and resulting lower equity valuations in following quarters will result in lower average assets under our management and lower investment advisory fees as compared to prior periods.

Net revenues decreased 31%, or \$174.6 million, to \$384.5 million. Operating expenses fell \$55.1 million to \$273.9 million in the first quarter of 2009, down nearly 17% from the comparable 2008 quarter. Overall, net operating income for the first quarter of 2009 decreased \$119.5 million, or 51.9%, to \$110.6 million. The results of our cost saving efforts dampened the impact of lower assets under management and advisory revenues on our operating margin in the first quarter of 2009, which at 28.8% was virtually unchanged from the 29.1% margin in the fourth quarter of 2008. Net income fell 68.2% or \$103.3 million in the first quarter of 2009 versus the comparable 2008 quarter. Diluted earnings per share also decreased to \$.19, down \$.36 or 65.5% from the first quarter last year.

Investment advisory revenues earned from the T. Rowe Price mutual funds distributed in the United States decreased 36.5%, or \$121.9 million, to \$211.7 million. First quarter average mutual fund assets were \$157.3 billion, down 32% from the average for the comparable 2008 quarter. Mutual fund assets at March 31, 2009 were \$158.8 billion, down \$5.6 billion from December 31, 2008, but \$1.5 billion higher than the first quarter 2009 average.

Overall, net inflows to the mutual funds were \$1.8 billion during the first quarter of 2009. The stock funds saw net inflows of \$1.2 billion, including \$.7 billion to the Equity Index 500 fund and \$.4 billion to the Value fund. Bond and money funds had \$.6 billion of net inflows. During the first quarter of 2009, our net fund inflows originated largely in our target-date Retirement Funds, which in turn invest in the other T. Rowe Price funds. Decreases in market valuations, net of income, lowered our mutual fund assets under management by \$7.4 billion during the 2009 quarter.

Investment advisory revenues earned on the other investment portfolios that we manage decreased \$41.4 million, or 30.3%, to \$95.1 million. Average assets in these portfolios were \$107.5 billion during the first quarter of 2009, down \$40.2 billion or 27.2% from the comparable 2008 quarter. Lower market valuations, net of income, reduced our assets under management in these portfolios by \$4.6 billion during the 2009 quarter. Net inflows of \$2.7 billion, primarily from U.S. and international institutional investors, only partially offset these market losses.

Administrative fees decreased \$11.4 million to \$77.4 million. The change in these revenues includes a \$2.4 million reduction of 12b-1 distribution fees recognized on lower assets under management in the Advisor and R classes of our sponsored mutual funds. The balance of the change is attributable to a decrease in our servicing activities to the mutual funds and their related investors that is generally offset by a similar decrease in related operating expenses that are incurred to provide these services.

Our largest expense, compensation and related costs, decreased \$32.0 million, or more than 15% compared to the first quarter of 2008. This decrease includes a reduction in our annual bonus pool of \$28.3 million from the 2008 quarter in response to the recent and ongoing unfavorable financial market conditions that have negatively impacted our operating results. At March 31, 2009, we employed 5,230 associates, down 2.9% from the end of 2008 and up slightly from the number at the end of the first quarter of 2008. As discussed above, year-to-date attrition, retirements and our workforce reduction have reduced our staffing 8.6% from the beginning of 2009.

Advertising and promotion expenditures decreased 38%, or \$13.8 million, compared to the first quarter of 2008, and are down \$8.0 million from the fourth quarter of 2008. We reduced advertising and promotion expense in response to the change of investor sentiment in this uncertain and volatile market environment. We currently estimate that our advertising and promotion expenditures for the second quarter of 2009 will be about 30% lower than the preceding quarter and that our full-year 2009 costs will be about 25% lower than 2008. We vary our level of spending based on market conditions and investor demand as well as our efforts to expand our investor base in the United States and abroad.

Occupancy and facility costs together with depreciation expense increased \$2 million versus the 2008 quarter. We have recently been expanding and renovating our facilities to accommodate business demands, though these initiatives have been moderated in 2009.

Other operating expenses were down \$11.3 million, or 25% from the first quarter of 2008, including \$2.4 million of lower distribution expenses recognized on lower 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 decrease in our administrative revenues recognized from the 12b-1 fees discussed above. Our cost control efforts also resulted in \$7.2 million of reductions in travel and related costs, professional fees and other third party services.

Our non-operating investment activity resulted in a net loss of \$36.0 million in the first quarter of 2009 as compared to a net gain of \$14.3 million for the comparable 2008 quarter. This change of \$50.3 million is primarily attributable to \$35.6 million of unrealized other than temporary impairments of our investments in sponsored mutual funds that were recognized in the 2009 quarter because their fair value had been below cost for an extended period. The significant declines in fair value that have occurred over the last three quarters are generally attributable to the ongoing adverse market conditions discussed in the Background section above. See also the market risk discussion below in Item 3. The following table details our related mutual fund investment gains and losses during the first quarter.

	2008	2009	Change
Other than temporary impairments recognized		\$ (35.6)	\$ (35.6)
Capital gain distributions received	\$.9	—	(.9)
Net gain (loss) realized on fund dispositions	.9	(.6)	(1.5)
Net gain (loss) recognized on fund holdings	<u>\$ 1.8</u>	<u>\$ (36.2)</u>	<u>\$ (38.0)</u>

Lower income from our money market holdings due to the significantly lower interest rate environment, losses in our other investments, and the lack of any net foreign currency gains in the 2009 quarter account for the balance of the change.

The first quarter 2009 provision for income taxes as a percentage of pretax income is 35.4%, down from the 38.4% for the full year 2008, primarily to reflect certain adjustments made to our prior years' tax accruals. We currently estimate that our effective tax rate for the full year will be 38.0%.

CAPITAL RESOURCES AND LIQUIDITY.

Operating activities during the first quarter of 2009 provided cash flows of \$139.4 million, down \$119.2 million from the 2008 quarter, including a \$103.3 million decrease in net income. Other than temporary impairments of our investments in sponsored mutual funds of \$35.6 million were more than offset by timing differences of \$55.3 million in the cash settlement of our assets and liabilities. Our interim operating cash outflows do not include bonus compensation that is accrued throughout the year before being substantially paid out in December.

Net cash used in investing activities totaled \$47.3 million, up \$13.2 million from the 2008 period, primarily from a net increase of \$14.9 million in the investments held by our savings bank subsidiary that results from an increase in customer deposits.

Net cash used in financing activities was \$89.4 million in the first quarter of 2009, down \$310 million from the 2008 quarter. Compared to the 2008 quarter, we expended \$244 million less to repurchase our common shares. Further, during the first quarter of 2008, we changed our policy regarding the timing of dividend payments such that our quarterly dividends are declared and paid in the same quarter. Therefore, our cash outflows for the first quarter of 2008 included the payout of dividends for the fourth quarter 2007 and the first quarter of 2008. This resulted in our dividends paid in 2009 decreasing \$62.2 million from the 2008 period.

Our cash and mutual fund investments at March 31, 2009, were more than \$1.1 billion, and we have no debt. Given the availability of these financial resources, we do not maintain an available external source of liquidity.

NEW ACCOUNTING STANDARDS.

On April 9, 2009, the Financial Accounting Standards Board issued three staff positions related to fair value measurements, other-than-temporary impairments, and interim disclosures of fair value. We will adopt this new guidance in the second quarter 2009. As we do each reporting period, we have also considered all other newly issued but not adopted standards applicable to our operations and the preparation of our consolidated statements. We do not believe that any issued standard yet to be adopted will have a material effect on our financial position or results of operation.

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: our revenues, net income and earnings per share; changes in the amount and composition of our assets under management; our expense levels and possible expense savings; our estimated effective income tax rate; 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, Risk Factors, of our Form 10-K Annual Report for 2008. 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. Non-operating investment income (loss) will also fluctuate primarily due to the size of our investments and changes in their market valuations.

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, other incentive awards, changes in our employee count and mix, and competitive factors; our success in implementing and realizing upon existing and planned cost reduction efforts; 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.

Our revenues and net income are based primarily on the value of assets under our management. Accordingly, declines in financial market values like those recently experienced directly and negatively impact our investment advisory revenues, as well as our investment income and net income.

Financial market conditions have been extremely volatile and financial security valuations have declined. Our \$488.3 million portfolio of investments in sponsored mutual funds at March 31, 2009, includes a net unrealized loss of \$3.5 million comprising fund holdings with aggregate unrealized gains of \$18.4 million and aggregate unrealized losses of \$21.9 million. The aggregate unrealized losses are considered temporary and, accordingly are recognized in accumulated other comprehensive losses in stockholders' equity. Unrealized losses totaling \$12.6 million on investments valued at \$56.8 million at March 31, 2009, have been temporarily impaired on a continuous basis from December 31, 2008, while the balance of \$9.3 million of unrealized losses arose in the first quarter of 2009.

Because our fund holdings are considered available-for-sale securities, we recognize unrealized losses that are considered temporary in other comprehensive income. We review the carrying amount of each investment on a quarterly basis and recognize an impairment charge in non-operating investment income (loss) whenever an unrealized loss is considered other than temporary. A mutual fund holding with an impairment that has persisted daily throughout the six months between quarter-ends is generally presumed to have an other than temporary impairment unless there is persuasive evidence, such as an increase in value subsequent to quarter-end, to overcome that presumption. It is possible that we will determine at June 30, 2009, or at a subsequent quarter end, that continuous unrealized losses in one or more of our mutual fund investments have become other-than-temporary impairments. We could also sell our fund positions before a subsequent quarter-end reporting date and recognize previously unrealized losses. The amount and timing of any subsequent charge will be dependent on future market performance.

There has been no other material change in the information provided in Item 7A of our Form 10-K Annual Report for 2008.

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, 2009. Based on that evaluation, our principal executive and principal financial officers have concluded that our disclosure controls and procedures as of March 31, 2009, 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 quarterly 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 2009, and has concluded that there was no change during the first quarter of 2009 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.

From time to time, various claims against us arise in the ordinary course of business, including employment-related claims. In the opinion of management, after consultation with counsel, the likelihood that an adverse determination in one or more pending claims would have a material adverse effect on our financial position or result 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 2008.

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

(c) Repurchase activity during the first quarter of 2009 conducted pursuant to the Board of Directors' June 5, 2008, authorization follows.

Month	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Maximum Number of Shares that May Yet Be Purchased Under the Program
January	920,320	\$ 28.72	920,320	13,759,110
February	800,000	25.14	800,000	12,959,110
March	200,000	21.73	200,000	12,759,110
Total	<u>1,920,320</u>	<u>\$ 26.50</u>	<u>1,920,320</u>	

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

The annual meeting of our stockholders was held on April 8, 2009. The proxy statement and solicitation pertaining to this meeting were previously filed with the Commission. Shares eligible to vote were 255,943,130 at the record date of February 6, 2009. The nine nominees for the Board of Directors were elected to hold office until the next annual meeting of stockholders and until their respective successors are elected and qualify. The tabulation of votes was:

Nominee	For	Against	Abstain
Edward C. Bernard	218,764,780	4,961,422	388,793
James T. Brady	221,329,549	2,408,570	376,877
J. Alfred Broaddus, Jr.	221,813,573	1,920,745	380,677
Donald B. Hebb, Jr.	206,788,673	16,985,330	340,993
James A.C. Kennedy	219,066,093	4,739,001	309,902
Brian C. Rogers	218,661,436	5,081,431	372,129
Dr. Alfred Sommer	222,046,022	1,666,433	402,541
Dwight S. Taylor	221,963,324	1,761,550	390,121
Anne Marie Whittemore	215,712,682	8,082,714	319,599

The appointment of KPMG LLP as the company's independent registered public accounting firm for 2009 was ratified by a vote of 216,475,715 for; 7,327,990 against; and 311,290 abstentions.

Item 5. Other Information.

On April 22, 2009, we issued a press release reporting our results of operations for the first quarter of 2009. A statement regarding our workforce reduction of 288 associates is included in the press release. We expect to incur net costs of about \$2.5 million in the second quarter 2009 related to this workforce reduction. A copy of that 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).1 Charter of T. Rowe Price Group, Inc., as Amended by Articles of Amendment dated April 10, 2008. (Incorporated by reference from Form 10-Q Report for the quarterly period ended March 31, 2008; Accession No. 0000950133-08-001597.)
- 3(ii) Amended and Restated By-Laws of T. Rowe Price Group, Inc. as of February 12, 2009. (Incorporated by reference from Form 8-K Current Report as of February 17, 2009; Accession No. 0000950133-09-000369.)
- 10.08 Amended and Restated 2007 Non-Employee Director Equity Plan as of February 12, 2009, including forms of agreements for awards granted after that date.
- 10.16.3 Second Amendment to 2001 Stock Incentive Plan dated December 12, 2008.
- 10.17.2 First Amendment to 2004 Stock Incentive Plan dated December 12, 2008.
- 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 22, 2009, reporting our results of operations for the first quarter of 2009.

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 22, 2009.

T. Rowe Price Group, Inc.

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

**T. ROWE PRICE GROUP, INC.
AMENDED AND RESTATED
2007 NON-EMPLOYEE DIRECTOR EQUITY PLAN**

1) Purpose

T. Rowe Price Group, Inc., a Maryland corporation (the "Company"), maintains the T. Rowe Price Group, Inc. 2007 Non-Employee Director Equity Plan (the "Plan") for the benefit of Non-Employee Directors of the Company. The Plan is intended to benefit the Company by providing Non-Employee Directors of the Company with a proprietary stake in the Company's future success and, thereby, aligning their interests with those of the Company's stockholders. The Plan hereby is amended and restated, as set forth herein, effective as of February 12, 2009, to be known hereafter as the T. Rowe Price Group, Inc. Amended and Restated 2007 Non-Employee Director Equity Plan.

The Plan provides for equity grants to Non-Employee Directors which they may choose to receive in the form of stock options, restricted shares, or stock units.

2) Definitions

Under this Plan, except where the context otherwise indicates, the following definitions apply:

- a) "Account" means a bookkeeping reserve account to which Stock Units are credited on behalf of Non-Employee Directors.
 - b) "Annual Meeting" means the annual meeting of the stockholders of the Company at which members of the Board are to be elected.
 - c) "Award" means a share of Common Stock, Stock Unit, or Option granted under this Plan.
 - d) "Board" means the Board of Directors of the Company.
 - e) "Change in Control" means the earliest to occur of any of the following events, construed in accordance with Code section 409A:
 - i) Any one person or more than one person acting as a group acquires, or has acquired during the twelve-month period ending on the date of the most recent acquisition by such person or group, beneficial ownership of thirty-five percent or more of the total voting power of the Company's then outstanding voting securities;
 - ii) A majority of the members of the Company's Board is replaced during any twelve-month period by directors whose appointment or election is not endorsed or approved by a majority of the members of the Board who were members of the Board of Directors prior to the initiation of the replacement; or
-

iii) Any one person or more than one person acting as a group acquires, or has acquired during the twelve-month period ending on the date of the most recent acquisition by such person or group, assets of the Company that have a total gross fair market value of forty percent or more of the total gross fair market value of all of the assets of the Company immediately prior to the initiation of the acquisition.

f) "Code" means the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder.

g) "Common Stock" means the common stock, par value \$.20 per share, of the Company.

h) "Company," means T. Rowe Price Group, Inc., a Maryland corporation.

i) "Effective Date" means April 12, 2007.

j) "Election Form" means the form prescribed by the Plan Administrator on which a Non-Employee Director specifies the form in which his or her Initial Director Grant or Periodic Grants are to be granted.

k) "Fair Market Value" means, with respect to the Common Stock, as of any date:

i) if the principal market for the Common Stock (as determined by the Plan Administrator if the Common Stock is listed or admitted to trading on more than one exchange or market) is a national securities exchange or an established securities market, the official closing price per share of Common Stock for the regular market session on that date on the principal exchange or market on which the Common Stock is then listed or admitted to trading or, if no sale is reported for that date, on the last preceding day on which a sale was reported;

ii) if the principal market for the Common Stock is not a national securities exchange or an established securities market, the average of the highest bid and lowest asked prices for the Common Stock on that date as reported on a national quotation system or, if no prices are reported for that date, on the last preceding day on which prices were reported; or

iii) if the Common Stock is neither listed or admitted to trading on a national securities exchange or an established securities market, nor quoted by a national quotation system, the value determined by the Plan Administrator in good faith.

l) "Incumbent Director" means a person who is a Non-Employee Director immediately before and on the Effective Date.

- m) "Initial Director Grant" means the initial grant of Restricted Shares or Stock Units to a Non-Employee Director pursuant to Section 5(a).
- n) "Initial Plan Year" means the first Plan Year commencing on the Effective Date.
- o) "New Director" means a person who (i) is first elected or appointed as a Non-Employee Director on or after the Effective Date, or (ii) first becomes a Non-Employee Director on or after the Effective Date.
- p) "Non-Employee Director" means a member of the Board who, at the relevant time, is not an employee of the Company or of any direct or indirect subsidiary or affiliate of the Company.
- q) "Option" means a nonstatutory option to purchase shares of Common Stock.
- r) "Periodic Grant" means the grant of Options, Restricted Shares or Stock Units to a Non-Employee Director pursuant to Section 5(b).
- s) "Plan" means this T. Rowe Price Group, Inc. 2007 Non-Employee Director Equity Plan, as amended from time to time.
- t) "Plan Administrator" means the Nominating and Corporate Governance Committee of the Board.
- u) "Plan Share Reserve" means the maximum number of shares of Common Stock that may be issued with respect to Awards granted under the Plan.
- v) "Plan Year" shall be the twelve-month period coinciding with the calendar year; provided, however, that the first Plan Year shall be a shorter period commencing on the Effective Date and ending on December 31, 2007.
- w) "Restricted Shares" means shares of Common Stock that, upon issuance, are nontransferable and subject to forfeiture for a specified period.
- x) "Stock Unit" means a share equivalent credited to a Non-Employee's Account and which represents the Company's unfunded promise to deliver one share of Common Stock upon a specified future event or date.
- y) "Termination Date" means the date on which a Non-Employee Director ceases to serve as a member of the Board and has otherwise incurred a "separation from service" within the meaning of Code section 409A.

3) Administration

The Plan Administrator shall have full authority to administer the Plan. This authority includes, without limitation, authority (i) to interpret and construe any provision of the Plan and the terms of any Award granted under it, (ii) to modify in its discretion the number, timing and/or terms of Awards to be granted pursuant to Section 5 of the Plan without requiring stockholder approval thereof, and (iii) in general, to make all other determinations advisable for the administration of the Plan to achieve its stated purpose. This authority also includes the authority, as the Plan Administrator may deem necessary or advisable, to adopt such rules, regulations, agreements, guidelines and instruments for administering the Plan and for conducting the Plan Administrator's business. A majority of the members of the Plan Administrator shall constitute a quorum for the transaction of business and the vote of a majority of those members present at any meeting at which a quorum is present shall decide any question brought before that meeting. In lieu of a meeting, the Plan Administrator may take action by unanimous written consent. Decisions of the Plan Administrator shall be final and binding on all parties. The Plan Administrator shall have the power to delegate all or any of its non-discretionary duties to one or more designees. To the maximum extent permitted by law, no member of the Plan Administrator or its designees shall be liable for any action taken or decision made in good faith relating to the Plan or any Award. To the maximum extent permitted by law and by the Company's charter and by-laws, the members of the Plan Administrator and its designees shall be indemnified by the Company in respect of all their activities under the Plan.

4) Stock Reserved for the Plan

a) *Plan Share Reserve.* Subject to the following provisions of this Section 4 and adjustments as provided in Section 8 of the Plan, the Plan Share Reserve shall be equal to 750,000 shares of Common Stock.

b) *Adjustments to Plan Share Reserve.* If any Award, or portion of an Award, under the Plan expires or terminates unexercised, becomes unexercisable or is forfeited or otherwise terminated, surrendered or canceled as to any shares, the shares subject to such Award shall thereafter be available for further Awards under the Plan.

c) *Share Accounting.* Any shares of Common Stock subject to Options granted under the Plan shall be counted against the Plan Share Reserve set forth in Section 4(a) as one share of Common Stock for every one share subject to such Award. Any shares of Common Stock subject to Awards other than Options shall be counted against the Plan Share Reserve set forth in Section 4(a) as three and one-third shares of Common Stock for every one share subject to such Award.

d) *Source of Shares.* The Company shall reserve for issuance pursuant to this Plan such number of shares of Common Stock as may from time to time be granted or subject to Awards hereunder. The source of the shares of Common Stock issued pursuant to this Plan may be, in the discretion of the Board or the Plan Administrator, authorized and unissued shares, shares purchased on the open market, or shares derived from any other proper source. In the absence of any specific determination by the Board or the Plan Administrator, the source shall be authorized and unissued shares.

5) Grants of Equity Awards

a) *Initial Director Grant.* Each person first elected or appointed as a Non-Employee Director on or after the Effective Date, shall be granted, as of the close of business on the date of the first regular meeting of the Board held on or after the date of such Non-Employee Director's election or appointment, an Initial Director Grant of 4,000 Restricted Shares or 4,000 Stock Units, in such form as the Non-Employee Director shall have elected pursuant to Section 7. Notwithstanding the foregoing sentence, a person who was an employee of the Company or any of its subsidiaries or affiliates at any time within three years before becoming a Non-Employee Director shall not be entitled to receive an Initial Director Grant.

b) *Periodic Grants.* Each Non-Employee Director shall be granted, as of the close of business on the third business day following the earnings release for the first and third fiscal quarter of each year, in such form as the Non-Employee Director shall have elected pursuant to Section 7, an Award of 4,000 Options, 1,200 Restricted Shares, or 1,200 Stock Units.

c) *Non-duplication of Grants.* Notwithstanding the provisions of Section 5(b) above, Periodic Grants will not be granted to a Non-Employee Director during the calendar year in which the Non-Employee Director receives his or her Initial Director Grant.

d) *Grant Eligibility.* No individual shall be granted an Award under this Plan unless such individual is a Non-Employee Director on the applicable grant date.

e) *Modification of Awards.* The Plan Administrator in its discretion may modify the number and/or timing of the Awards to be granted pursuant to the provisions of Sections 5(a) and 5(b) above without stockholder approval.

6) Terms of Awards

a) *Terms of Options.* Each Option granted under this Plan on or after February 12, 2009, shall:

i) have an exercise price for each share subject thereto equal to the Fair Market Value of the Common Stock on the grant date;

ii) be unvested and not be exercisable as to any shares when granted and, subject to the provisions of Section 8(b)(ii), shall (A) if granted as an Initial Director Grant, become vested and exercisable in full as of the close of business on the earlier of the Non-Employee Director's date of death or the first anniversary of the grant date, and (B) if granted as a Periodic Grant, become vested and exercisable in full as of the close of business on the earliest of the Non-Employee Director's date of death, the first anniversary of the grant date, or the day immediately prior to the Annual Meeting that occurs in the next calendar year following the year in which the grant date occurs, provided that in the case of subclause (A) or (B) of this Section 6(a)(ii) the holder is a member of the Board on the applicable vesting date;

iii) terminate and no longer be exercisable, to the extent unvested, when the Non-Employee Director ceases to be a member of the Board for any reason other than death, and to the extent vested, on the earlier to occur of the expiration of ten years after the grant date of such Option or five years after the Non-Employee Director ceases to be a member of the Board for any reason; and

iv) provide for payment of the exercise price via cash, check, or tender of shares of Common Stock, by way of a broker-assisted cashless exercise in accordance with procedures established by the Plan Administrator, or any combination thereof.

Options granted under this Plan are not transferable by the Non-Employee Director otherwise than by will or the laws of descent and distribution and are exercisable during the Non-Employee Director's lifetime only by the Non-Employee Director; except that with the consent of the Plan Administrator, Options may be transferred to a family member or a trust, partnership or the like for the benefit of the Non-Employee Director or such family members. No assignment or transfer of an Option, or of the rights represented thereby, whether voluntary or involuntary, by operation of law or otherwise, except by will, the laws of descent and distribution or by consent of the Plan Administrator, shall vest in the assignee or transferee any interest or right therein whatsoever, but immediately upon any attempt to assign or transfer the Option the same shall terminate and be of no force or effect. No Option holder shall have any rights as a stockholder with respect to any shares of Common Stock covered by an Option until the date a stock certificate or certificates representing such shares is issued or such other evidence of issuance of the shares to the person is entered on the records of the Company. Except as provided in Section 8, no adjustment for dividends or otherwise shall be made if the record date is prior to the date of issuance of the shares of Common Stock purchased pursuant to exercise of the Option.

b) *Terms of Restricted Shares.* All Restricted Shares granted under this Plan on or after February 12, 2009, shall:

i) be unvested and forfeitable upon grant and shall not be transferable or subject in any manner to anticipation, alienation, sale, exchange, assignment, pledge, encumbrance, or garnishment, or in any other manner made subject to a hedge transaction or puts and calls prior to becoming vested in full;

ii) subject to the provisions of Section 8(b)(ii), (A) if granted as an Initial Director Grant, become vested in full, no longer subject to risk of forfeiture and transferable (subject to any restrictions imposed by law and any then-applicable stock ownership and retention guidelines for directors of the Company) as of the close of business on the earlier of the Non-Employee Director's date of death or the first anniversary of the grant date, and (B) if granted as a Periodic Grant, become vested in full, no longer subject to risk of forfeiture and transferable (subject to any restrictions imposed by law and any then-applicable stock ownership and retention guidelines for directors of the Company) as of the close of business on the earliest of the Non-Employee Director's date of death, the first anniversary of the grant date, or the day immediately prior to the Annual Meeting that occurs in the next calendar year following the year in which the grant date occurs, provided that in the case of subclause (A) or (B) of this Section 6(b)(ii) the holder is a member of the Board on the applicable vesting date; and

iii) entitle the holder to all the rights of a stockholder, including voting and rights to receive dividends and distributions with respect to such shares, but shall be subject to transfer restrictions until vested.

If the 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 upon such cessation without any consideration paid therefor. The Non-Employee Director will be reflected on the Company's books as the owner of record of the shares of Common Stock represented by the Restricted Shares as of the grant date. The Company will retain the shares in uncertificated book entry form with a notation as to their nontransferability, until the Restricted Shares become vested and nonforfeitable. As soon as practicable after vesting of the Restricted Shares, the Company will remove any notation of nontransferability of the shares on its books and, unless requested to deliver a share certificate to the Non-Employee Director, or to deliver shares electronically or in certificate form to the Non-Employee Director's designated broker on the director's behalf, for such vested shares, the Company will retain the shares in uncertificated book entry form. All regular cash dividends payable with respect to the Restricted Shares will be paid directly to the Non-Employee Director on the applicable dividend payment dates, notwithstanding that the shares are then unvested.

c) *Terms of Stock Units.* All Stock Units granted under this Plan on or after February 12, 2009, shall:

i) be unvested and subject to risk of forfeiture when granted and, subject to the provisions of Section 8(b)(ii), shall (A) if granted as an Initial Director Grant, become vested in full and no longer subject to risk of forfeiture as of the close of business on the earlier of the Non-Employee Director's date of death or the first anniversary of the grant date, and (B) if granted as a Periodic Grant, become vested in full as of the close of business on the earliest of the Non-Employee Director's date of death, the first anniversary of the grant date, or the day immediately prior to the Annual Meeting that occurs in the next calendar year following the year in which the grant date occurs, provided that in the case of subclause (A) or (B) of this Section 6(c)(i) the holder is a member of the Board on the applicable vesting date;

ii) at all times be nontransferable and not subject in any manner to anticipation, alienation, sale, exchange, transfer, assignment, pledge, encumbrance, or garnishment, or in any other manner made subject to a hedge transaction or puts and calls; and

iii) be settled in shares of Common Stock, to the extent vested, upon the Non-Employee Director's Termination Date, unless the Non-Employee director is a "specified employee" (as defined under Code section 409A and determined in good faith by the Plan Administrator). If a Non-Employee Director is a "specified employee" on the Termination Date, the restricted stock units to be settled on account of the occurrence of that Termination Date will be settled within 15 days after the end of the six-month period beginning on that Termination Date or, if earlier, within 15 days after the appointment of the personal representative or executor of the estate after the Non-Employee Director's death.

If 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 upon such cessation without any consideration paid therefor. Upon settlement, the Company shall issue to the unit holder, or the unit holder's estate as applicable, a number of shares of Common Stock equal to the number of whole, vested Stock Units then credited to the unit holder's Account; any fractional Stock Units will be settled in cash. The grant of a Stock Unit shall not entitle the unit holder to voting or other rights as a stockholder until shares of Common Stock are issued to the unit holder upon settlement. If the Company declares a cash dividend payable to the holders of its Common Stock, then, on the dividend payment date, each unit holder who has Stock Units credited to an Account on the record date for such dividend will be credited with dividend equivalents in the form of additional, vested Stock Units. The number of Stock Units to be credited shall be equal to the quotient determined by dividing (a) by (b), where (a) is the product of (i) the cash dividend payable per share of Common Stock, multiplied by (ii) the number of whole Stock Units credited to the unit holder's Account as of the record date, and (b) is the Fair Market Value of a share of Common Stock on the dividend payment date. The Plan Administrator shall determine, in its discretion, whether to credit fractional units to the Account, eliminate fractional units, or pay out fractional units in cash to the unit holder on the dividend payment date. If the unit holder's Stock Units have been settled after the record date but prior to the dividend payment date, any Stock Units that would be credited pursuant to the preceding sentence shall be settled on or as soon as practicable after the dividend payment date.

d) *Award Agreement.* Each Award granted under this Plan shall be evidenced by an agreement, in a form approved by the Plan Administrator, which shall be subject to the terms and conditions of the Plan.

7) Election Procedures

a) *Election Timing Rules.* Each Non-Employee Director shall elect the form in which he or she will be granted Awards under the Plan by filing with the treasurer of the Company an Election Form in accordance with the following rules:

i) *Initial Plan Elections.* For the Initial Plan Year, Incumbent Directors must file an Election Form prior to or within 14 days after the Effective Date. Such elections shall apply to Awards that are scheduled to be granted, under the terms of Section 5, after the written notice is received by the treasurer of the Company.

ii) *Elections by New Directors.* Each New Director must file an Election Form prior to or within 14 days after becoming a Non-Employee Director. Such election shall apply to Awards that are scheduled to be granted, under the terms of Section 5, after the written notice is received by the treasurer of the Company.

iii) *Modification of Elections.* Election Forms will remain in effect from year to year unless modified prospectively by the Non-Employee Director for a subsequent Plan Year. A Non-Employee Director may modify an existing Election Form for any subsequent Plan Year by filing a new Election Form with the treasurer of the Company by December 31st of the year preceding the Plan Year for which the modification is to become effective. A Non-Employee Director may not modify an Election Form with respect to Awards to be granted during a Plan Year after the Plan Year has commenced.

b) *Default Election.* If a Non-Employee Director does not have a valid Election Form in effect at the relevant time, the Non-Employee Director's Award shall be made in the form of Stock Units.

8) Adjustments for Corporate Transactions and Other Events

a) *Capital Adjustments.* The Plan Share Reserve, the number of shares covered by each outstanding Award or reflected in the Accounts, the exercise price per share of each outstanding Option, and the number of Awards to be granted pursuant to Section 5 shall all be proportionately adjusted automatically for any increase or decrease in the number of issued shares of Common Stock of the Company resulting from a subdivision or consolidation of shares or other capital adjustment, or the payment of a stock dividend or other increase or decrease in such shares, effected without receipt of consideration by the Company. In the case of other changes in the Company's capitalization, adjustments shall be made to reflect the transaction as determined by the Plan Administrator to be necessary or appropriate. The Plan Administrator shall determine the treatment of fractional shares and fractional cents that arise with respect to outstanding Awards as a result of the adjustments to be made under this Section 8(a), which treatment may include the cancellation of fractional shares without payment therefor. The Plan Administrator will make the adjustments and determinations under this Section 8(a), and its determination will be final, binding and conclusive.

b) *Merger, Consolidation, or Other Events.*

i) *Non-Change in Control Transactions.* Except with respect to the transactions set forth in Section 8(a), in the event of any change affecting the Common Stock, the Company or its capitalization, by reason of a spin-off, split-up, dividend, recapitalization, merger, consolidation or share exchange, other than any such change that is part of a transaction resulting in a Change in Control of the Company, the Plan Administrator, in its discretion and without the consent of the holders of the Awards, may make (A) appropriate adjustments to the maximum number and kind of shares reserved for issuance or with respect to which Awards may be granted under the Plan, as provided in Section 4 of the Plan; and (B) any adjustments in outstanding Awards, including but not limited to modifying the number, kind and price of securities subject to the Awards.

ii) *Change in Control Transactions.* In the event of any transaction resulting in a Change in Control of the Company, (A) all outstanding Awards will become fully vested immediately before and contingent upon the Change in Control; (B) all outstanding Options not exercised prior to or upon the Change in Control will terminate at the effective time of such Change in Control unless provision is made in connection with the transaction for the continuation, assumption or settlement of such Options by, or for the substitution of equivalent options of, the surviving or successor entity or a parent thereof; and (C) all Stock Units credited to Accounts as of the Change in Control will be settled in shares or in cash at the discretion of the Board upon the Change in Control or as soon as practicable thereafter but in no event later than the close of the calendar year in which the Change in Control occurs.

iii) *Other*. In the event of a change in the Company's Common Stock which is limited to a change in the designation thereof to "Capital Stock" or other similar designation, or to a change in the par value thereof, or from par value to no par value, without increase in the number of issued shares, the shares resulting from any such change shall be deemed to be Common Stock within the meaning of the Plan.

9) Amendment, Modification and Termination of the Plan

The Board may amend, modify, or terminate this Plan at any time and from time to time; provided, however, that without the degree of stockholder approval required by the Company's charter or bylaws, applicable law, or the rules and regulations of any exchange or trading market on which the Company's securities are then traded, the Board may not: (a) increase the number of shares of Common Stock that may be issued under this Plan, (b) modify the share accounting provisions set forth in Section 4(c) of the Plan, or (c) modify the requirements as to eligibility for participation in this Plan. No amendment, modification, or termination of the Plan shall adversely affect the rights of a holder of an Award without the written consent of the holder. In the event that the Plan is terminated, the Company will continue to maintain the Accounts and settle Stock Units credited thereto only in accordance with the provisions of Code section 409A. Notwithstanding anything herein to the contrary, the Plan Administrator is authorized to amend the Plan in such manner as it may determine to be necessary or desirable to ensure the Plan's compliance with Section 409A of the Code or other applicable law or the rules and regulations of any exchange or trading market on which the Company's securities are then traded.

10) Claims Procedure

a) *Named Fiduciary*. The Plan Administrator shall be the named fiduciary for purposes of this claims procedure.

b) *Initial Claims*. If a Non-Employee Director or other person does not receive timely payment of any benefits which he or she believes are due and payable under the Plan, the claimant of such benefit must file a written claim with the Plan Administrator within 60 days from the date payment or delivery is refused. The Plan Administrator shall review the written claim and, if the claim is denied in whole or in part, shall provide, in writing and within 90 days of receipt of such claim, the specific reasons for such denial and reference to the provisions of this Plan upon which the denial is based and any additional material or information necessary to perfect the claim. Such written notice shall further indicate the steps to be taken by the claimant if a further review of the claim denial is desired.

c) *Appeals*. If the claimant desires a second review, he or she shall notify the Plan Administrator in writing within 60 days of the first claim denial. The claimant may review the Plan or any documents relating thereto and submit any written issues and comments he or she may feel appropriate. In its discretion, the Plan Administrator shall then review the second claim and provide a written decision within 60 days of receipt of such claim. This decision shall likewise state the specific reasons for the decision and shall include reference to specific provisions of the Plan upon which the decision is based.

11) Compliance With Laws And Regulations

The Plan, the grant of Awards, and the obligation of the Company to issue and deliver shares of Common Stock upon the exercise of Options, grant of Restricted Shares, or settlement of Stock Units shall be subject to all applicable foreign, federal and state laws, rules, and regulations and to such approvals by such governmental or regulatory agency or national securities exchange as may be required. The Company shall not be required to issue any shares of Common Stock upon the exercise of Options, grant of Restricted Shares, or settlement of Stock Units if the issuance of such shares shall constitute a violation by the Non-Employee Director or the Company of any provisions of any law or regulation of any governmental authority or national securities exchange. Each Award granted under this Plan shall be subject to the requirement that, if at any time the Plan Administrator shall determine that (a) the listing, registration or qualification of the shares subject thereto on any securities exchange or trading market or under any state or federal law of the United States or of any other country or governmental subdivision thereof, (b) the consent or approval of any governmental regulatory body, or (c) the making of investment or other representations are necessary or desirable in connection with the issue or purchase of shares subject thereto, no shares of Common Stock may be issued upon grant, settlement, or exercise of any Award unless such listing, registration, qualification, consent, approval or representation shall have been effected or obtained, free of any conditions not acceptable to the Plan Administrator. Any determination in this connection by the Plan Administrator shall be final, binding, and conclusive.

12) Miscellaneous

a) *Non-Guarantee of Service*. Nothing in the Plan or in any agreement evidencing an Award, nor any action taken pursuant to the Plan, shall confer any right on an individual to continue in the service of the Company as a Non-Employee Director or in any other capacity for any period of time or at a particular retainer or other rate of compensation, or as limiting, interfering with or otherwise affecting the provisions of the Company's charter, by-laws or the Maryland General Corporation Law relating to the removal of directors.

b) *Unfunded Status of Plan*. The Plan, with respect to Stock Units credited to Accounts, is intended to constitute and at all times shall be interpreted and administered so as to qualify as an unfunded deferred compensation plan for a select group of directors under the Employee Retirement Income Security Act of 1974, as amended. Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company and a Non-Employee Director or any other person. To the extent that any Non-Employee Director or other person acquires a right to receive payments from the Company pursuant to the Plan or any Award made under the Plan, such right shall be no greater than the right of an unsecured general creditor of the Company.

c) *Governing Law.* The validity, construction and effect of the Plan, of Award agreements entered into pursuant to the Plan, and of any rules, regulations, determinations or decisions made by the Plan Administrator relating to the Plan or such Award agreements, and the rights of any and all persons having or claiming to have any interest therein or thereunder, shall be determined exclusively in accordance with applicable federal laws and the laws of the State of Maryland, without regard to its conflict of laws principles.

d) *Effect on Other Plans.* On and after the Effective Date of this Plan, no further stock options shall be granted to Non-Employee Directors under the Company's 1998 Director Stock Option Plan.

e) *Effective Date and Expiration Date.* The Plan became effective on April 12, 2007, which is the date on which it was approved by the stockholders of the Company. No Award shall be granted under the Plan on or after the tenth anniversary of the Effective Date of the Plan. Subject to other applicable provisions of the Plan, all Awards made under the Plan prior to such termination of the Plan shall remain in effect until such Awards have been satisfied or terminated in accordance with the Plan and the terms of such Awards.

f) *409A Savings Clause.* It is intended that the Plan comply with Section 409A of the Code. The Plan shall be administered, interpreted and construed in a manner consistent with such Code Section. Should any provision of this Plan be found not to comply with the provisions of Section 409A of the Code, it shall be modified and given effect, in the sole discretion of the Plan Administrator and without requiring consent of any Award holder, in such manner as the Plan Administrator determines to be necessary or appropriate to comply with Section 409A of the Code.

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STATEMENT OF ADDITIONAL TERMS AND CONDITIONS
REGARDING AWARDS OF RESTRICTED STOCK UNITS
AS AN INITIAL GRANT TO NON-EMPLOYEE DIRECTORS

This Statement of Additional Terms and Conditions Regarding Awards of Restricted Stock Units as an Initial Grant to Non-Employee Directors (the “**Terms**”) and all of the provisions of the T. Rowe Price Group, Inc. Amended and Restated 2007 Non-Employee Director Equity Plan (the “**Plan**”) are incorporated into your award of restricted stock units, the specifics of which are described on the “Notice of Award of Restricted Stock Units and Restricted Stock Units Agreement” (the “**Notice**”) that you received. Once the Notice has been executed by you and by an authorized officer or agent of T. Rowe Price Group, Inc., the Terms, the Plan, and the Notice, together, constitute a binding and enforceable contract respecting your award of restricted stock units. That contract is referred to in this document as the “**Agreement.**”

1. **Terminology.** Capitalized words used in this document are defined in the Glossary at the end of this document.

2. **Vesting.** All of the restricted stock units are nonvested and forfeitable as of the date of award. For clarity, as used in this Agreement, the term “vest” means the lapse of restrictions on the restricted stock units. So long as your Service is continuous from the date of award until the applicable date upon which vesting is to occur, the restricted stock units will vest in full and become nonforfeitable as of the close of business upon the earliest of the following: (a) one year after the date of award, (b) your death, or (c) immediately before and contingent upon the occurrence of a Change in Control. With the exception of your Service terminating as a result of your death, none of the restricted stock units will become vested or nonforfeitable after your Service ceases unless otherwise determined by the Committee.

3. **Termination of Service.** If your Service ceases for any reason other than death, all restricted stock units that are not then vested and nonforfeitable will be immediately forfeited to the Company upon such cessation without payment of any consideration.

4. **Restrictions on Transfer.** Restricted stock units may not be assigned, transferred, pledged, hypothecated or disposed of in any way, whether by operation of law or otherwise, except by will or the laws of descent and distribution, and restricted stock units may not be made subject to execution, attachment or similar process or in any other manner be made subject to a hedge transaction or puts and calls.

5. **Dividend Equivalent Payments.** On each dividend payment date for each cash dividend payable with respect to T. Rowe Price Group common stock, the Company will credit a bookkeeping account in your name with dividend equivalents in the form of additional, vested restricted stock units. The number of restricted stock units to be credited shall equal the quotient, rounded to three decimal places, determined by dividing (a) by (b), where (a) is the product of (i) the cash dividend payable per share of T. Rowe Price Group common stock, multiplied by (ii) the number of restricted stock units credited to your account as of the record date, and (b) is the Fair Market Value of a share of T. Rowe Price Group common stock on the dividend payment date. If your vested restricted stock units have been settled after the record date but prior to the dividend payment date, any restricted stock units that would be credited pursuant to the preceding sentence shall be settled on or as soon as practicable after the dividend payment date. Nothing herein shall preclude the Committee from exercising its discretion under the Plan to determine whether to eliminate fractional units or credit fractional units to accounts, and the manner in which fractional units will be credited.

6. Settlement of Units. Except as provided below, your restricted stock units, to the extent vested, will be settled automatically, via the issuance of T. Rowe Price Group common stock as described herein, as soon as practicable, but in all events within 30 days, after your Termination Date. You are not required to make any monetary payment as a condition to settlement of the restricted stock units. The Company will issue to you, in settlement of your restricted stock units, the number of whole shares of T. Rowe Price Group common stock that equals the number of whole vested restricted stock units credited to your account under the Plan as of your Termination Date, and the vested restricted stock units will cease to be outstanding upon the issuance of those shares. Any vested fractional restricted stock units will be settled in cash. Upon issuance of the settlement shares, unless you request the Company to deliver a share certificate to you, or to deliver shares electronically or in certificate form to your designated broker, bank or nominee on your behalf, the Company will retain the shares in uncertificated book entry form. Notwithstanding the foregoing, all restricted stock units credited to your account as of a Change in Control will be settled in shares or in cash at the discretion of the Board of Directors upon the Change in Control or as soon as practicable thereafter but in no event later than the close of the calendar year in which the Change in Control occurs.

7. Adjustments for Corporate Transactions and Other Events.

(a) Stock Dividend, Stock Split and Reverse Stock Split. Upon a stock dividend of, or stock split or reverse stock split affecting, the T. Rowe Price Group common stock, the number of outstanding restricted stock units shall, without further action of the Committee, be adjusted to reflect such event; provided, however, that any fractional restricted stock units resulting from any such adjustment shall be eliminated. Adjustments under this paragraph will be made by the Committee, whose determination as to what adjustments, if any, will be made and the extent thereof will be final, binding and conclusive.

(b) Merger, Consolidation and Other Events. If the Company shall be the surviving or resulting corporation in any merger or consolidation and the T. Rowe Price Group common stock shall be converted into or exchanged for other securities, the restricted stock units shall pertain to and apply to the securities to which a holder of the number of shares of T. Rowe Price Group common stock subject to the restricted stock units would have been entitled. If the stockholders of the Company receive by reason of any distribution in total or partial liquidation or pursuant to any merger of the Company or acquisition of its assets, securities of another entity, or other property (including cash), then the rights of the Company under this Agreement shall inure to the benefit of the Company's successor, and this Agreement shall apply to the securities or other property (including cash) to which a holder of the number of shares of T. Rowe Price Group common stock subject to the restricted stock units would have been entitled, in the same manner and to the same extent as the restricted stock units.

8. Non-Guarantee of Directorship. Nothing in the Plan or this Agreement shall constitute or be evidence of any agreement or understanding, express or implied, that the Company will retain you as a member of the Board of Directors for any period of time or be construed as a limitation of the right of the stockholders to remove you from the Board of Directors in accordance with the Company's charter or bylaws.

9. Rights as Stockholder. Except as otherwise provided in this Agreement with respect to dividend equivalent payments, neither you nor any other person claiming through you shall have any rights with respect to any shares of T. Rowe Price Group common stock subject to the restricted stock units, including without limitation, any voting rights, unless and until such shares are duly issued and delivered to you.

10. The Company's Rights. The existence of the restricted stock units will not affect in any way the right or power of the Company or its stockholders to make or authorize any or all adjustments, recapitalizations, reorganizations or other changes in the Company's capital structure or its business, or any merger or consolidation of the Company, or any issue of bonds, debentures, preferred or other stocks with preference ahead of or convertible into, or otherwise affecting the T. Rowe Price Group common stock or the rights thereof, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of the Company's assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

11. Notices. All notices and other communications made or given pursuant to this Agreement shall be in writing and shall be sufficiently made or given if hand delivered or mailed by certified mail, addressed to you at the address contained in the records of the Company, or addressed to the Committee, care of the Company for the attention of its Payroll and Stock Transaction Group in the CFO-Finance Department at the Company's principal executive office or, if the receiving party consents in advance, transmitted and received via telecopy or via such other electronic transmission mechanism as may be available to the parties.

12. Electronic Delivery of Documents. The Company may electronically deliver, via e-mail or posting on the Company's website, these Terms, information with respect to the Plan or the restricted stock units, any amendments to the Agreement, and any reports of the Company provided generally to the Company's stockholders. You may receive from the Company, at no cost to you, a paper copy of any electronically delivered documents by contacting the Payroll and Stock Transaction Group in the CFO-Finance Department at BA-0372 in the Baltimore office or by telephone, at extension 7716.

13. Entire Agreement. This Agreement contains the entire agreement between the parties with respect to the restricted stock units awarded hereunder. Any oral or written agreements, representations, warranties, written inducements, or other communications made prior to the execution of the Notice correlating to these Terms with respect to the restricted stock units awarded hereunder shall be void and ineffective for all purposes.

14. Amendment. The Committee shall have the right, in its absolute and uncontrolled discretion, to alter or amend this Agreement, from time to time in any manner for the purpose of promoting the objectives of the Plan but only if all agreements awarding restricted stock units pursuant to the Plan which are in effect at the time of such alteration or amendment shall also be similarly altered or amended with substantially the same effect, and any alteration or amendment of this Agreement by the Committee shall, upon adoption thereof by the Committee, become and be binding and conclusive on all persons affected thereby without requirement for consent or other action with respect thereto by any such person. The Company shall give written notice to you of any such alteration or amendment of this Agreement by the Committee as promptly as practical after the adoption thereof. The foregoing shall not restrict the ability of you and the Company by mutual consent to alter or amend this Agreement in any manner which is consistent with the Plan and approved by the Committee.

15. Conformity with Plan. These Terms are intended to conform in all respects with, and are subject to all applicable provisions of, the Plan. Except as may be necessary to give effect to the amendment provisions of Section 14 of these Terms or the 409A savings clause provisions of Section 18 of these Terms, any inconsistencies between these Terms and the Plan shall be resolved in accordance with the terms of the Plan. In the event of any ambiguity in these Terms or any matters as to which these Terms are silent, the Plan shall govern. A copy of the Plan is available at <https://www2.troweprice.com/options> or in hard copy upon request to the Company's Payroll and Stock Transaction Group in the CFO-Finance Department at BA-0372 in the Baltimore office or by telephone, at extension 7716.

16. No Funding. This Agreement constitutes an unfunded and unsecured promise by the Company to make payments and issue shares of T. Rowe Price Group common stock in the future in accordance with its terms. You have the status of a general unsecured creditor of the Company as a result of receiving the award of restricted stock units. Any cash payment due under this Agreement with respect to dividend equivalent payments under Section 5 hereof will be paid from the general assets of the Company and nothing in this Agreement will be construed to give you or any other person rights to any specific assets of the Company.

17. Governing Law. The validity, construction and effect of this Agreement, and of any determinations or decisions made by the Committee relating to this Agreement, and the rights of any and all persons having or claiming to have any interest under this Agreement, shall be determined exclusively in accordance with the laws of the State of Maryland, without regard to its provisions concerning the applicability of laws of other jurisdictions. Any suit with respect hereto will be brought in the federal or state courts in the districts which include Baltimore, Maryland, and you hereby agree and submit to the personal jurisdiction and venue thereof.

18. 409A Savings Clause. This Agreement and the restricted stock units awarded hereunder are intended to comply with, or otherwise be exempt from, Section 409A of the Code. This Agreement and the restricted stock units shall be administered, interpreted and construed in a manner consistent with such Code Section. Should any provision of this Agreement or the restricted stock units be found not to comply with, or otherwise be exempt from, the provisions of Section 409A of the Code, to the extent possible it shall be modified and given effect, in the sole discretion of the Committee and without requiring your consent, in such manner as the Committee determines to be necessary or appropriate to comply with, or to effectuate an exemption from, Section 409A of the Code. The preceding provisions shall not be construed as a guarantee by the Company of any particular tax effect of the restricted stock units. Notwithstanding the provisions of Section 6 of these Terms, if you are a "specified employee" (as defined under Section 409A of the Code and determined in good faith by the Committee) when your Termination Date occurs and your restricted stock units are to be settled on account of the occurrence of such Termination Date, settlement of your restricted stock units will be made within 15 days after the end of the six-month period beginning on your Termination Date or, if earlier, within 15 days after the appointment of the personal representative or executor of your estate following your death.

19. Preemption of Applicable Laws or Regulations. Anything in this Agreement to the contrary notwithstanding, if, at any time specified herein for the issue of shares to you, any law, regulation or requirements of any governmental authority having jurisdiction in the premises shall require either the Company or you to take any action in connection with the shares then to be issued, the issue of such shares will be deferred until such action shall have been taken.

20. Headings. The headings in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

{Glossary begins on next page}

GLOSSARY

(a) “**Affiliate**” means any entity, whether now or hereafter existing, in which the Company has a proprietary interest by reason of stock ownership or otherwise (including, but not limited to, joint ventures, limited liability companies and partnerships) or any entity that provides services to the Company or a subsidiary or affiliated entity of the Company.

(b) “**Change in Control**” means the earliest to occur of any of the following events, construed in accordance with Code section 409A:

(i) Any one person or more than one person acting as a group acquires, or has acquired during the twelve month period ending on the date of the most recent acquisition by such person or group, beneficial ownership of thirty-five percent or more of the total voting power of the Company’s then outstanding voting securities;

(ii) A majority of the members of the Company’s Board of Directors is replaced during any twelve month period by directors whose appointment or election is not endorsed or approved by a majority of the members of the Board who were members of the Board of Directors prior to the initiation of the replacement; or

(iii) Any one person or more than one person acting as a group acquires, or has acquired during the twelve month period ending on the date of the most recent acquisition by such person or group, assets of the Company that have a total gross fair market value of forty percent or more of the total gross fair market value of all of the assets of the Company immediately prior to the initiation of the acquisition.

(c) “**Code**” means the Internal Revenue Code of 1986, as amended.

(d) “**Committee**” means the Nominating and Corporate Governance Committee of the Board of Directors of T. Rowe Price Group, Inc.

(e) “**Company**” means T. Rowe Price Group, Inc. and its Affiliates, except where the context otherwise requires. For purposes of determining whether a Change in Control has occurred, Company shall mean only T. Rowe Price Group, Inc.

(f) “**Fair Market Value**” means, with respect to shares of T. Rowe Price Group common stock, as of any date:

(i) if the principal market for shares of T. Rowe Price Group common stock (as determined by the Committee if shares of T. Rowe Price Group common stock are listed or admitted to trading on more than one exchange or market) is a national securities exchange or an established securities market, the official closing price per share of T. Rowe Price Group common stock for the regular market session on that date on the principal exchange or market on which shares of T. Rowe Price Group common stock are then listed or admitted to trading or, if no sale is reported for that date, on the last preceding day on which a sale was reported;

(ii) if the principal market for shares of T. Rowe Price Group common stock is not a national securities exchange or an established securities market, the average of the highest bid and lowest asked prices for shares of T. Rowe Price Group common stock on that date as reported on a national quotation system or, if no prices are reported for that date, on the last preceding day on which prices were reported; or

(iii) if shares of T. Rowe Price Group common stock are neither listed or admitted to trading on a national securities exchange or an established securities market, nor quoted by a national quotation system, the value determined by the Committee in good faith.

(g) "**Notice**" means the Notice of Award of Restricted Stock Units and Restricted Stock Units Agreement which correlates with these Terms and sets forth the specifics of the applicable award of restricted stock units.

(h) "**Plan**" means the T. Rowe Price Group, Inc. Amended and Restated 2007 Non-Employee Director Equity Plan.

(i) "**Service**" means your service as a member of the Board of Directors of the Company.

(j) "**Termination Date**" means the date on which you cease to serve as a member of the Board of Directors and have otherwise incurred a "separation from service" within the meaning of Section 409A of the Code.

(k) "**Terms**" mean this Statement of Additional Terms and Conditions Regarding Awards of Restricted Stock Units as an Initial Grant to Non-Employee Directors.

(l) "**You**"; "**Your**". You means the recipient of the restricted stock units as reflected in the Notice. Whenever the word "you" or "your" is used in any provision of this Agreement under circumstances where the provision should logically be construed, as determined by the Committee, to apply to the estate, personal representative, or beneficiary to whom the restricted stock units may be transferred by will or by the laws of descent and distribution, the words "you" and "your" shall be deemed to include such person.

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STATEMENT OF ADDITIONAL TERMS AND CONDITIONS
REGARDING AWARDS OF RESTRICTED STOCK
AS AN INITIAL GRANT TO NON-EMPLOYEE DIRECTORS

This Statement of Additional Terms and Conditions Regarding Awards of Restricted Stock as an Initial Grant to Non-Employee Directors (the “**Terms**”) and all of the provisions of the T. Rowe Price Group, Inc. Amended and Restated 2007 Non-Employee Director Equity Plan (the “**Plan**”) are incorporated into your award of restricted stock, the specifics of which are described on the “Notice of Award of Restricted Stock and Restricted Stock Agreement” (the “**Notice**”) that you received. Once the Notice has been executed by you and by an authorized officer or agent of T. Rowe Price Group, Inc., the Terms, the Plan, and the Notice, together, constitute a binding and enforceable contract respecting your award of restricted stock. That contract is referred to in this document as the “**Agreement**.”

1. **Terminology.** Capitalized words used in this document are defined in the Glossary at the end of this document.

2. **Vesting.** All of the Award Shares are nonvested and forfeitable as of the date of award. For clarity, as used in this Agreement, the term “vest” means the lapse of restrictions on the Award Shares. So long as your Service is continuous from the date of award until the applicable date upon which vesting is to occur, the Award Shares will vest in full and become nonforfeitable as of the close of business upon the earliest of the following: (a) one year after the date of award, (b) your death, or (c) immediately before and contingent upon the occurrence of a Change in Control. With the exception of your Service terminating as a result of your death, none of the Award Shares will become vested or nonforfeitable after your Service ceases unless otherwise determined by the Committee.

3. **Termination of Service.** If your Service ceases for any reason other than death, all Award Shares that are not then vested and nonforfeitable will be immediately forfeited to the Company upon such cessation for no consideration. Upon the request of the Committee, you must deliver to the Company a stock power, endorsed in blank, with respect to any Award Shares that have been forfeited pursuant to this Agreement.

4. **Restrictions on Transfer.**

(a) Until an Award Share becomes vested and nonforfeitable, it may not be assigned, transferred, pledged, hypothecated or disposed of in any way (whether by operation of law or otherwise) and may not be made subject to execution, attachment or similar process. Likewise, while nonvested and forfeitable, an Award Share shall not in any other manner be made subject to a hedge transaction or puts and calls. Notwithstanding the foregoing, after an Award Share becomes vested and nonforfeitable, it shall be subject to any restrictions on transfer imposed by law and any then-applicable stock ownership and retention guidelines for directors of the Company.

(b) The Company shall not be required to (i) transfer on its books any Award Shares that have been sold or transferred in contravention of this Agreement or (ii) treat as the owner of Award Shares, or otherwise accord voting, dividend or liquidation rights to, any transferee to whom Award Shares have been transferred in contravention of this Agreement.

5. Stock Certificates. You are reflected as the owner of record of the Award Shares as of the date of award on the Company's books. The Company will retain the Award Shares in uncertificated book entry form until the Award Shares become vested and nonforfeitable. All regular cash dividends on the Award Shares held by the Company will be paid directly to you on the dividend payment date. As soon as practicable after vesting of the Award Shares, the Company will remove any notation of nontransferability of the shares on its books and, unless you request the Company to deliver a share certificate to you, or to deliver shares electronically or in certificate form to your designated broker, bank or nominee on your behalf, the Company will retain the shares in uncertificated book entry form.

6. Tax Election. The Company recommends that you seek independent tax advice from your own advisors regarding the availability and advisability of making an election under Section 83(b) of the Internal Revenue Code of 1986, as amended. Any such election, if made, must be made within 30 days of the date of award. You are solely responsible for filing any such Section 83(b) election with the appropriate governmental authorities, irrespective of the fact that such election is also delivered to the Company.

7. Adjustments for Corporate Transactions and Other Events.

(a) Stock Dividend, Stock Split and Reverse Stock Split. Upon a stock dividend of, or stock split or reverse stock split affecting, the T. Rowe Price Group common stock, the Award Shares shall, without further action of the Committee, be adjusted to reflect such event. No fractional Award Shares will result from any such adjustments.

(b) Binding Nature of Agreement. The terms and conditions of this Agreement shall apply with equal force to any additional and/or substitute securities received by you in exchange for, or by virtue of your ownership of, the Award Shares, whether as a result of any spin-off, stock split-up, stock dividend, stock distribution, other reclassification of the T. Rowe Price Group common stock, or similar event, except as otherwise determined by the Committee. If the Award Shares are converted into or exchanged for, or stockholders of the Company receive by reason of any distribution in total or partial liquidation or pursuant to any merger of the Company or acquisition of its assets, securities of another entity, or other property (including cash), then the rights of the Company under this Agreement shall inure to the benefit of the Company's successor, and this Agreement shall apply to the securities or other property (including cash) received upon such conversion, exchange or distribution in the same manner and to the same extent as the Award Shares.

8. Non-Guarantee of Directorship. Nothing in the Plan or this Agreement shall constitute or be evidence of any agreement or understanding, express or implied, that the Company will retain you as a member of the Board of Directors for any period of time or be construed as a limitation of the right of the stockholders to remove you from the Board of Directors in accordance with the Company's charter or bylaws.

9. Rights as Stockholder. Except as otherwise provided in this Agreement with respect to the nonvested and forfeitable Award Shares, you are entitled to all rights of a stockholder of the Company, including the right to vote the Award Shares and receive dividends and/or other distributions declared on the Award Shares.

10. The Company's Rights. The existence of the Award Shares will not affect in any way the right or power of the Company or its stockholders to make or authorize any or all adjustments, recapitalizations, reorganizations or other changes in the Company's capital structure or its business, or any merger or consolidation of the Company, or any issue of bonds, debentures, preferred or other stocks with preference ahead of or convertible into, or otherwise affecting the T. Rowe Price Group common stock or the rights thereof, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of the Company's assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

11. Notices. All notices and other communications made or given pursuant to this Agreement shall be in writing and shall be sufficiently made or given if hand delivered or mailed by certified mail, addressed to you at the address contained in the records of the Company, or addressed to the Committee, care of the Company for the attention of its Payroll and Stock Transaction Group in the CFO-Finance Department at the Company's principal executive office or, if the receiving party consents in advance, transmitted and received via telecopy or via such other electronic transmission mechanism as may be available to the parties.

12. Electronic Delivery of Documents. The Company may electronically deliver, via e-mail or posting on the Company's website, these Terms, information with respect to the Plan or the Award Shares, any amendments to the Agreement, and any reports of the Company provided generally to the Company's stockholders. You may receive from the Company, at no cost to you, a paper copy of any electronically delivered documents by contacting the Payroll and Stock Transaction Group in the CFO-Finance Department at BA-0372 in the Baltimore office or by telephone, at extension 7716.

13. Entire Agreement. This Agreement contains the entire agreement between the parties with respect to the Award Shares awarded hereunder. Any oral or written agreements, representations, warranties, written inducements, or other communications made prior to the execution of the Notice correlating to these Terms with respect to the Award Shares awarded hereunder shall be void and ineffective for all purposes.

14. Amendment. The Committee shall have the right, in its absolute and uncontrolled discretion, to alter or amend this Agreement, from time to time in any manner for the purpose of promoting the objectives of the Plan but only if all agreements awarding restricted shares of T. Rowe Price Group common stock pursuant to the Plan which are in effect at the time of such alteration or amendment shall also be similarly altered or amended with substantially the same effect, and any alteration or amendment of this Agreement by the Committee shall, upon adoption thereof by the Committee, become and be binding and conclusive on all persons affected thereby without requirement for consent or other action with respect thereto by any such person. The Company shall give written notice to you of any such alteration or amendment of this Agreement by the Committee as promptly as practical after the adoption thereof. The foregoing shall not restrict the ability of you and the Company by mutual consent to alter or amend this Agreement in any manner which is consistent with the Plan and approved by the Committee.

15. Conformity with Plan. These Terms are intended to conform in all respects with, and are subject to all applicable provisions of, the Plan. Except as may be necessary to give effect to the amendment provisions of Section 14 of these Terms, any inconsistencies between these Terms and the Plan shall be resolved in accordance with the terms of the Plan. In the event of any ambiguity in these Terms or any matters as to which these Terms are silent, the Plan shall govern. A copy of the Plan is available at <https://www2.troweprice.com/options> or in hard copy upon request to the Company's Payroll and Stock Transaction Group in the CFO-Finance Department at BA-0372 in the Baltimore office or by telephone, at extension 7716.

16. Governing Law. The validity, construction and effect of this Agreement, and of any determinations or decisions made by the Committee relating to this Agreement, and the rights of any and all persons having or claiming to have any interest under this Agreement, shall be determined exclusively in accordance with the laws of the State of Maryland, without regard to its provisions concerning the applicability of laws of other jurisdictions. Any suit with respect hereto will be brought in the federal or state courts in the districts which include Baltimore, Maryland, and you hereby agree and submit to the personal jurisdiction and venue thereof.

17. Headings. The headings in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

{Glossary begins on next page}

GLOSSARY

(a) “**Affiliate**” means any entity, whether now or hereafter existing, in which the Company has a proprietary interest by reason of stock ownership or otherwise (including, but not limited to, joint ventures, limited liability companies and partnerships) or any entity that provides services to the Company or a subsidiary or affiliated entity of the Company.

(b) “**Award Shares**” means the shares of T. Rowe Price Group common stock awarded to you as set forth on the Notice.

(c) “**Change in Control**” means the earliest to occur of any of the following events, construed in accordance with Section 409A of the Internal Revenue Code of 1986, as amended:

(i) Any one person or more than one person acting as a group acquires, or has acquired during the twelve month period ending on the date of the most recent acquisition by such person or group, beneficial ownership of thirty-five percent or more of the total voting power of the Company’s then outstanding voting securities;

(ii) A majority of the members of the Company’s Board of Directors is replaced during any twelve month period by directors whose appointment or election is not endorsed or approved by a majority of the members of the Board who were members of the Board of Directors prior to the initiation of the replacement; or

(iii) Any one person or more than one person acting as a group acquires, or has acquired during the twelve month period ending on the date of the most recent acquisition by such person or group, assets of the Company that have a total gross fair market value of forty percent or more of the total gross fair market value of all of the assets of the Company immediately prior to the initiation of the acquisition.

(d) “**Committee**” means the Nominating and Corporate Governance Committee of the Board of Directors of T. Rowe Price Group, Inc.

(e) “**Company**” means T. Rowe Price Group, Inc. and its Affiliates, except where the context otherwise requires. For purposes of determining whether a Change in Control has occurred, Company shall mean only T. Rowe Price Group, Inc.

(f) “**Notice**” means the Notice of Award of Restricted Stock and Restricted Stock Agreement which correlates with these Terms and sets forth the specifics of the applicable restricted stock award.

(g) “**Plan**” means the T. Rowe Price Group, Inc. Amended and Restated 2007 Non-Employee Director Equity Plan.

(h) “**Service**” means your service as a member of the Board of Directors of the Company.

(i) “**Terms**” mean this Statement of Additional Terms and Conditions Regarding Awards of Restricted Stock as an Initial Grant to Non-Employee Directors.

(j) **“You”**; **“Your”**. You means the recipient of the Award Shares as reflected in the Notice. Whenever the word “you” or “your” is used in any provision of this Agreement under circumstances where the provision should logically be construed, as determined by the Committee, to apply to the estate, personal representative, or beneficiary to whom the Award Shares may be transferred by will or by the laws of descent and distribution, the words “you” and “your” shall be deemed to include such person.

{end of document}

STATEMENT OF ADDITIONAL TERMS AND CONDITIONS
REGARDING NON-EMPLOYEE DIRECTOR OPTION GRANTS

This Statement of Additional Terms and Conditions Regarding Non-Employee Director Option Grants (the “**Terms**”) and all of the provisions of the T. Rowe Price Group, Inc. Amended and Restated 2007 Non-Employee Director Equity Plan (the “**Plan**”) are incorporated into your grant of a non-qualified stock option, the specifics of which are described on the “Notice of Grant of Stock Options and Option Agreement” (the “**Notice**”) that you received. Once the Notice has been executed by you and by an authorized officer or agent of T. Rowe Price Group, Inc., the Terms, the Plan and the Notice, together, constitute a binding and enforceable contract respecting your grant of a nonqualified stock option. That contract is referred to in this document as the “**Agreement**”.

1. Terminology. Capitalized words used in this document are defined in the Glossary at the end of this document.

2. Stock Option Exercise Rights.

(a) So long as your Service is continuous from the date of grant until the applicable date upon which exercisability is to occur, your stock option will become exercisable in full upon the earliest of the following: (i) one year after the date of grant, (ii) the day immediately prior to the annual meeting of stockholders of the Company at which members of the Board of Directors are to be elected that occurs in the next calendar year following the year in which the date of grant occurs, (iii) your death, or (iv) immediately before and contingent upon the occurrence of a Change in Control.

(b) Once it has become exercisable, your stock option may be exercised by you, in whole or in part, at any time before the stock option expires or is otherwise terminated.

(c) No less than 100 shares of T. Rowe Price Group common stock may be purchased upon any one exercise of the stock option unless the number of shares purchased at such time is the total number of shares in respect of which the stock option is then exercisable.

(d) In no event will the stock option be exercisable for a fractional share.

3. Method of Exercising Option and Payment of Purchase Price.

(a) To exercise the stock option, you must deliver to the Company, from time to time, on any business day after the stock option has become exercisable and before it expires or otherwise terminates, an Exercise Notice specifying the number of shares you then desire to purchase and pay the aggregate purchase price for the shares specified in the Exercise Notice. The purchase price may be paid:

(i) by cash, check, wire transfer, bank draft or postal or express money order to the order of the Company for an amount in United States dollars equal to the aggregate purchase price for the number of shares specified in the Exercise Notice, such payment to be delivered with the Exercise Notice;

(ii) by tender of shares of T. Rowe Price Group common stock with a value (determined in accordance with Section 3(c)) equal to or less than the aggregate purchase price plus cash, check, wire transfer, bank draft or postal or express money order to the order of the Company for an amount in United States dollars equal to the amount, if any, by which the aggregate purchase price exceeds the value of such shares of T. Rowe Price Group common stock (determined in accordance with Section 3(c));

(iii) by broker-assisted cashless exercise in accordance with procedures satisfactory to the Committee; or

(iv) by a combination of these methods.

In the case of payment in shares of T. Rowe Price Group common stock, such payment must be made by no later than the end of the first business day after the Exercise Date, by delivery of the necessary share certificates, with executed stock powers attached, or transfer instructions, in the case of shares held in street name by a bank, broker, or other nominee, to the Company or by attestation of ownership in a form satisfactory to the Company, and in each case coupled with payment of any additional amount in cash or in one of the specified forms of acceptable cash equivalents for the balance of the aggregate purchase price.

(b) Within three business days after the Exercise Date and subject to the receipt of the aggregate purchase price, the Company will issue to you the number of shares of T. Rowe Price Group common stock with respect to which the stock option shall be so exercised. Unless and until you request the Company to deliver a share certificate to you, or deliver shares electronically or in certificate form to your designated broker, bank or nominee on your behalf, the Company will retain the shares that you purchased through exercise of the stock option in uncertificated book entry form.

(c) For purposes of Section 3(a), the value of shares of T. Rowe Price Group common stock tendered to exercise the stock option will be the official closing price per share of T. Rowe Price Group common stock for the regular market session on the Exercise Date on the principal exchange or market on which shares of T. Rowe Price Group common stock are then listed or admitted to trading, or, if no trades occurred on the Exercise Date, on the most recent preceding date for which an actual transaction in shares of T. Rowe Price Group common stock was reported. If the T. Rowe Price Group common stock is not then quoted on any recognized securities market, the value of the tendered shares shall be determined by the Committee in accordance with the Plan.

(d) There are no provisions in this Agreement for the granting of a replenishment option with respect to any shares of T. Rowe Price Group common stock tendered upon the exercise of the stock option.

4. **Termination.** Your stock option, to the extent not yet exercisable, shall terminate and be of no further force or effect when your Service ceases for any reason other than death. Your stock option, to the extent exercisable but not yet exercised, shall terminate and be of no further force or effect on the earlier to occur of (a) the expiration date set forth in the Notice or (b) the expiration of five years after your Service ceases for any reason.

5. Restrictions on Transfer. Only you may exercise your stock option during your lifetime and your stock option may not be assigned, transferred, pledged, hypothecated or disposed of in any way, whether by operation of law or otherwise, other than by will or the laws of descent and distribution, and your stock option shall not be subject to execution, attachment or similar process. Notwithstanding the foregoing, with the consent of the Committee, you may transfer your stock option to a family member or a trust, partnership or the like for your benefit or the benefit of such family members; provided, however, that the term "*family member*" shall not include an ex-spouse and no transfers may be made pursuant to any divorce or separation proceedings or settlements. No assignment or transfer of your stock option, or of the rights represented thereby, whether voluntary or involuntary, by operation of law or otherwise, except as provided for under the immediately preceding sentence, shall vest in the assignee or transferee any interest or right herein whatsoever, but immediately upon any attempt to assign or transfer your stock option, it shall terminate and be of no force or effect.

6. Adjustments for Corporate Transactions and Other Events.

(a) Recapitalization. The shares with respect to which this stock option is granted are shares of T. Rowe Price Group common stock as constituted on the date of grant, but if, and whenever, prior to the delivery by the Company of all of the shares of T. Rowe Price Group common stock with respect to which this stock option is granted, the Company shall effect a subdivision or consolidation of shares, or other capital readjustment, or the payment of a stock dividend, or other increase or decrease in the number of shares of T. Rowe Price Group common stock outstanding, without receiving compensation therefor in money, services or property, then (i) in the event of any increase in the number of such shares outstanding, the number of shares of T. Rowe Price Group common stock then remaining subject to this stock option will be proportionately increased (except that any fraction of a share resulting from any such adjustment will be excluded from the operation of this Agreement), and the cash consideration payable per share will be proportionately reduced, and (ii) in the event of a reduction in the number of such shares outstanding, the number of shares of T. Rowe Price Group common stock then remaining subject to this stock option will be proportionately reduced (except that any fraction of a share resulting from any such adjustment will be excluded from the operation of this Agreement), and the cash consideration payable per share will be proportionately increased. In the case of other changes in the Company's capitalization, adjustments shall be made to reflect the transaction as determined by the Committee to be necessary or appropriate. Adjustments under this paragraph will be made by the Committee, whose determination as to what adjustments, if any, will be made and the extent thereof will be final, binding and conclusive.

(b) Merger, Consolidation, or Other Events.

(i) Non-Change in Control Transactions. Except with respect to the transactions set forth in Section 6(a), in the event of any change affecting T. Rowe Price Group common stock, the Company or its capitalization, by reason of a spin-off, split-up, dividend, recapitalization, merger, consolidation or share exchange, other than any such change that is part of a transaction resulting in a Change in Control of the Company, the Committee, in its discretion and without your consent, may make adjustments in your outstanding stock option, including but not limited to modifying the number, kind and price of securities subject to the stock option.

(ii) Change in Control Transactions. In the event of any transaction resulting in a Change in Control of the Company, all of your outstanding stock options not exercised prior to or upon the Change in Control will terminate at the effective time of such Change in Control and be of no force and effect unless provision is made in connection with the transaction for the continuation, assumption or settlement of such stock options by, or for the substitution of equivalent options of, the surviving or successor entity or a parent thereof.

7. Non-Guarantee of Directorship. Nothing in the Plan or this Agreement shall constitute or be evidence of any agreement or understanding, express or implied, that the Company will retain you as a member of the Board of Directors for any period of time or be construed as a limitation of the right of the stockholders to remove you from the Board of Directors in accordance with the Company's charter or bylaws.

8. No Rights as a Stockholder. You shall not have any of the rights of a stockholder with respect to the shares of T. Rowe Price Group common stock subject to the stock option until such shares have been issued to you upon the due exercise of the stock option. No adjustment will be made for dividends or distributions or other rights for which the record date is prior to the date such shares are issued to you.

9. The Company's Rights. The existence of this stock option will not affect in any way the right or power of the Company or its stockholders to make or authorize any or all adjustments, recapitalizations, reorganizations or other changes in the Company's capital structure or its business, or any merger or consolidation of the Company, or any issue of bonds, debentures, preferred or other stocks with preference ahead of or convertible into, or otherwise affecting the T. Rowe Price Group common stock or the rights thereof, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of the Company's assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

10. Notices. All notices and other communications made or given pursuant to this Agreement shall be in writing and shall be sufficiently made or given if hand delivered or mailed by certified mail, addressed to you at the address contained in the records of the Company, or addressed to the Committee, care of the Company for the attention of its Payroll and Stock Transaction Group in the CFO-Finance Department at the Company's principal executive office or, if the receiving party consents in advance, transmitted and received via telecopy or via such other electronic transmission mechanism as may be available to the parties.

11. Electronic Delivery of Documents. The Company may electronically deliver, via e-mail or posting on the Company's website, these Terms, information with respect to the Plan or the stock option, any amendments to the Agreement, and any reports of the Company provided generally to the Company's stockholders. You may receive from the Company, at no cost to you, a paper copy of any electronically delivered documents by contacting the Payroll and Stock Transaction Group in the CFO-Finance Department at BA-0372 in the Baltimore office or by telephone, at extension 7716.

12. Entire Agreement. This Agreement contains the entire agreement between the parties with respect to the stock option granted hereunder. Any oral or written agreements, representations, warranties, written inducements, or other communications made prior to the execution of the Notice correlating to these Terms with respect to the stock option granted hereunder shall be void and ineffective for all purposes.

13. Amendment. The Committee shall have the right, in its absolute and uncontrolled discretion, to alter or amend this Agreement, from time to time in any manner for the purpose of promoting the objectives of the Plan but only if all agreements granting options to purchase shares of T. Rowe Price Group common stock pursuant to the Plan which are in effect and not wholly exercised at the time of such alteration or amendment shall also be similarly altered or amended with substantially the same effect, and any alteration or amendment of this Agreement by the Committee shall, upon adoption thereof by the Committee, become and be binding and conclusive on all persons affected thereby without requirement for consent or other action with respect thereto by any such person. The Company will give written notice to you of any such alteration or amendment of this Agreement by the Committee as promptly as practical after the adoption thereof. The foregoing shall not restrict the ability of you and the Company by mutual consent to alter or amend this Agreement in any manner which is consistent with the Plan and approved by the Committee.

14. Conformity with Plan. These Terms are intended to conform in all respects with, and are subject to all applicable provisions of, the Plan. Except as may be necessary to give effect to the amendment provisions of Section 13 of these Terms, any inconsistencies between these Terms and the Plan shall be resolved in accordance with the terms of the Plan. In the event of any ambiguity in these Terms or any matters as to which these Terms are silent, the Plan shall govern. A copy of the Plan is available at <https://www2.troweprice.com/options> or in hard copy upon request to the Company's Payroll and Stock Transaction Group in the CFO-Finance Department at BA-0372 in the Baltimore office or by telephone, at extension 7716.

15. Governing Law. The validity, construction and effect of this Agreement, and of any determinations or decisions made by the Committee relating to this Agreement, and the rights of any and all persons having or claiming to have any interest under this Agreement, shall be determined exclusively in accordance with the laws of the State of Maryland, without regard to its provisions concerning the applicability of laws of other jurisdictions. Any suit with respect hereto will be brought in the federal or state courts in the districts which include Baltimore, Maryland, and you hereby agree and submit to the personal jurisdiction and venue thereof.

16. Preemption of Applicable Laws or Regulations. Anything in this Agreement to the contrary notwithstanding, if, at any time specified herein for the issue of shares to you, any law, regulation or requirements of any governmental authority having jurisdiction in the premises shall require either the Company or you to take any action in connection with the shares then to be issued, the issue of such shares will be deferred until such action shall have been taken.

17. Headings. The headings in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

18. Nonqualified Nature of the Options. The stock option granted under this Agreement shall not be treated as an incentive stock option under Section 422 of the Internal Revenue Code of 1986, as amended.

{Glossary begins on next page}

GLOSSARY

(a) “**Affiliate**” means any entity, whether now or hereafter existing, in which the Company has a proprietary interest by reason of stock ownership or otherwise (including, but not limited to, joint ventures, limited liability companies and partnerships) or any entity that provides services to the Company or a subsidiary or affiliated entity of the Company.

(b) “**Agreement**” means the contract consisting of the Notice, the Terms and the Plan.

(c) “**Change in Control**” means the earliest to occur of any of the following events, construed in accordance with Section 409A of the Internal Revenue Code of 1986, as amended:

(i) Any one person or more than one person acting as a group acquires, or has acquired during the twelve month period ending on the date of the most recent acquisition by such person or group, beneficial ownership of thirty-five percent or more of the total voting power of the Company’s then outstanding voting securities;

(ii) A majority of the members of the Company’s Board of Directors is replaced during any twelve month period by directors whose appointment or election is not endorsed or approved by a majority of the members of the Board who were members of the Board prior to the initiation of the replacement; or

(iii) Any one person or more than one person acting as a group acquires, or has acquired during the twelve month period ending on the date of the most recent acquisition by such person or group, assets of the Company that have a total gross fair market value of forty percent or more of the total gross fair market value of all of the assets of the Company immediately prior to the initiation of the acquisition.

(d) “**Committee**” means the Nominating and Corporate Governance Committee of the Board of Directors of T. Rowe Price Group, Inc.

(e) “**Company**” means T. Rowe Price Group, Inc. and its Affiliates, except where the context otherwise requires. For purposes of determining whether a Change in Control has occurred, Company shall mean only T. Rowe Price Group, Inc.

(f) “**Exercise Date**” means the business day upon which you deliver to the Company the Exercise Notice and payment of the aggregate purchase price for the shares specified therein in accordance with the requirements of Section 3(a); provided that all of the conditions of the Agreement are satisfied.

(g) “**Exercise Notice**” means the written notice, in such form as may be required from time to time by the Committee, specifying the number of shares you desire to purchase under the stock option.

(h) “**Notice**” means the Notice of Grant of Stock Options and Option Agreement which correlates with these Terms and sets forth the specifics of the applicable stock option grant.

(i) "**Plan**" means the T. Rowe Price Group, Inc. Amended and Restated 2007 Non-Employee Director Equity Plan.

(j) "**Service**" means your service as a member of the Board of Directors of the Company.

(k) "**Terms**" mean this Statement of Additional Terms and Conditions Regarding Non-Employee Director Option Grants.

(l) "**You**"; "**Your**". You means the recipient of the stock option as reflected in the Notice. Whenever the word "you" or "your" is used in any provision of this Agreement under circumstances where the provision should logically be construed, as determined by the Committee, to apply to the estate, personal representative or beneficiary to whom the stock option may be transferred by will or by the laws of descent and distribution or otherwise pursuant to the terms of this Agreement, the words "you" and "your" shall be deemed to include such person.

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STATEMENT OF ADDITIONAL TERMS AND CONDITIONS
REGARDING AWARDS OF RESTRICTED STOCK
TO NON-EMPLOYEE DIRECTORS

This Statement of Additional Terms and Conditions Regarding Awards of Restricted Stock to Non-Employee Directors (the "**Terms**") and all of the provisions of the T. Rowe Price Group, Inc. Amended and Restated 2007 Non-Employee Director Equity Plan (the "**Plan**") are incorporated into your award of restricted stock, the specifics of which are described on the "Notice of Award of Restricted Stock and Restricted Stock Agreement" (the "**Notice**") that you received. Once the Notice has been executed by you and by an authorized officer or agent of T. Rowe Price Group, Inc., the Terms, the Plan, and the Notice, together, constitute a binding and enforceable contract respecting your award of restricted stock. That contract is referred to in this document as the "**Agreement**."

1. Terminology. Capitalized words used in this document are defined in the Glossary at the end of this document.

2. Vesting. All of the Award Shares are nonvested and forfeitable as of the date of award. For clarity, as used in this Agreement, the term "vest" means the lapse of restrictions on the Award Shares. So long as your Service is continuous from the date of award until the applicable date upon which vesting is to occur, the Award Shares will vest in full and become nonforfeitable as of the close of business upon the earliest of the following: (a) one year after the date of award, (b) the day immediately prior to the annual meeting of stockholders of the Company at which members of the Board of Directors are to be elected that occurs in the next calendar year following the year in which the date of award occurs, (c) your death, or (d) immediately before and contingent upon the occurrence of a Change in Control. With the exception of your Service terminating as a result of your death, none of the Award Shares will become vested or nonforfeitable after your Service ceases unless otherwise determined by the Committee.

3. Termination of Service. If your Service ceases for any reason other than death, all Award Shares that are not then vested and nonforfeitable will be immediately forfeited to the Company upon such cessation for no consideration. Upon the request of the Committee, you must deliver to the Company a stock power, endorsed in blank, with respect to any Award Shares that have been forfeited pursuant to this Agreement.

4. Restrictions on Transfer.

(a) Until an Award Share becomes vested and nonforfeitable, it may not be assigned, transferred, pledged, hypothecated or disposed of in any way (whether by operation of law or otherwise) and may not be made subject to execution, attachment or similar process. Likewise, while nonvested and forfeitable, an Award Share shall not in any other manner be made subject to a hedge transaction or puts and calls. Notwithstanding the foregoing, after an Award Share becomes vested and nonforfeitable, it shall be subject to any restrictions on transfer imposed by law and any then-applicable stock ownership and retention guidelines for directors of the Company.

(b) The Company shall not be required to (i) transfer on its books any Award Shares that have been sold or transferred in contravention of this Agreement or (ii) treat as the owner of Award Shares, or otherwise accord voting, dividend or liquidation rights to, any transferee to whom Award Shares have been transferred in contravention of this Agreement.

5. Stock Certificates. You are reflected as the owner of record of the Award Shares as of the date of award on the Company's books. The Company will retain the Award Shares in uncertificated book entry form until the Award Shares become vested and nonforfeitable. All regular cash dividends on the Award Shares held by the Company will be paid directly to you on the dividend payment date. As soon as practicable after vesting of the Award Shares, the Company will remove any notation of nontransferability of the shares on its books and, unless you request the Company to deliver a share certificate to you, or to deliver shares electronically or in certificate form to your designated broker, bank or nominee on your behalf, the Company will retain the shares in uncertificated book entry form.

6. Tax Election. The Company recommends that you seek independent tax advice from your own advisors regarding the availability and advisability of making an election under Section 83(b) of the Internal Revenue Code of 1986, as amended. Any such election, if made, must be made within 30 days of the date of award. You are solely responsible for filing any such Section 83(b) election with the appropriate governmental authorities, irrespective of the fact that such election is also delivered to the Company.

7. Adjustments for Corporate Transactions and Other Events.

(a) Stock Dividend, Stock Split and Reverse Stock Split. Upon a stock dividend of, or stock split or reverse stock split affecting, the T. Rowe Price Group common stock, the Award Shares shall, without further action of the Committee, be adjusted to reflect such event. No fractional Award Shares will result from any such adjustments.

(b) Binding Nature of Agreement. The terms and conditions of this Agreement shall apply with equal force to any additional and/or substitute securities received by you in exchange for, or by virtue of your ownership of, the Award Shares, whether as a result of any spin-off, stock split-up, stock dividend, stock distribution, other reclassification of the T. Rowe Price Group common stock, or similar event, except as otherwise determined by the Committee. If the Award Shares are converted into or exchanged for, or stockholders of the Company receive by reason of any distribution in total or partial liquidation or pursuant to any merger of the Company or acquisition of its assets, securities of another entity, or other property (including cash), then the rights of the Company under this Agreement shall inure to the benefit of the Company's successor, and this Agreement shall apply to the securities or other property (including cash) received upon such conversion, exchange or distribution in the same manner and to the same extent as the Award Shares.

8. Non-Guarantee of Directorship. Nothing in the Plan or this Agreement shall constitute or be evidence of any agreement or understanding, express or implied, that the Company will retain you as a member of the Board of Directors for any period of time or be construed as a limitation of the right of the stockholders to remove you from the Board of Directors in accordance with the Company's charter or bylaws.

9. Rights as Stockholder. Except as otherwise provided in this Agreement with respect to the nonvested and forfeitable Award Shares, you are entitled to all rights of a stockholder of the Company, including the right to vote the Award Shares and receive dividends and/or other distributions declared on the Award Shares.

10. The Company's Rights. The existence of the Award Shares will not affect in any way the right or power of the Company or its stockholders to make or authorize any or all adjustments, recapitalizations, reorganizations or other changes in the Company's capital structure or its business, or any merger or consolidation of the Company, or any issue of bonds, debentures, preferred or other stocks with preference ahead of or convertible into, or otherwise affecting the T. Rowe Price Group common stock or the rights thereof, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of the Company's assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

11. Notices. All notices and other communications made or given pursuant to this Agreement shall be in writing and shall be sufficiently made or given if hand delivered or mailed by certified mail, addressed to you at the address contained in the records of the Company, or addressed to the Committee, care of the Company for the attention of its Payroll and Stock Transaction Group in the CFO-Finance Department at the Company's principal executive office or, if the receiving party consents in advance, transmitted and received via telecopy or via such other electronic transmission mechanism as may be available to the parties.

12. Electronic Delivery of Documents. The Company may electronically deliver, via e-mail or posting on the Company's website, these Terms, information with respect to the Plan or the Award Shares, any amendments to the Agreement, and any reports of the Company provided generally to the Company's stockholders. You may receive from the Company, at no cost to you, a paper copy of any electronically delivered documents by contacting the Payroll and Stock Transaction Group in the CFO-Finance Department at BA-0372 in the Baltimore office or by telephone, at extension 7716.

13. Entire Agreement. This Agreement contains the entire agreement between the parties with respect to the Award Shares awarded hereunder. Any oral or written agreements, representations, warranties, written inducements, or other communications made prior to the execution of the Notice correlating to these Terms with respect to the Award Shares awarded hereunder shall be void and ineffective for all purposes.

14. Amendment. The Committee shall have the right, in its absolute and uncontrolled discretion, to alter or amend this Agreement, from time to time in any manner for the purpose of promoting the objectives of the Plan but only if all agreements awarding restricted shares of T. Rowe Price Group common stock pursuant to the Plan which are in effect at the time of such alteration or amendment shall also be similarly altered or amended with substantially the same effect, and any alteration or amendment of this Agreement by the Committee shall, upon adoption thereof by the Committee, become and be binding and conclusive on all persons affected thereby without requirement for consent or other action with respect thereto by any such person. The Company shall give written notice to you of any such alteration or amendment of this Agreement by the Committee as promptly as practical after the adoption thereof. The foregoing shall not restrict the ability of you and the Company by mutual consent to alter or amend this Agreement in any manner which is consistent with the Plan and approved by the Committee.

15. Conformity with Plan. These Terms are intended to conform in all respects with, and are subject to all applicable provisions of, the Plan. Except as may be necessary to give effect to the amendment provisions of Section 14 of these Terms, any inconsistencies between these Terms and the Plan shall be resolved in accordance with the terms of the Plan. In the event of any ambiguity in these Terms or any matters as to which these Terms are silent, the Plan shall govern. A copy of the Plan is available at <https://www2.troweprice.com/options> or in hard copy upon request to the Company's Payroll and Stock Transaction Group in the CFO-Finance Department at BA-0372 in the Baltimore office or by telephone, at extension 7716.

16. Governing Law. The validity, construction and effect of this Agreement, and of any determinations or decisions made by the Committee relating to this Agreement, and the rights of any and all persons having or claiming to have any interest under this Agreement, shall be determined exclusively in accordance with the laws of the State of Maryland, without regard to its provisions concerning the applicability of laws of other jurisdictions. Any suit with respect hereto will be brought in the federal or state courts in the districts which include Baltimore, Maryland, and you hereby agree and submit to the personal jurisdiction and venue thereof.

17. Headings. The headings in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

{Glossary begins on next page}

GLOSSARY

(a) “**Affiliate**” means any entity, whether now or hereafter existing, in which the Company has a proprietary interest by reason of stock ownership or otherwise (including, but not limited to, joint ventures, limited liability companies and partnerships) or any entity that provides services to the Company or a subsidiary or affiliated entity of the Company.

(b) “**Award Shares**” means the shares of T. Rowe Price Group common stock awarded to you as set forth on the Notice.

(c) “**Change in Control**” means the earliest to occur of any of the following events, construed in accordance with Section 409A of the Internal Revenue Code of 1986, as amended:

(i) Any one person or more than one person acting as a group acquires, or has acquired during the twelve month period ending on the date of the most recent acquisition by such person or group, beneficial ownership of thirty-five percent or more of the total voting power of the Company’s then outstanding voting securities;

(ii) A majority of the members of the Company’s Board of Directors is replaced during any twelve month period by directors whose appointment or election is not endorsed or approved by a majority of the members of the Board who were members of the Board of Directors prior to the initiation of the replacement; or

(iii) Any one person or more than one person acting as a group acquires, or has acquired during the twelve month period ending on the date of the most recent acquisition by such person or group, assets of the Company that have a total gross fair market value of forty percent or more of the total gross fair market value of all of the assets of the Company immediately prior to the initiation of the acquisition.

(d) “**Committee**” means the Nominating and Corporate Governance Committee of the Board of Directors of T. Rowe Price Group, Inc.

(e) “**Company**” means T. Rowe Price Group, Inc. and its Affiliates, except where the context otherwise requires. For purposes of determining whether a Change in Control has occurred, Company shall mean only T. Rowe Price Group, Inc.

(f) “**Notice**” means the Notice of Award of Restricted Stock and Restricted Stock Agreement which correlates with these Terms and sets forth the specifics of the applicable restricted stock award.

(g) “**Plan**” means the T. Rowe Price Group, Inc. Amended and Restated 2007 Non-Employee Director Equity Plan.

(h) “**Service**” means your service as a member of the Board of Directors of the Company.

(i) “**Terms**” mean this Statement of Additional Terms and Conditions Regarding Awards of Restricted Stock to Non-Employee Directors.

(j) **“You”**; **“Your”**. You means the recipient of the Award Shares as reflected in the Notice. Whenever the word “you” or “your” is used in any provision of this Agreement under circumstances where the provision should logically be construed, as determined by the Committee, to apply to the estate, personal representative, or beneficiary to whom the Award Shares may be transferred by will or by the laws of descent and distribution, the words “you” and “your” shall be deemed to include such person.

{end of document}

STATEMENT OF ADDITIONAL TERMS AND CONDITIONS
REGARDING AWARDS OF RESTRICTED STOCK UNITS
TO NON-EMPLOYEE DIRECTORS

This Statement of Additional Terms and Conditions Regarding Awards of Restricted Stock Units to Non-Employee Directors (the "**Terms**") and all of the provisions of the T. Rowe Price Group, Inc. Amended and Restated 2007 Non-Employee Director Equity Plan (the "**Plan**") are incorporated into your award of restricted stock units, the specifics of which are described on the "Notice of Award of Restricted Stock Units and Restricted Stock Units Agreement" (the "**Notice**") that you received. Once the Notice has been executed by you and by an authorized officer or agent of T. Rowe Price Group, Inc., the Terms, the Plan, and the Notice, together, constitute a binding and enforceable contract respecting your award of restricted stock units. That contract is referred to in this document as the "**Agreement**."

1. **Terminology.** Capitalized words used in this document are defined in the Glossary at the end of this document.

2. **Vesting.** All of the restricted stock units are nonvested and forfeitable as of the date of award. For clarity, as used in this Agreement, the term "vest" means the lapse of restrictions on the restricted stock units. So long as your Service is continuous from the date of award until the applicable date upon which vesting is to occur, the restricted stock units will vest in full and become nonforfeitable as of the close of business upon the earliest of the following: (a) one year after the date of award, (b) the day immediately prior to the annual meeting of stockholders of the Company at which members of the Board of Directors are to be elected that occurs in the next calendar year following the year in which the date of award occurs, (c) your death, or (d) immediately before and contingent upon the occurrence of a Change in Control. With the exception of your Service terminating as a result of your death, none of the restricted stock units will become vested or nonforfeitable after your Service ceases unless otherwise determined by the Committee.

3. **Termination of Service.** If your Service ceases for any reason other than death, all restricted stock units that are not then vested and nonforfeitable will be immediately forfeited to the Company upon such cessation without payment of any consideration.

4. **Restrictions on Transfer.** Restricted stock units may not be assigned, transferred, pledged, hypothecated or disposed of in any way, whether by operation of law or otherwise, except by will or the laws of descent and distribution, and restricted stock units may not be made subject to execution, attachment or similar process or in any other manner be made subject to a hedge transaction or puts and calls.

5. **Dividend Equivalent Payments.** On each dividend payment date for each cash dividend payable with respect to T. Rowe Price Group common stock, the Company will credit a bookkeeping account in your name with dividend equivalents in the form of additional, vested restricted stock units. The number of restricted stock units to be credited shall equal the quotient, rounded to three decimal places, determined by dividing (a) by (b), where (a) is the product of (i) the cash dividend payable per share of T. Rowe Price Group common stock, multiplied by (ii) the number of restricted stock units credited to your account as of the record date, and (b) is the Fair Market Value of a share of T. Rowe Price Group common stock on the dividend payment date. If your vested restricted stock units have been settled after the record date but prior to the dividend payment date, any restricted stock units that would be credited pursuant to the preceding sentence shall be settled on or as soon as practicable after the dividend payment date. Nothing herein shall preclude the Committee from exercising its discretion under the Plan to determine whether to eliminate fractional units or credit fractional units to accounts, and the manner in which fractional units will be credited.

6. Settlement of Units. Except as provided below, your restricted stock units, to the extent vested, will be settled automatically, via the issuance of T. Rowe Price Group common stock as described herein, as soon as practicable, but in all events within 30 days, after your Termination Date. You are not required to make any monetary payment as a condition to settlement of the restricted stock units. The Company will issue to you, in settlement of your restricted stock units, the number of whole shares of T. Rowe Price Group common stock that equals the number of whole vested restricted stock units credited to your account under the Plan as of your Termination Date, and the vested restricted stock units will cease to be outstanding upon the issuance of those shares. Any vested fractional restricted stock units will be settled in cash. Upon issuance of the settlement shares, unless you request the Company to deliver a share certificate to you, or to deliver shares electronically or in certificate form to your designated broker, bank or nominee on your behalf, the Company will retain the shares in uncertificated book entry form. Notwithstanding the foregoing, all restricted stock units credited to your account as of a Change in Control will be settled in shares or in cash at the discretion of the Board of Directors upon the Change in Control or as soon as practicable thereafter but in no event later than the close of the calendar year in which the Change in Control occurs.

7. Adjustments for Corporate Transactions and Other Events.

(a) Stock Dividend, Stock Split and Reverse Stock Split. Upon a stock dividend of, or stock split or reverse stock split affecting, the T. Rowe Price Group common stock, the number of outstanding restricted stock units shall, without further action of the Committee, be adjusted to reflect such event; provided, however, that any fractional restricted stock units resulting from any such adjustment shall be eliminated. Adjustments under this paragraph will be made by the Committee, whose determination as to what adjustments, if any, will be made and the extent thereof will be final, binding and conclusive.

(b) Merger, Consolidation and Other Events. If the Company shall be the surviving or resulting corporation in any merger or consolidation and the T. Rowe Price Group common stock shall be converted into or exchanged for other securities, the restricted stock units shall pertain to and apply to the securities to which a holder of the number of shares of T. Rowe Price Group common stock subject to the restricted stock units would have been entitled. If the stockholders of the Company receive by reason of any distribution in total or partial liquidation or pursuant to any merger of the Company or acquisition of its assets, securities of another entity, or other property (including cash), then the rights of the Company under this Agreement shall inure to the benefit of the Company's successor, and this Agreement shall apply to the securities or other property (including cash) to which a holder of the number of shares of T. Rowe Price Group common stock subject to the restricted stock units would have been entitled, in the same manner and to the same extent as the restricted stock units.

8. Non-Guarantee of Directorship. Nothing in the Plan or this Agreement shall constitute or be evidence of any agreement or understanding, express or implied, that the Company will retain you as a member of the Board of Directors for any period of time or be construed as a limitation of the right of the stockholders to remove you from the Board of Directors in accordance with the Company's charter or bylaws.

9. Rights as Stockholder. Except as otherwise provided in this Agreement with respect to dividend equivalent payments, neither you nor any other person claiming through you shall have any rights with respect to any shares of T. Rowe Price Group common stock subject to the restricted stock units, including without limitation, any voting rights, unless and until such shares are duly issued and delivered to you.

10. The Company's Rights. The existence of the restricted stock units will not affect in any way the right or power of the Company or its stockholders to make or authorize any or all adjustments, recapitalizations, reorganizations or other changes in the Company's capital structure or its business, or any merger or consolidation of the Company, or any issue of bonds, debentures, preferred or other stocks with preference ahead of or convertible into, or otherwise affecting the T. Rowe Price Group common stock or the rights thereof, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of the Company's assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

11. Notices. All notices and other communications made or given pursuant to this Agreement shall be in writing and shall be sufficiently made or given if hand delivered or mailed by certified mail, addressed to you at the address contained in the records of the Company, or addressed to the Committee, care of the Company for the attention of its Payroll and Stock Transaction Group in the CFO-Finance Department at the Company's principal executive office or, if the receiving party consents in advance, transmitted and received via telecopy or via such other electronic transmission mechanism as may be available to the parties.

12. Electronic Delivery of Documents. The Company may electronically deliver, via e-mail or posting on the Company's website, these Terms, information with respect to the Plan or the restricted stock units, any amendments to the Agreement, and any reports of the Company provided generally to the Company's stockholders. You may receive from the Company, at no cost to you, a paper copy of any electronically delivered documents by contacting the Payroll and Stock Transaction Group in the CFO-Finance Department at BA-0372 in the Baltimore office or by telephone, at extension 7716.

13. Entire Agreement. This Agreement contains the entire agreement between the parties with respect to the restricted stock units awarded hereunder. Any oral or written agreements, representations, warranties, written inducements, or other communications made prior to the execution of the Notice correlating to these Terms with respect to the restricted stock units awarded hereunder shall be void and ineffective for all purposes.

14. Amendment. The Committee shall have the right, in its absolute and uncontrolled discretion, to alter or amend this Agreement, from time to time in any manner for the purpose of promoting the objectives of the Plan but only if all agreements awarding restricted stock units pursuant to the Plan which are in effect at the time of such alteration or amendment shall also be similarly altered or amended with substantially the same effect, and any alteration or amendment of this Agreement by the Committee shall, upon adoption thereof by the Committee, become and be binding and conclusive on all persons affected thereby without requirement for consent or other action with respect thereto by any such person. The Company shall give written notice to you of any such alteration or amendment of this Agreement by the Committee as promptly as practical after the adoption thereof. The foregoing shall not restrict the ability of you and the Company by mutual consent to alter or amend this Agreement in any manner which is consistent with the Plan and approved by the Committee.

15. Conformity with Plan. These Terms are intended to conform in all respects with, and are subject to all applicable provisions of, the Plan. Except as may be necessary to give effect to the amendment provisions of Section 14 of these Terms or the 409A savings clause provisions of Section 18 of these Terms, any inconsistencies between these Terms and the Plan shall be resolved in accordance with the terms of the Plan. In the event of any ambiguity in these Terms or any matters as to which these Terms are silent, the Plan shall govern. A copy of the Plan is available at <https://www2.troweprice.com/options> or in hard copy upon request to the Company's Payroll and Stock Transaction Group in the CFO-Finance Department at BA-0372 in the Baltimore office or by telephone, at extension 7716.

16. No Funding. This Agreement constitutes an unfunded and unsecured promise by the Company to make payments and issue shares of T. Rowe Price Group common stock in the future in accordance with its terms. You have the status of a general unsecured creditor of the Company as a result of receiving the award of restricted stock units. Any cash payment due under this Agreement with respect to dividend equivalent payments under Section 5 hereof will be paid from the general assets of the Company and nothing in this Agreement will be construed to give you or any other person rights to any specific assets of the Company.

17. Governing Law. The validity, construction and effect of this Agreement, and of any determinations or decisions made by the Committee relating to this Agreement, and the rights of any and all persons having or claiming to have any interest under this Agreement, shall be determined exclusively in accordance with the laws of the State of Maryland, without regard to its provisions concerning the applicability of laws of other jurisdictions. Any suit with respect hereto will be brought in the federal or state courts in the districts which include Baltimore, Maryland, and you hereby agree and submit to the personal jurisdiction and venue thereof.

18. 409A Savings Clause. This Agreement and the restricted stock units awarded hereunder are intended to comply with, or otherwise be exempt from, Section 409A of the Code. This Agreement and the restricted stock units shall be administered, interpreted and construed in a manner consistent with such Code Section. Should any provision of this Agreement or the restricted stock units be found not to comply with, or otherwise be exempt from, the provisions of Section 409A of the Code, to the extent possible it shall be modified and given effect, in the sole discretion of the Committee and without requiring your consent, in such manner as the Committee determines to be necessary or appropriate to comply with, or to effectuate an exemption from, Section 409A of the Code. The preceding provisions shall not be construed as a guarantee by the Company of any particular tax effect of the restricted stock units. Notwithstanding the provisions of Section 6 of these Terms, if you are a "specified employee" (as defined under Section 409A of the Code and determined in good faith by the Committee) when your Termination Date occurs and your restricted stock units are to be settled on account of the occurrence of such Termination Date, settlement of your restricted stock units will be made within 15 days after the end of the six-month period beginning on your Termination Date or, if earlier, within 15 days after the appointment of the personal representative or executor of your estate following your death.

19. Preemption of Applicable Laws or Regulations. Anything in this Agreement to the contrary notwithstanding, if, at any time specified herein for the issue of shares to you, any law, regulation or requirements of any governmental authority having jurisdiction in the premises shall require either the Company or you to take any action in connection with the shares then to be issued, the issue of such shares will be deferred until such action shall have been taken.

20. Headings. The headings in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

{Glossary begins on next page}

GLOSSARY

(a) “**Affiliate**” means any entity, whether now or hereafter existing, in which the Company has a proprietary interest by reason of stock ownership or otherwise (including, but not limited to, joint ventures, limited liability companies and partnerships) or any entity that provides services to the Company or a subsidiary or affiliated entity of the Company.

(b) “**Change in Control**” means the earliest to occur of any of the following events, construed in accordance with Code section 409A:

(i) Any one person or more than one person acting as a group acquires, or has acquired during the twelve month period ending on the date of the most recent acquisition by such person or group, beneficial ownership of thirty-five percent or more of the total voting power of the Company’s then outstanding voting securities;

(ii) A majority of the members of the Company’s Board of Directors is replaced during any twelve month period by directors whose appointment or election is not endorsed or approved by a majority of the members of the Board who were members of the Board of Directors prior to the initiation of the replacement; or

(iii) Any one person or more than one person acting as a group acquires, or has acquired during the twelve month period ending on the date of the most recent acquisition by such person or group, assets of the Company that have a total gross fair market value of forty percent or more of the total gross fair market value of all of the assets of the Company immediately prior to the initiation of the acquisition.

(c) “**Code**” means the Internal Revenue Code of 1986, as amended.

(d) “**Committee**” means the Nominating and Corporate Governance Committee of the Board of Directors of T. Rowe Price Group, Inc.

(e) “**Company**” means T. Rowe Price Group, Inc. and its Affiliates, except where the context otherwise requires. For purposes of determining whether a Change in Control has occurred, Company shall mean only T. Rowe Price Group, Inc.

(f) “**Fair Market Value**” means, with respect to shares of T. Rowe Price Group common stock, as of any date:

(i) if the principal market for shares of T. Rowe Price Group common stock (as determined by the Committee if shares of T. Rowe Price Group common stock are listed or admitted to trading on more than one exchange or market) is a national securities exchange or an established securities market, the official closing price per share of T. Rowe Price Group common stock for the regular market session on that date on the principal exchange or market on which shares of T. Rowe Price Group common stock are then listed or admitted to trading or, if no sale is reported for that date, on the last preceding day on which a sale was reported;

(ii) if the principal market for shares of T. Rowe Price Group common stock is not a national securities exchange or an established securities market, the average of the highest bid and lowest asked prices for shares of T. Rowe Price Group common stock on that date as reported on a national quotation system or, if no prices are reported for that date, on the last preceding day on which prices were reported; or

(iii) if shares of T. Rowe Price Group common stock are neither listed or admitted to trading on a national securities exchange or an established securities market, nor quoted by a national quotation system, the value determined by the Committee in good faith.

(g) "**Notice**" means the Notice of Award of Restricted Stock Units and Restricted Stock Units Agreement which correlates with these Terms and sets forth the specifics of the applicable award of restricted stock units.

(h) "**Plan**" means the T. Rowe Price Group, Inc. Amended and Restated 2007 Non-Employee Director Equity Plan.

(i) "**Service**" means your service as a member of the Board of Directors of the Company.

(j) "**Termination Date**" means the date on which you cease to serve as a member of the Board of Directors and have otherwise incurred a "separation from service" within the meaning of Section 409A of the Code.

(k) "**Terms**" mean this Statement of Additional Terms and Conditions Regarding Awards of Restricted Stock Units to Non-Employee Directors.

(l) "**You**"; "**Your**". You means the recipient of the restricted stock units as reflected in the Notice. Whenever the word "you" or "your" is used in any provision of this Agreement under circumstances where the provision should logically be construed, as determined by the Committee, to apply to the estate, personal representative, or beneficiary to whom the restricted stock units may be transferred by will or by the laws of descent and distribution, the words "you" and "your" shall be deemed to include such person.

{end of document}

SECOND AMENDMENT TO THE
T. ROWE PRICE GROUP, INC.
2001 STOCK INCENTIVE PLAN

WITNESSETH:

WHEREAS, T. Rowe Price Group, Inc., a Maryland corporation (the "*Corporation*"), maintains the 2001 Stock Incentive Plan (the "*Plan*"); and

WHEREAS, Section 7(e) of the Plan reserves to the Board of Directors of the Corporation (the "*Board*") the authority to amend the Plan from time to time; and

WHEREAS, the Board has determined that it is desirable and in the best interests of the Corporation and its stockholders to amend the Plan to remove from Section 6(a) the following two sentences to ensure that Awards issued under the Plan will not be construed as having a compensation deferral feature within the purview of section 409A of the Internal Revenue Code of 1986:

"The Administrator may permit or require a recipient of an Award to defer such individual's receipt of the payment of cash or the delivery of Common Stock that would otherwise be due to such individual by virtue of the exercise of, payment of, or lapse or waiver of restrictions respecting, any Award. If any such payment deferral is required or permitted, the Administrator shall, in its sole discretion, establish rules and procedures for such payment deferrals."

NOW, THEREFORE, the Plan is amended, effective immediately, as follows:

First and Only Change

Section 6(a) of the Plan is amended by deleting the last two sentences thereof so that Section 6(a) shall read in its entirety as follows:

"(a) *Awards, In General.* The Administrator, in its sole discretion, shall establish the terms of all Awards granted under the Plan. Awards may be granted individually or in tandem with other types of Awards. All Awards are subject to the terms and conditions provided in the Grant Agreement."

IN WITNESS WHEREOF, the Corporation has caused this Second Amendment to be executed by its duly authorized officer this 12th day of December, 2008.

ATTEST:

T. ROWE PRICE GROUP, INC.

By: /s/ Barbara A. Van Horn

By: /s/ James A.C. Kennedy

FIRST AMENDMENT TO THE
T. ROWE PRICE GROUP, INC.
2004 STOCK INCENTIVE PLAN

WITNESSETH:

WHEREAS, T. Rowe Price Group, Inc., a Maryland corporation (the "*Corporation*"), maintains the 2004 Stock Incentive Plan (the "*Plan*"); and

WHEREAS, Section 7(e) of the Plan reserves to the Board of Directors of the Corporation (the "*Board*") the authority to amend the Plan from time to time; and

WHEREAS, the Board has determined that it is desirable and in the best interests of the Corporation and its stockholders to amend the Plan to remove from Section 6(a) the following two sentences to ensure that Awards issued under the Plan will not be construed as having a compensation deferral feature within the purview of section 409A of the Internal Revenue Code of 1986:

"The Administrator may permit or require a recipient of an Award to defer such individual's receipt of the payment of cash or the delivery of Common Stock that would otherwise be due to such individual by virtue of the exercise of, payment of, or lapse or waiver of restrictions respecting, any Award. If any such payment deferral is required or permitted, the Administrator shall, in its sole discretion, establish rules and procedures for such payment deferrals."

NOW, THEREFORE, the Plan is amended, effective immediately, as follows:

First and Only Change

Section 6(a) of the Plan is amended by deleting the last two sentences thereof so that Section 6(a) shall read in its entirety as follows:

"(a) *Awards, In General.* The Administrator, in its sole discretion, shall establish the terms of all Awards granted under the Plan. Awards may be granted individually or in tandem with other types of Awards. All Awards are subject to the terms and conditions provided in the Grant Agreement."

IN WITNESS WHEREOF, the Corporation has caused this First Amendment to be executed by its duly authorized officer this 12th day of December, 2008.

ATTEST:

T. ROWE PRICE GROUP, INC.

By: /s/ Barbara A. Van Horn

By: /s/ James A.C. Kennedy

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 20, 2009 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 20, 2009

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

1. I have reviewed this Form 10-Q Quarterly Report for the quarterly period ended March 31, 2009, 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 20, 2009

/s/ James A.C. Kennedy

Chief Executive Officer and President

I, Kenneth V. Moreland, certify that:

1. I have reviewed this Form 10-Q Quarterly Report for the quarterly period ended March 31, 2009, 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 20, 2009

/s/ Kenneth V. Moreland

Vice President and Chief Financial Officer

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, 2009, 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 20, 2009

/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.

T. ROWE PRICE GROUP REPORTS FIRST QUARTER 2009 RESULTS

BALTIMORE (April 22, 2009) – T. Rowe Price Group, Inc. (NASDAQ-GS: TROW) today reported its first quarter 2009 results, including net revenues of \$384.5 million, net income of \$48.2 million, and diluted earnings per share of \$.19. These results include non-cash charges of \$35.6 million for the “other than temporary” impairment of certain of the firm’s investments in sponsored mutual funds. This non-operating charge, after related tax benefits, reduced by \$.08 what would have been diluted earnings per share of \$.27 in the first quarter. Net revenues in the first quarter of 2008 were \$559.1 million when net income was \$151.5 million and diluted earnings per share was \$.55.

Investment advisory revenues were down nearly 35%, or \$163.3 million, from the comparable 2008 first quarter. Assets under management decreased 3% since the beginning of the year, to \$268.8 billion at March 31, 2009, including \$158.8 billion in the T. Rowe Price mutual funds distributed in the United States and \$110.0 billion in other managed investment portfolios. Net cash inflows in the first quarter of 2009 totaled \$4.5 billion. Lower market valuations, net of income, more than offset cash inflows and reduced assets under management by \$12.0 billion. Assets under management are down one-third from their peak of \$400 billion at the start of 2008.

The severe downturn in global financial markets during 2008, and through the early part of 2009, has had a dramatic effect on investor returns and led to a significant reduction in the firm’s assets under management and revenues. In response, and in an effort to be vigilant about expense levels, the firm initiated a series of expense-control measures through 2008 that were accelerated with the equity market’s steep fourth quarter 2008 decline. These efforts included yesterday’s decision to reduce the firm’s workforce by 288 associates, or 5.5%. The short-term cost resulting from severance and related expenses will lower operating earnings by about \$2.5 million in the second quarter of 2009. However, a net savings of approximately \$17 million is expected to be realized by the firm over the subsequent four quarters, and roughly \$6 million in annualized expenses will be saved for the firm’s mutual funds. Although most areas of the firm are affected, the majority of staff reductions are in the phone, processing, and technology areas where lower volumes and a reduced number of projects has resulted in capacity that exceeds current business needs. No portfolio managers and six of the firm’s 340 investment professionals were impacted. Through attrition, retirements, and the workforce reduction, total staffing is now down 8.6% from the beginning of the year. Total expense savings could reduce 2009 operating expenses by as much as \$120 million from the 2007 level of spending.

Financial Highlights

Relative to the first quarter of 2008, investment advisory revenues earned from the T. Rowe Price mutual funds distributed in the United States decreased 36.5%, or \$121.9 million, to \$211.7 million. Average mutual fund assets were \$157.3 billion, down 32% from the average for the first quarter of 2008. Mutual fund assets at March 31, 2009, were \$158.8 billion, down \$5.6 billion or 3% from the end of 2008, but \$1.5 billion higher than the first quarter 2009 average. Net inflows to the mutual funds were \$1.8 billion during the first quarter of 2009. The stock funds had net inflows of \$1.2 billion, including \$.7 billion to the Equity Index 500 fund and \$.4 billion to the Value fund. Bond and money funds had \$.6 billion of net inflows. Decreases in market valuations, net of income, lowered mutual fund assets under management by \$7.4 billion during the 2009 quarter.

The target-date retirement investment portfolios continue to be a significant source of assets under management and were the source of substantially all of the mutual fund net inflows during the first quarter of 2009. Assets in the target-date retirement portfolios were \$26.4 billion at March 31, 2009, and now account for almost 10% of the firm’s assets under management and 16% of its mutual fund assets.

Investment advisory revenues earned from other managed investment portfolios, consisting of institutional separate accounts, sub-advised funds, sponsored investment funds which are offered to investors outside the U.S., and variable insurance portfolios, were \$95 million in the 2009 quarter, a decrease of more than \$41 million from the comparable 2008 quarter. Net inflows of \$2.7 billion, primarily from U.S. and international institutional investors, were more than offset by lower market valuations that reduced these assets under management \$4.6 billion during the quarter. Investors outside the United States now account for 10% of assets under management.

Operating expenses were nearly \$274 million in the first quarter 2009, down \$55 million from the 2008 first quarter. Compensation and related costs decreased \$32 million, or more than 15%, from the comparable 2008 quarter, primarily due to a substantial reduction in the interim accrual for the expected annual bonus compensation program. Before the workforce reduction, the firm employed 5,230 associates at March 31, 2009.

Advertising and promotion expenditures decreased nearly \$14 million, or 38%, from the first quarter of 2008 and are down \$8 million from the fourth quarter of 2008. The firm has reduced advertising and promotion expense in response to the change of investor sentiment in this uncertain and volatile market environment. Advertising and promotion spending for the second quarter of 2009 is expected to be about 30% lower than the first quarter, and full year 2009 spending is expected to be about 25% lower than 2008.

Other operating expenses in the first quarter were down \$11.3 million, or 25% from the first quarter of 2008. The firm's cost savings efforts have resulted in reductions in consulting and professional fees, travel and related costs, and other third party services.

Financial asset valuations and interest rate declines that continued through the first quarter resulted in a non-operating investment loss of \$36.0 million in the 2009 quarter. This includes the non-cash charge of \$35.6 million on "other than temporary" impairments on certain of the firm's investments in its sponsored mutual funds as the fair value of these investments has been below cost for an extended period.

The firm's \$488.3 million portfolio of investments in sponsored mutual funds at March 31, 2009, includes a net unrealized loss of \$3.5 million that was recognized in stockholders' equity. This net unrealized loss comprises fund holdings with aggregate unrealized gains of \$18.4 million and aggregate unrealized losses of \$21.9 million, the latter of which might give rise to charges for "other than temporary impairments" in future periods.

The first quarter 2009 provision for income taxes as a percentage of pretax income is 35.4%, down from the 38.4% for the full year 2008, primarily to reflect certain adjustments made to prior years' tax accruals. The current estimate of the effective tax rate for the full year 2009 is 38.0%.

Management Commentary

James A.C. Kennedy, the company's Chief Executive Officer and President, commented: "Yesterday was a difficult day for all of us at T. Rowe Price as we regrettably had to augment our ongoing expense-management efforts with a workforce reduction. This was an action we had been diligently trying to avoid, especially because it disrupts the lives of our colleagues and friends who have served our clients with dedication and integrity. We have undertaken productive and prolonged efforts across the firm to further increase efficiency and substantially rein in costs in other ways. Unfortunately, the historic decline in financial markets has lowered our assets under management, and thus our revenues, to levels last seen in 2005. We've also seen significantly reduced volumes of activity in some areas of the firm. Our ongoing expense control initiatives have been effective, but could not keep pace with the declining markets. Consequently, we concluded a workforce reduction was necessary to better align our revenues and expenses. To help ease the transition, we are offering severance packages and outplacement services to all associates whose positions have been eliminated.

"In evaluating resources, our highest priorities have been to sustain our ability to consistently provide competitive investment results, and to maintain high levels of service for our clients. While we will continue to closely manage expense levels, and are deferring hiring except for pivotal positions, we have also balanced cost reductions with the recognition that we must continue to invest for the future, and preserve and strengthen our global capabilities to ensure that we are prepared to take advantage of opportunities during the eventual market upturn.

"The firm's long-term 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 three- and five-year periods ended March 31, 2009, 72% outperforming the average for the 10-year period, and 66% outperforming for the one-year period. In addition, T. Rowe Price stock, bond and blended asset funds that ended the quarter with an overall rating of four or five stars from Morningstar account for more than 65% of our rated funds' assets under management. We know the volatile markets have continued to make this a tough environment for our clients. While the steep absolute declines of 2008 have moderated and in some cases reversed direction, we understand that good relative performance nonetheless remains less rewarding for those whose portfolios have continued to lose value.

"We remain debt-free with substantial liquidity, including cash and mutual fund investment holdings of \$1.1 billion. We expended \$51 million during the first quarter of 2009 to repurchase 1.9 million of our common shares. Based on current strategic projects and plans, the company's capital expenditures for all of 2009 are estimated to be \$176 million, including \$31 million invested in facilities and technology equipment in the first quarter of the year. These cash expenditures are funded from our available liquid resources."

Market Commentary

"Although the financial markets have shown signs of stabilizing in the short-term, and the worst may be behind us, we are not out of the woods," Mr. Kennedy cautioned. "Global markets remain volatile and fragile and it will likely be a good deal of time before they return to a real sense of normalcy. The U.S. economic recession is poised to become the longest and perhaps deepest in the post-World War II era, and the outlook for the global economy continues to be uncertain.

“Through their massive monetary and fiscal stimulus programs, however, governments and central banks around the world have taken significant steps to increase liquidity, restore investor confidence, and get their economies moving again. The private sector is also taking steps to streamline operations and improve competitive positions. Although progress will likely be slow and uneven, these steps should gain traction as we move through the year and we should see gradual improvement in the markets and the economic landscape. While our outlook is cautious, we are mindful that stock prices typically recover in advance of economic conditions. There are never any guarantees, but we believe that many of the conditions are in place for a more rewarding investment environment ahead.”

Closing Comment

In closing, Mr. Kennedy said: “In the current environment, as always, we are focused on maintaining the disciplined investment philosophy and long-term perspective that have helped us weather volatile market conditions in the past, on providing our clients with the excellent level of service they have come to expect, and on pursuing business strategies that will deliver long-term value for our clients and stockholders. While the markets are hard to forecast, we remain confident that the combination of our strong financial foundation and our team of dedicated, client-focused associates will enable us to weather the remainder of this downturn. As conditions improve, and confidence in the markets is gradually restored, we are poised to emerge in an even stronger competitive position to serve our clients and stockholders.”

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 2009 with the U.S. Securities and Exchange Commission later today. The Form 10-Q will include more information on the company’s unaudited financial results and sponsored fund investments.

Certain statements in this press release may represent “forward-looking information,” including information relating to anticipated changes in revenues, net income and earnings per share, anticipated changes in the amount and composition of assets under management, anticipated expense levels and expense savings, estimated tax rates, 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 2008 Form 10-K and 2009 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,

	2008	2009
Revenues		
Investment advisory fees	\$ 470.1	\$ 306.8
Administrative fees	88.8	77.4
Investment income of savings bank subsidiary	1.5	1.5
Total revenues	<u>560.4</u>	<u>385.7</u>
Interest expense on savings bank deposits	1.3	1.2
Net revenues	<u>559.1</u>	<u>384.5</u>
Operating expenses		
Compensation and related costs	207.4	175.4
Advertising and promotion	36.5	22.7
Depreciation and amortization of property and equipment	15.0	16.7
Occupancy and facility costs	25.1	25.4
Other operating expenses	45.0	33.7
	<u>329.0</u>	<u>273.9</u>
Net operating income	230.1	110.6
Non-operating investment income (loss)	14.3	(36.0)
Income before income taxes	244.4	74.6
Provision for income taxes	92.9	26.4
Net income	<u>\$ 151.5</u>	<u>\$ 48.2</u>
Earnings per share		
Basic	<u>\$ 0.58</u>	<u>\$ 0.19</u>
Diluted	<u>\$ 0.55</u>	<u>\$ 0.19</u>
Dividends declared per share	<u>\$ 0.24</u>	<u>\$ 0.25</u>
Weighted average shares		
Outstanding	<u>261.7</u>	<u>255.4</u>
Outstanding assuming dilution	<u>273.5</u>	<u>259.0</u>

Investment Advisory Revenues (in millions)

	Three months ended	
	3/31/2008	3/31/2009
Sponsored mutual funds in the U.S.		
Stock and blended asset	\$ 282.4	\$ 162.0
Bond and money market	51.2	49.7
	333.6	211.7
Other portfolios	136.5	95.1
Total investment advisory fees	\$ 470.1	\$ 306.8

Assets Under Management (in billions)

	Average during the first quarter		12/31/2008	3/31/2009
	2008	2009		
Sponsored mutual funds in the U.S.				
Stock and blended asset	\$ 184.7	\$ 109.9	\$ 117.9	\$ 111.0
Bond and money market	46.5	47.4	46.5	47.8
	231.2	157.3	164.4	158.8
Other portfolios	147.7	107.5	111.9	110.0
	\$ 378.9	\$ 264.8	\$ 276.3	\$ 268.8
Equity securities			\$ 196.9	\$ 187.1
Debt securities			79.4	81.7
			\$ 276.3	\$ 268.8

Condensed Consolidated Cash Flows Information (in millions)

	Three months ended	
	3/31/2008	3/31/2009
Cash provided by operating activities	\$ 258.6	\$ 139.4
Cash used in investing activities, including \$(30.8) for additions to property and equipment in 2009	(34.1)	(47.3)
Cash used in financing activities, including common stock repurchases of \$(50.9) and dividends paid of \$(63.9) in 2009	(399.4)	(89.4)
Net change in cash during the period	\$ (174.9)	\$ 2.7

Condensed Consolidated Balance Sheet Information (in millions)

	12/31/2008	3/31/2009
Cash and cash equivalents	\$ 619.1	\$ 621.8
Investments in sponsored mutual funds	513.5	488.3
Property and equipment	440.1	454.5
Goodwill and other intangible assets	665.7	665.7
Accounts receivable and other assets	581.0	562.2
Total assets	2,819.4	2,792.5
Total liabilities	330.6	331.9
Stockholders' equity, 255.4 common shares outstanding in 2009, including net unrealized holding losses of \$(2.5) in 2009	\$ 2,488.8	\$ 2,460.6