
**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, 2013

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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months. 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.

Large accelerated filer

Accelerated filer

Non-accelerated filer

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 22, 2013, is 259,338,527.

The exhibit index is at Item 6 on page 20.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

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

	12/31/2012	3/31/2013
ASSETS		
Cash and cash equivalents	\$ 879.1	\$ 1,285.9
Accounts receivable and accrued revenue	353.9	364.6
Investments in sponsored funds	1,140.1	1,184.8
Debt securities held by savings bank subsidiary	136.0	134.2
Other investments	304.7	302.2
Property and equipment	561.0	563.0
Goodwill	665.7	665.7
Other assets	162.3	110.2
Total assets	\$ 4,202.8	\$ 4,610.6
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Accounts payable and accrued expenses	\$ 89.7	\$ 97.9
Accrued compensation and related costs	90.8	135.8
Income taxes payable	21.5	120.4
Customer deposits at savings bank subsidiary	154.7	149.5
Total liabilities	356.7	503.6
Commitments and contingent liabilities		
Stockholders' equity		
Preferred stock, undesignated, \$.20 par value – authorized and unissued 20,000,000 shares	—	—
Common stock, \$.20 par value - authorized 750,000,000; issued 257,018,000 shares in 2012 and 259,257,000 in 2013	51.4	51.9
Additional capital in excess of par value	631.0	738.1
Retained earnings	3,031.8	3,175.0
Accumulated other comprehensive income	131.9	142.0
Total stockholders' equity	3,846.1	4,107.0
Total liabilities and stockholders' equity	\$ 4,202.8	\$ 4,610.6

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	
	3/31/2012	3/31/2013
Revenues		
Investment advisory fees	\$ 623.0	\$ 702.9
Administrative fees	82.9	86.3
Distribution and servicing fees	22.2	26.2
Net revenue of savings bank subsidiary	.6	.3
Net revenues	<u>728.7</u>	<u>815.7</u>
Operating expenses		
Compensation and related costs	260.7	279.1
Advertising and promotion	25.8	25.3
Distribution and servicing costs	22.2	26.2
Depreciation and amortization of property and equipment	19.1	21.5
Occupancy and facility costs	30.1	33.0
Other operating expenses	54.6	58.0
Total operating expenses	<u>412.5</u>	<u>443.1</u>
Net operating income	316.2	372.6
Non-operating investment income	<u>5.1</u>	<u>18.3</u>
Income before income taxes	321.3	390.9
Provision for income taxes	123.8	149.0
Net income	<u>\$ 197.5</u>	<u>\$ 241.9</u>
Earnings per share on common stock		
Basic	<u>\$.78</u>	<u>\$.93</u>
Diluted	<u>\$.75</u>	<u>\$.91</u>
Dividends declared per share	<u>\$.34</u>	<u>\$.38</u>

The accompanying notes are an integral part of these statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in millions)

	Three months ended	
	3/31/2012	3/31/2013
Net income	\$ 197.5	\$ 241.9
Other comprehensive income		
Net unrealized holding gains on:		
Investments in sponsored funds		
Net unrealized holding gains	72.3	34.7
Reclassification adjustment recognized in non-operating investment income:		
Net gains realized on dispositions, determined using average cost	—	(11.4)
Investments in sponsored funds	72.3	23.3
Debt securities held by savings bank subsidiary	.4	(.5)
Proportionate share of net unrealized holding gains on securities held by UTI Asset Management Company Limited	—	.1
Total net unrealized holding gains recognized in other comprehensive income	72.7	22.9
Currency translation adjustment	(11.3)	(5.2)
Total other comprehensive income before income taxes	61.4	17.7
Deferred income taxes	(25.1)	(7.6)
Total other comprehensive income	36.3	10.1
Total comprehensive income	\$ 233.8	\$ 252.0

The accompanying notes are an integral part of these statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)

	Three months ended	
	3/31/2012	3/31/2013
Cash flows from operating activities		
Net income	\$ 197.5	\$ 241.9
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization of property and equipment	19.1	21.5
Stock-based compensation expense	24.1	23.7
Intangible asset amortization	.1	.1
Realized gains on dispositions of sponsored funds	—	(11.4)
Changes in securities held by consolidated sponsored investment portfolios	(79.0)	(1.0)
Other changes in assets and liabilities	104.0	184.6
Net cash provided by operating activities	265.8	459.4
Cash flows from investing activities		
Investments in sponsored funds	—	(33.9)
Dispositions of sponsored funds	—	23.9
Investments in debt securities held by savings bank subsidiary	(17.1)	(10.3)
Proceeds from debt securities held by savings bank subsidiary	30.8	11.6
Additions to property and equipment	(18.6)	(22.8)
Other investing activity	(4.4)	(.1)
Net cash used in investing activities	(9.3)	(31.6)
Cash flows from financing activities		
Common share issuances under stock-based compensation plans	24.1	70.2
Excess tax benefits from stock-based compensation plans	13.9	12.7
Dividends	(86.8)	(98.7)
Change in savings bank subsidiary deposits	(2.1)	(5.2)
Net cash used in financing activities	(50.9)	(21.0)
Cash and cash equivalents		
Net change during period	205.6	406.8
At beginning of year	897.9	879.1
At end of period	\$ 1,103.5	\$ 1,285.9

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 income	Total stockholders' equity
Balances at December 31, 2012	257,018	\$ 51.4	\$ 631.0	\$ 3,031.8	\$ 131.9	\$ 3,846.1
Net income				241.9		241.9
Other comprehensive income, net of tax					10.1	10.1
Dividends				(98.7)		(98.7)
Common stock-based compensation plans activity						
Shares issued upon option exercises	1,878	.4	70.8			71.2
Restricted shares issued, net of shares withheld for taxes	393	.1	(.1)			—
Shares issued upon vesting of restricted stock units	2	.0	.0			.0
Forfeiture of restricted awards	(34)	.0	.0			—
Net tax benefits			12.7			12.7
Stock-based compensation expense			23.7			23.7
Balances at March 31, 2013	<u>259,257</u>	<u>\$ 51.9</u>	<u>\$ 738.1</u>	<u>\$ 3,175.0</u>	<u>\$ 142.0</u>	<u>\$ 4,107.0</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 U.S. mutual funds and other investment portfolios, including separately managed accounts, sub-advised funds, and other sponsored investment portfolios. We also provide our investment advisory clients with related administrative services, including distribution, mutual fund transfer agent, accounting and shareholder services; participant recordkeeping and transfer agent services for defined contribution retirement plans; brokerage; and trust services.

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, which require the use of estimates 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. Actual results may vary from our estimates. Certain prior year items have been reclassified to conform to current year presentation.

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 2012 Annual Report.

On January 1, 2013, we adopted new financial reporting guidance that requires the disclosure of information about significant items reclassified out of accumulated other comprehensive income, including the line item of our consolidated income statements to which such items were reclassified. The required information could be presented either on the face of the financial statements or in the notes. We elected to present these disclosures in Note 9 to the financial statements.

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

Accounts receivable from our sponsored mutual funds for advisory fees and advisory-related administrative services aggregate \$184.0 million at December 31, 2012, and \$197.6 million at March 31, 2013.

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

	Three months ended	
	3/31/2012	3/31/2013
Sponsored mutual funds in the U.S.		
Stock and blended asset	\$ 344.1	\$ 398.9
Bond and money market	81.8	91.7
	<u>425.9</u>	<u>490.6</u>
Other portfolios		
Stock and blended asset	157.4	171.1
Bond, money market, and stable value	39.7	41.2
	<u>197.1</u>	<u>212.3</u>
Total	<u>\$ 623.0</u>	<u>\$ 702.9</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 of		As of	
	2012	2013	12/31/2012	3/31/2013
Sponsored mutual funds in the U.S.				
Stock and blended asset	\$ 232.1	\$ 273.4	\$ 256.9	\$ 284.2
Bond and money market	80.3	91.4	90.0	92.8
	312.4	364.8	346.9	377.0
Other portfolios				
Stock and blended asset	156.0	171.0	164.2	175.4
Bond, money market, and stable value	61.9	65.2	65.7	65.0
	217.9	236.2	229.9	240.4
Total	\$ 530.3	\$ 601.0	\$ 576.8	\$ 617.4

Investors that we serve are primarily domiciled in the U.S.; investment advisory clients outside the U.S. account for about 8.5% of our assets under management at March 31, 2013.

Fees for advisory-related administrative services provided to our sponsored mutual funds in the U.S. during the first quarter of the year were \$64.7 million in 2012 and \$67.8 million in 2013. Distribution and other servicing fees earned from certain classes of our sponsored mutual funds in the U.S. during the first quarter of the year were \$22.2 million in 2012 and \$26.2 million in 2013.

NOTE 3– INVESTMENTS IN SPONSORED FUNDS - AVAILABLE-FOR-SALE.

We make investments in our sponsored funds for general corporate investment purposes or to provide seed capital for newly formed funds. At December 31, 2012 and March 31, 2013, we deem these funds to be voting interest entities. These investments (in millions) include:

	Aggregate cost	Unrealized holding gains	Aggregate fair value
<u>December 31, 2012</u>			
Stock and blended asset funds	\$ 336.9	\$ 178.9	\$ 515.8
Bond funds	570.9	53.4	624.3
Total	\$ 907.8	\$ 232.3	\$ 1,140.1
<u>March 31, 2013</u>			
Stock and blended asset funds	\$ 348.3	\$ 203.6	\$ 551.9
Bond funds	580.9	52.0	632.9
Total	\$ 929.2	\$ 255.6	\$ 1,184.8

NOTE 4– DEBT SECURITIES HELD BY SAVINGS BANK SUBSIDIARY.

Our savings bank subsidiary holds investments in marketable debt securities, including mortgage- and other asset-backed securities, which are accounted for as available-for-sale. The following table (in millions) details the components of these investments.

	12/31/2012		3/31/2013	
	Fair value	Unrealized holding gains (losses)	Fair value	Unrealized holding gains (losses)
Investments with temporary impairment (0 securities in 2013) of				
Less than 12 months	\$ 6.4	\$.0	\$ —	\$ —
12 months or more	1.0	.0	—	—
Total	7.4	.0	—	—
Investments with unrealized holding gains	128.6	3.2	134.2	2.7
Total	\$ 136.0	\$ 3.2	\$ 134.2	\$ 2.7
Aggregate cost	\$ 132.8		\$ 131.5	

The unrealized losses in these investments were generally caused by changes in interest rates and market liquidity, and not by changes in credit quality. We intend to hold these securities to their maturities, which generally correlate to the maturities of our customer deposits, and believe it is more-likely-than-not that we will not be required to sell any of these securities before recovery of their amortized cost. Accordingly, impairment of these investments is considered temporary.

NOTE 5– OTHER INVESTMENTS.

These investments (in millions) include:

	12/31/2012	3/31/2013
Cost method investments		
10% interest in Daiwa SB Investments Ltd. (Japan)	\$ 12.7	\$ 12.6
Other investments	46.5	47.8
Equity method investments		
26% interest in UTI Asset Management Company Limited (India)	139.8	136.3
Other investments	9.4	8.1
Investments held as trading		
Sponsored fund investments	2.6	2.7
Securities held by consolidated sponsored investment portfolios	92.7	93.7
U.S. Treasury note	1.0	1.0
Total	\$ 304.7	\$ 302.2

The securities held by consolidated sponsored investment portfolios relate to investment portfolios in which we provided initial seed capital at the time of its formation. We have determined at December 31, 2012 and March 31, 2013, that these investment portfolios are voting interest entities in which we have a controlling financial interest.

NOTE 6– FAIR VALUE MEASUREMENTS.

We determine the fair value of our investments using the following 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.

Level 3 – unobservable inputs reflecting our own assumptions based on the best information available. We do not value any investments using Level 3 inputs.

These levels are not necessarily an indication of the risk or liquidity associated with our investments. There have been no transfers in or out of the levels. The following table summarizes our investments (in millions) that are recognized in our consolidated balance sheets using fair value measurements determined based on the differing levels of inputs.

	Level 1	Level 2
<u>December 31, 2012</u>		
Cash equivalents	\$ 732.8	
Investments in sponsored funds	1,140.1	
Investments held as trading	18.1	\$ 77.2
Debt securities held by savings bank subsidiary	—	136.0
Total	<u>\$ 1,891.0</u>	<u>\$ 213.2</u>
<u>March 31, 2013</u>		
Cash equivalents	\$ 1,099.3	
Investments in sponsored funds	1,184.8	
Investments held as trading	27.8	\$ 68.6
Debt securities held by savings bank subsidiary	—	134.2
Total	<u>\$ 2,311.9</u>	<u>\$ 202.8</u>

Customer deposits at our savings bank subsidiary are not measured at fair value in our consolidated balance sheets. The estimated fair value of these deposits, based on discounting expected cash outflows at maturity dates that range up to five years using current interest rates offered for deposits with the same dates of maturity, was \$157.8 million at December 31, 2012, and \$152.2 million at March 31, 2013. The fair value was determined using Level 2 inputs.

NOTE 7– STOCK-BASED COMPENSATION.**STOCK OPTIONS.**

The following table summarizes the status of and changes in our stock option grants during the first quarter of 2013.

	Options	Weighted-average exercise price
Outstanding at beginning of year	34,622,435	\$ 48.82
Semiannual grants	1,766,900	\$ 71.41
Reload grants	10,953	\$ 73.37
Exercised	(2,374,340)	\$ 45.10
Forfeited	(332,429)	\$ 53.56
Expired	(1,217)	\$ 53.22
Outstanding at end of period	<u>33,692,302</u>	\$ 50.23
Exercisable at end of period	<u>17,982,520</u>	\$ 45.54

RESTRICTED SHARES AND STOCK UNITS.

The following table summarizes the status of and changes in our nonvested restricted shares and restricted stock units during the first quarter of 2013.

	Restricted shares	Restricted stock units	Weighted-average fair value
Nonvested at beginning of year	1,161,164	597,042	\$ 59.13
Granted to employees - time-based	381,457	163,923	\$ 71.41
Granted to employees - performance-based	12,000	34,050	\$ 71.41
Vested	(688)	(1,868)	\$ 50.96
Forfeited	(33,734)	(4,126)	\$ 58.47
Nonvested at end of period	1,520,199	789,021	\$ 62.30

The nonvested totals at the end of the period include 36,000 performance-based restricted shares and 104,925 performance-based restricted stock units. The performance period has lapsed and the performance threshold has been met for 12,000 shares and 36,750 units that were outstanding at the end of the period.

FUTURE STOCK-BASED COMPENSATION EXPENSE.

The following table presents the compensation expense (in millions) to be recognized over the remaining vesting periods of the stock-based awards outstanding at March 31, 2013. 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; changes in the probability of performance thresholds being met; and adjustments for actual forfeitures.

Second quarter 2013	\$ 28.5
Third quarter 2013	28.2
Fourth quarter 2013	23.4
2014	68.5
2015 through 2018	66.1
Total	\$ 214.7

NOTE 8– EARNINGS PER SHARE CALCULATIONS.

The following table presents the reconciliation (in millions) of our net income to net income allocated to our common stockholders and the weighted-average shares (in millions) that are used in calculating the basic and diluted earnings per share on our common stock. Weighted-average common shares outstanding assuming dilution reflects the potential additional dilution, determined using the treasury stock method that could occur if outstanding stock options were exercised and non-participating stock awards were vested.

	Three months ended	
	3/31/2012	3/31/2013
Net income	\$ 197.5	\$ 241.9
Less: net income allocated to outstanding restricted stock and stock unit holders	(1.0)	(1.8)
Net income allocated to common stockholders	\$ 196.5	\$ 240.1
Weighted-average common shares		
Outstanding	253.1	256.9
Outstanding assuming dilution	261.0	264.9

The following table shows the weighted-average outstanding stock options (in millions) and their average exercise price that are excluded from the calculation of diluted earnings per common share as the inclusion of such shares would be anti-dilutive.

	Three months ended	
	3/31/2012	3/31/2013
Weighted-average outstanding stock options excluded	4.5	3.6
Average exercise price	\$ 65.80	\$ 65.89

NOTE 9– OTHER COMPREHENSIVE INCOME AND ACCUMULATED OTHER COMPREHENSIVE INCOME.

The following table presents the deferred tax benefit (income tax) impact of the components (in millions) of other comprehensive income.

	Three months ended	
	3/31/2012	3/31/2013
Deferred income taxes on:		
Net unrealized holding gains	\$ (29.1)	\$ (13.8)
Reclassification adjustment recognized in non-operating investment income:		
Net gains realized on dispositions, determined using average cost	—	4.4
Deferred income taxes on net unrealized holding gains recognized in other comprehensive income	(29.1)	(9.4)
Deferred tax benefit on currency translation adjustment	4.0	1.8
Total deferred income taxes	\$ (25.1)	\$ (7.6)

The changes in accumulated other comprehensive income (in millions), by component, for the first quarter of 2013, are presented below.

	12/31/2012	Other comprehensive income, net of tax	3/31/2013
Net unrealized holding gains on:			
Investments in sponsored funds	\$ 232.3	\$ 23.3	\$ 255.6
Debt securities held by savings bank subsidiary	3.2	(.5)	2.7
Proportionate share of investments held by UTI	.6	.1	.7
	236.1	22.9	259.0
Deferred income taxes	(91.6)	(9.4)	(101.0)
Net unrealized holding gains, net of taxes	144.5	13.5	158.0
Currency translation adjustment, net of taxes	(12.6)	(3.4)	(16.0)
Accumulated other comprehensive income	\$ 131.9	\$ 10.1	\$ 142.0

Other comprehensive income, net of tax, related to our net unrealized holding gains in the first quarter of 2013 includes \$11.4 million in gains realized on dispositions that were reclassified from accumulated other comprehensive income and included in non-operating investment income. The income taxes of \$4.4 million related to these gains were also reclassified from accumulated other comprehensive income and are included in our provision for income taxes in the first quarter of 2013.

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 (“the Company”) as of March 31, 2013, the related condensed consolidated statements of income, comprehensive income and cash flows for the three-month periods ended March 31, 2013 and 2012, and the related condensed consolidated statement of stockholders’ equity for the three-month period ended March 31, 2013. 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, 2012, and the related consolidated statements of income, comprehensive income, stockholders’ equity, and cash flows for the year then ended (not presented herein); and in our report dated February 5, 2013, 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, 2012, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ KPMG LLP
Baltimore, Maryland
April 24, 2013

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 U.S. sponsored mutual funds and other investment portfolios. The other investment portfolios include separately managed accounts, subadvised funds, and other sponsored investment portfolios including common trust funds, target-date retirement trusts and mutual funds offered to investors outside the U.S. and through variable annuity life insurance plans. Investment advisory clients domiciled outside the U.S. account for about 8.5% of our assets under management at March 31, 2013.

We manage a broad range of U.S., international and global 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.

We remain debt-free with substantial liquidity and resources that allow 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.

BACKGROUND.

U.S. equities rose in the first quarter of 2013, lifting several major indexes to multi-year highs, if not all-time highs, as the economy continued to slowly expand, labor markets strengthened somewhat further over the period as a whole, and the Federal Reserve continued its asset purchase plans to hold down interest rates. The U.S. markets advanced despite tighter U.S. fiscal policy and renewed concerns about the European sovereign debt crisis. Non-U.S. developed markets lagged their U.S. counterparts, while emerging market stocks fell as economic slowdowns in a few emerging countries led investors to shift money to developed markets.

Returns of several major equity market indexes for the first quarter of 2013 are as follows:

Index	Three months ended
	3/31/2013
S&P 500 Index	10.6%
NASDAQ Composite Index ⁽¹⁾	8.2%
Russell 2000 Index	12.4%
MSCI EAFE (Europe, Australasia, and Far East) Index	5.2%
MSCI Emerging Markets Index	-1.6%

⁽¹⁾ returns exclude dividends

U.S. Bonds were mostly flat in the first quarter of 2013, as positive news about the global economy led investors to seek riskier assets, including high yield bonds. Longer-term Treasury bond yields rose slightly in the quarter though they continue to be near historic lows. The yield on the benchmark 10-year U.S. Treasury at March 31, 2013, was 1.9%, slightly higher than the December 31, 2012, rate of 1.8%. At its March meeting, the Federal Reserve reaffirmed that it would continue its asset purchase plan and maintain its low interest rate policy so long as the unemployment rate remains above 6.5% and annual inflation remains below 2.5% in the short-term. Bonds in overseas markets saw larger losses in dollar terms in the first quarter of 2013, as currencies declined relative to the U.S. dollar.

Returns for several major bond market indexes for the first quarter of 2013 are as follows:

Index	Three months ended
	3/31/2013
Barclays U.S. Aggregate Index	-0.1%
Credit Suisse High Yield Index	2.9%
Barclays Municipal Bond Index	0.3%
Barclays Global Aggregate Ex-U.S. Dollar Bond Index	-3.5%
JPMorgan Emerging Markets Bond Plus	-3.3%

ASSETS UNDER MANAGEMENT.

Our assets under management (in billions) have changed during 2013 as follows:

	Quarter ended 3/31/2013
Assets under management at beginning of period	\$ 576.8
Net cash flows	
Sponsored mutual funds in the U.S.	7.6
Other portfolios	(4.3)
	3.3
Market valuation changes and income	37.3
Change during the period	40.6
Assets under management at end of period	\$ 617.4

Assets under management at March 31, 2013, include \$459.6 billion in stock and blended asset investment portfolios and \$157.8 billion in fixed income investment portfolios. The investment portfolios that we manage consist of \$377.0 billion in the T. Rowe Price mutual funds distributed in the U.S. and \$240.4 billion in other investment portfolios.

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 of 2013 versus first quarter of 2012.

Investment advisory revenues were up 12.8%, or \$79.9 million, to \$702.9 million in the first quarter of 2013, as average assets under our management increased \$70.7 billion to \$601.0 billion. The average annualized effective fee rate earned on our assets under management was 47.4 basis points during the first quarter of 2013, which is slightly higher than the 47.2 basis points earned during the full-year 2012. We waived \$10.9 million in money market advisory fees in the first quarter of 2013, an increase of \$2.1 million from the comparable 2012 quarter, in order to maintain a positive yield for fund investors. These fee waivers represent about 2% of total investment advisory revenues earned during the first quarter of 2013. We have waived fees from each of our money market mutual funds and trusts, which have combined net assets of \$15.3 billion at March 31, 2013. We expect that these fee waivers will continue for the remainder of 2013.

Net revenues increased \$87.0 million, or 11.9%, to \$815.7 million in the first quarter of 2013. Operating expenses were \$443.1 million in the first quarter of 2013, an increase of \$30.6 million or 7.4%. Overall, net operating income for the first quarter of 2013 increased \$56.4 million to \$372.6 million. The increase in our average assets under management and corresponding investment advisory revenues from higher market valuations lifted our operating margin in the first quarter of 2013 to 45.7% compared to 43.4% in the 2012 period. Net income increased \$44.4 million, or 22.5%, to \$241.9 million, in the first quarter of 2013 and our diluted earnings per share on our common stock increased 21.3% to \$.91 from the \$.75 earned in the first quarter of 2012.

Revenues

Investment advisory revenues earned from the T. Rowe Price mutual funds distributed in the U.S. were \$490.6 million, an increase of \$64.7 million, or 15.2%, on higher average assets under management. Average mutual fund assets under management in the first quarter of 2013 were \$364.8 billion, an increase of 16.8% from the average in the first quarter of 2012. Mutual fund assets at March 31, 2013, were \$377.0 billion, an increase of \$30.1 billion from the end of 2012. Net cash inflows into the mutual funds during the first quarter of 2013 were \$7.6 billion, including \$5.2 billion into the stock and blended asset funds, \$2.5 billion into the bond funds, and net outflows of \$1 billion from the money market funds. These net cash inflows include \$2.7 billion originating in the target-date retirement funds, which in turn invest in a broadly diversified portfolio of other Price funds, and automatically rebalance to maintain their specific asset allocation weightings. Market appreciation and income increased mutual fund assets under management by \$22.5 billion during the first quarter of 2013.

Investment advisory revenues earned in the first quarter of 2013 on our other investment portfolios increased \$15.2 million compared to the 2012 quarter to \$212.3 million, as average assets under management increased \$18.3 billion, or 8.4%, to \$236.2 billion. Assets under management in these portfolios at March 31, 2013, were \$240.4 billion, an increase of \$10.5 billion from the end of 2012. Market appreciation and income of \$14.8 billion was partially offset by \$4.3 billion in net cash outflows during the first quarter of 2013. These net cash outflows were primarily from certain institutional clients outside the United States who changed their investment objectives.

Administrative fee revenues increased \$3.4 million to \$86.3 million in the first quarter of 2013. The increase is primarily attributable to transfer agent servicing activities provided to the mutual funds and their investors. Changes in administrative fee revenues are generally offset by similar changes in related operating expenses that are incurred to provide services to the funds and their investors.

Distribution and servicing fee revenues earned from 12b-1 plans of the Advisor, R, and variable annuity class shares of our sponsored funds and portfolios increased \$4.0 million from the first quarter of 2012 on greater average assets under management in these share classes. The 12b-1 fees earned are offset entirely by the costs paid to third-party intermediaries who source these assets. These costs are reported as distribution and servicing costs on the face of the condensed consolidated statements of income.

Operating expenses

Compensation and related costs were \$279.1 million in the first quarter of 2013, an increase of \$18.4 million, or 7.1%, compared to the first quarter of 2012. The largest part of the increase is attributable to \$7.5 million in higher salaries and related benefits, which results from a modest increase in salaries at the beginning of 2013 combined with a 3.2% increase in our average staff size from the first quarter of 2012. The 2013 costs also include a \$7.0 million increase in the interim accrual for our annual variable compensation programs, higher costs attributable to an increased use of temporary personnel to support our business growth and higher other employee-related costs. At March 31, 2013, we employed 5,408 associates.

Occupancy and facility costs together with depreciation and amortization expense were \$54.5 million in the first quarter of 2013, up \$5.3 million compared to the first quarter of 2012. The change is primarily a result of costs incurred to expand our facilities around the world as well as update our technology capabilities, including related maintenance programs, to meet increasing business demands.

Other operating expenses increased \$3.4 million in the first quarter of 2013, to \$58.0 million, due primarily to higher costs incurred to provide our defined contribution recordkeeping services.

Non-operating investment income

Our non-operating investment income, which includes the recognition of investment gains and losses, was up \$13.2 million from the first quarter of 2012, including \$11.4 million in gains realized from rebalancing our sponsored fund portfolio. The balance of the increase is primarily attributable to higher gains recognized in the first quarter of 2013 on our other investments.

Provision for income taxes

The firm's effective income tax rate for the first quarter of 2013 of 38.1% is lower than the 38.4% effective income tax rate for the full year 2012 due to certain adjustments made in the 2013 quarter for prior year tax accruals. We currently estimate our effective tax rate for the full year 2013 will be 38.3%. Our effective income tax rate reflects the relative contribution of pre-tax income generated by our non-U.S. subsidiaries that are subject to tax rates lower than our U.S. rates. Changes in the relative

contribution of pre-tax income from U.S. and non-U.S. sources or changes in tax rates in the U.S. or relevant non-U.S. jurisdictions may affect our effective income tax rate and overall net income in the future.

CAPITAL RESOURCES AND LIQUIDITY.

Operating activities during the first quarter of 2013 provided cash flows of \$459.4 million, up \$193.6 million from the 2012 period, including a \$44.4 million increase in net income. Timing differences in the cash settlement of our assets and liabilities increased our operating cash flows by \$80.6 million compared to the first quarter of 2012. The first quarter of 2012 also included \$79.0 million in cash outflows for the net purchase of securities held by consolidated sponsored mutual funds to which we provided seed capital at their formation and were deemed to have a controlling interest. These operating cash flow increases are offset by the add back of \$11.4 million in gains recognized on the sale of certain sponsored fund investments as the related cash flow activity is reflected in net cash used in investing activities. Our interim operating cash flows do not include the cash impact of variable compensation that is accrued throughout the year before being substantially paid out in December.

Net cash used in investing activities totaled \$31.6 million in the first quarter of 2013, up \$22.3 million from the comparable 2012 period. We made \$10.0 million more net investments in our sponsored mutual funds and increased our capital spending by \$4.2 million in the first quarter of 2013 compared with the 2012 period. The first quarter of 2012 also included \$12.4 million more in net cash proceeds from the debt securities held by our savings bank subsidiary.

Net cash used in financing activities was \$21.0 million in the first quarter of 2013, down \$29.9 million from the comparable 2012 period. Cash proceeds from option exercises increased \$46.1 million in the first quarter of 2013 compared to the 2012 quarter as the higher market valuations of our common stock experienced in the 2013 quarter led our associates to exercise their options. These cash proceeds were partially offset by the change in customer deposits at our savings bank subsidiary during the first quarter of 2013 and the \$11.9 million increase in dividends paid. The increase in dividends paid in the first quarter of 2013 is primarily due to the \$.04 increase in our quarterly per-share dividend.

Our cash and mutual fund investments at March 31, 2013 were \$2.5 billion, and we have no debt. We anticipate property and equipment expenditures for the full year 2013 to be about \$125 million and expect to fund them from our cash balances. We generally repurchase shares of our common stock over time to offset the dilution created by our equity-based compensation plans. Given the availability of our financial resources, we do not maintain an available external source of liquidity.

NEW ACCOUNTING STANDARDS.

We have considered all other newly issued accounting guidance that is applicable to our operations and the preparation of our condensed consolidated statements, including that which we have not yet adopted. We do not believe that any such guidance 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 on common stock; changes in the amount and composition of our assets under management; our expense levels; our estimated effective income tax rate; and our expectations regarding financial markets, future transactions, investments, capital expenditures, and other market 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 2012. 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 global financial markets 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 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 U.S. and to further penetrate our distribution channels within the U.S.; 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; any goodwill or investment impairment that may arise; fluctuation in foreign currency exchange rates applicable to our investment in and the costs of our international operations; changes in our effective tax rate; expenses and capital costs, such as technology assets, depreciation, amortization, and research and development, incurred to maintain and enhance our administrative and operating services infrastructure; unanticipated costs that may be incurred to protect investor accounts and the goodwill of our clients; and disruptions of services, including those provided by third parties, such as facilities, communications, power, and the mutual fund transfer agent and accounting systems.

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

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

There has been no material change in the information provided in Item 7A of the Form 10-K Annual Report for 2012.

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, 2013. Based on that evaluation, our principal executive and principal financial officers have concluded that our disclosure controls and procedures as of March 31, 2013, 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 2013, and has concluded that there was no change during the first quarter of 2013 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 results of operations is remote.

Item 1A. Risk Factors.

With the exception of the following addition to the list of current and proposed legal or regulatory requirements discussed in Item 1A of our Form 10-K Annual Report for 2012 there have been no material changes in the risk factors previously provided.

As part of the debate in Washington, D.C. related to the economy and the U.S. deficit, there has been increasing focus on the framework of the U.S. retirement system. We could incur increased costs if new regulatory requirements are adopted since retirement plans are a significant part of our client base. Also, other types of retirement accounts invest in our mutual funds. In addition, changes to the current framework may impact our business in other ways. For example, proposals to reduce contributions to Individual Retirement Accounts and Defined Contribution plans for certain individuals, as well as potential changes to Defined Benefit plans, may result in increased plan terminations and reduce our opportunity to manage and service retirement assets.

As previously noted, we cannot predict the nature of future changes to the legal and regulatory requirements applicable to our business, nor the extent of the impacts that will result from current or future proposals. However, any such changes are likely to increase the costs of compliance and the complexity of our operations. They may also result in changes to our product or service offerings. The changing regulatory landscape may also impact a number of our service providers and to the extent such providers alter their services or increase their fees it may impact our expenses or those of the products we offer.

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

(c) Repurchase activity during the first quarter of 2013 is as 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	157,799	\$ 70.33	—	11,413,467
February	133,303	\$ 72.52	—	11,413,467
March	131,762	\$ 74.32	—	11,413,467
Total	422,864	\$ 72.26	—	

Shares repurchased by us in a quarter may include repurchases conducted pursuant to publicly announced board authorizations, outstanding shares surrendered to the company to pay the exercise price in connection with swap exercises of employee stock options, and shares withheld to cover the minimum payroll tax withholding obligation associated with the vesting of restricted stock awards. Of the total number of shares purchased during the first quarter of 2013, 422,759 were related to shares surrendered in connection with employee stock option exercises and 105 were related to shares withheld to cover payroll tax withholdings associated with the vesting of restricted stock awards.

The maximum number of shares that may yet be purchased are available under the Board of Directors' September 8, 2010 publicly announced authorization.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

On April 24, 2013, we issued a press release reporting our results of operations for the first quarter of 2013. A copy of that press release is furnished herewith as Exhibit 99. This information 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.

SEC FILINGS.

We make available free of charge through our Internet web site our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and any amendments to those reports filed or furnished pursuant to Section 13(a) of the Exchange Act as soon as reasonably practicable after we electronically file them with, or furnish them to, the Securities and Exchange Commission. To obtain any of this information, access our web page at www.troweprice.com. We use our website as a channel of distribution for material company information.

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 June 30, 2008 filed on April 10, 2008; File No. 033-07012-99).
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 file on February 17, 2009; File No. 033-07012-99).
15	Letter from KPMG LLP, independent registered public accounting firm, re unaudited interim financial information.
10.18.5	HM Revenue and Customs Approved Sub-Plan for UK Employees under the 2012 Long-Term Incentive Plan.
10.18.6	Forms of Agreement for Stock Options issued under the HM Revenue and Customs Approved Sub-Plan for UK Employees under the 2012 Long-Term Incentive Plan.
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 24, 2013, reporting our results of operations for the first quarter of 2013.
101	The following series of unaudited XBRL-formatted documents are collectively included herewith as Exhibit 101. The financial information is extracted from T. Rowe Price Group's unaudited condensed consolidated interim financial statements and notes that are included in this Form 10-Q Report.
101.INS	XBRL Instance Document (File name: trow-20130331.xml).
101.SCH	XBRL Taxonomy Extension Schema Document (File name: trow-20130331.xsd).
101.CAL	XBRL Taxonomy Calculation Linkbase Document (File name: trow-20130331_cal.xml).
101.LAB	XBRL Taxonomy Label Linkbase Document (File name: trow-20130331_lab.xml).
101.PRE	XBRL Taxonomy Presentation Linkbase Document (File name: trow-20130331_pre.xml).
101.DEF	XBRL Taxonomy Definition Linkbase Document (File name: trow-20130331_def.xml).

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 24, 2013.

T. Rowe Price Group, Inc.

By: /s/ Kenneth V. Moreland
Vice President, Chief Financial Officer and Treasurer

T. ROWE PRICE GROUP, INC.
2012 LONG-TERM INCENTIVE PLAN
HM REVENUE AND CUSTOMS APPROVED RULES FOR UK EMPLOYEES
(THE "SUB-PLAN")

The Plan adopted by the Board of Directors of Price Group on: 23 February 2012 and approved by the stockholders of Price Group on: 17 April 2012

The Sub-Plan adopted by a resolution of the Executive Compensation Committee of the Board of Directors of Price Group on: **5 December 2012**

The Sub-Plan approved by the HM Revenue and Customs on: **30 January 2013**

The Sub-Plan amended by a resolution of the Executive Compensation Committee of the Board of Directors of Price Group on: **20 February 2013** and approved by HM Revenue and Customs effective of the same date

HM Revenue and Customs reference no: X103097/WPR

PricewaterhouseCoopers LLP
Hay's Galleria
1 Hay's Lane
London
SE1 2RD

SCHEDULE

T. ROWE PRICE GROUP, INC. 2012 LONG-TERM INCENTIVE PLAN HM REVENUE AND CUSTOMS APPROVED RULES FOR UK EMPLOYEES (THE "SUB-PLAN")

1. General

This Schedule to T. Rowe Price Group, Inc. 2012 Long-Term Incentive Plan (the "**Plan**") and appended Statement of Additional Terms and Conditions regarding Awards of Stock Options (version 2C) (the "**Terms**") set out the HM Revenue and Customs Approved Rules for UK Employees (together referred to as the "**Sub-Plan**").

2. Establishment of Sub-Plan

T. Rowe Price Group, Inc., a Maryland corporation ("**Price Group**") has established the Sub-Plan under Section 4(b)(viii) of the Plan which authorises the Administrator to adopt, amend, modify, administer or terminate sub-plans for any purpose, including but not limited to, qualifying for preferred tax treatment, accommodating the customs or otherwise complying with the regulatory requirements of local or foreign (non-United States) jurisdictions.

3. Purpose of Sub-Plan

The purpose of the Sub-Plan is to enable the grant to, and subsequent exercise by, employees and directors in the United Kingdom, on a tax favoured basis, of options to acquire shares in Price Group under the Plan.

4. HM Revenue and Customs approval of Sub-Plan

The Sub-Plan is intended to be approved by HM Revenue and Customs under Schedule 4.

5. Rules of Sub-Plan

The rules of the Plan, in their present form and as amended from time to time, shall, with the modifications set out in this Schedule, form the rules of the Sub-Plan. In the event of any conflict between the rules of the Plan and this Schedule, the Schedule shall prevail.

6. Relationship of Sub-Plan to Plan

The Sub-Plan shall form part of the Plan and not a separate and independent plan.

7. Interpretation

In the Sub-Plan, unless the context otherwise requires, the following words and expressions have the following meanings:

Acquiring Company	a company which obtains Control of Price Group in the circumstances referred to in rule 26;
Approval Date	the date on which the Sub-Plan is approved by HM Revenue and Customs under Schedule 4;
Associated Company	the meaning given to that expression by paragraph 35 of Schedule 4;
Close Company	the meaning given to that expression by section 439 of CTA 2010 as referred by paragraph 37 of Schedule 4;
Consortium	the meaning given to that word by paragraph 36(2) of Schedule 4;
Control	the meaning given to that word by section 719 of ITEPA 2003 and "Controlled" shall be construed accordingly;
CTA 2010	The Corporation Tax Act 2010
Date of Grant	the date on which an Option is granted to an Eligible Individual determined in accordance with Section 7(c) of the Plan;
Eligible Individual	<p>an individual who falls within Section 6 of the Plan and who is:</p> <ul style="list-style-type: none">(a) an employee (other than a director) of Price Group or a company participating in the Sub-Plan; or(b) a director of Price Group or a company participating in the Sub-Plan who is contracted to work at least 25 hours per week for Price Group and its subsidiaries or any of them (exclusive of meal breaks) <p>and who, in either case, does not have at the Date of Grant of an Option, and has not had during the preceding twelve months, a Material Interest in a Close Company which is Price Group or a company which has Control of Price Group or a member of a Consortium which owns Price Group;</p>
Expiration Date	means the date on which an Option expires if not sooner exercised, forfeited or otherwise terminated;

Grantee

An individual who holds an Option, or where the context permits, his legal personal representatives;

ITA 2007

The Income Tax Act 2007;

ITEPA 2003

The Income Tax (Earnings and Pensions Act 2003);

Key Feature

means a provision of the Plan or the Sub-Plan which is necessary in order to meet the requirements of Schedule 4;

notwithstanding Section 17(p) of the Plan

(a) in the case of an Option granted under the Sub Plan:

- (i) if at the relevant time the Shares are listed on the NASDAQ Stock Market the NASDAQ Official Closing Price (NOCP) for the Date of Grant of the Option, or if no reported price for that day, the preceding day for which there was a reported price. In the event Shares are no longer listed on the NASDAQ Stock Market, but instead are listed on another stock exchange registered with the Securities and Exchange Commission of the United States as a national securities exchange under Section 6 of the Exchange Act 1934, and such exchange is a Recognised Stock Exchange, the comparable last or closing selling price on that exchange);
- (ii) if paragraph (i) does not apply, the market value of a Share as determined in accordance with Part VIII of the Taxation of Chargeable Gains Act 1992 and agreed in advance with HM Revenue and Customs Shares and Assets Valuation on the Date of Grant of the Option or such earlier date or dates as may be agreed with HM Revenue and Customs;

((b) in the case of an option granted under any other share option scheme, the market value of an ordinary share in the capital of Price Group determined under the rules of such scheme for the purpose of the grant of the option;

Market Value

Material Interest

The meaning given to that expression by paragraphs 9 to 14 of Schedule 4;

New Option

an option granted by way of exchange under rule 26.1;

New Shares

the shares subject to a New Option referred to in rule 26.1;

means the Notice of Grant of Stock Option Award which correlates with the Terms and sets forth the specifics of the applicable award of Options;

Notice_

Option	a subsisting right to acquire Shares granted under the Sub-Plan;
Ordinary Share Capital	the meaning given to that expression by section 989 of ITA 2007;
Recognised Stock Exchange	the meaning given to that expression by section 1005 of ITA 2007;
Schedule	means the provisions as set out in this Sub-Plan;
Schedule 4	means Schedule 4 to ITEPA 2003;
Shares	ordinary shares of Common Stock of Price Group, par value twenty cents (\$0.20) per share.

In this Schedule, unless the context otherwise requires:

- words and expressions not defined above have the same meanings as are given to them in the Plan;
- the rule headings are inserted for ease of reference only and do not affect their interpretation;
- a reference to a rule is a reference to a rule in this Schedule;
- the singular includes the plural and vice-versa and the masculine includes the feminine; and
- a reference to a statutory provision is a reference to a United Kingdom statutory provision and includes any statutory modification, amendment or re-enactment thereof.

8. Companies participating in Sub-Plan

The companies participating in the Sub-Plan shall be Price Group and any company Controlled by Price Group which has been nominated by Price Group to participate in the Sub-Plan.

9. Shares used in Sub-Plan

The Shares shall form part of the Ordinary Share Capital of Price Group and shall at all times comply with the requirements of paragraphs 16 to 20 of Schedule 4.

10. Grant of Options

10.1 An Option granted under the Sub-Plan shall be granted under and subject to the rules of the Plan as modified by this Schedule, and the Terms.

10.2 The last sentence in Section 7 (a) of the Plan shall not apply to Options.

10.3 Section 7(b) of the Plan shall not apply to Options

11. **Identification of Options**

A Notice issued in respect of an Option shall expressly state that it is issued in respect of an Option. An option which is not so identified shall not constitute an Option.

12. **Contents of Notice**

12.1 A Notice will be issued in respect of an Option and shall state:

- that it is issued in respect of an Option granted under the Sub-Plan;
- the Date of Grant of the Option;
- the number of Shares subject to the Option;
- the exercise price per Share under the Option;
- any performance target or other condition imposed on the exercise of the Option;
- the date(s) on which the Option will ordinarily become exercisable;
- the date on which the Option expires (the "**Expiration Date**") if not sooner exercised, forfeited or otherwise terminated; and
- the Terms with which the Notice correlates that set forth the period during which an Option shall remain exercisable following termination of employment.

12.2 Notwithstanding Section 4(b) (iv) (C) of the Plan, any terms relating to the withholding of taxes will be determined and implemented in accordance with rule 30 of the Sub-Plan.

13. **Earliest date for grant of Options**

An Option may not be granted earlier than the Approval Date.

14. **Persons to whom Options may be granted**

Notwithstanding the provisions of Section 6 of the Plan, an Option may not be granted to an individual who is not an Eligible Individual at the Date of Grant.

15. Options non transferable

- 15.1 An Option shall be personal to the Eligible Individual to whom it is granted and, subject to rule 26, shall not be capable of being transferred, charged or otherwise alienated and shall lapse immediately if the Grantee purports to transfer, charge or otherwise alienate the Option.
- 15.2 Reference in Section 9 of the Plan to transfers by a Grantee otherwise than by will or the laws of descent and distribution shall be disapplied for the purposes of the Sub-Plan.

16. Limit on number of Shares placed under Option under Sub-Plan

For the avoidance of doubt, Shares placed under Option under the Sub-Plan shall be taken into account for the purpose of Section 5 of the Plan.

17. HM Revenue and Customs limit (£30,000)

An Option may not be granted under this Sub-Plan to an Eligible Individual if the result of granting the Option would be that the aggregate Market Value of the shares subject to all outstanding options granted to him under the Sub-Plan or any other share option scheme established by Price Group or an Associated Company and approved by HM Revenue and Customs under Schedule 4 (other than a savings related share option scheme) would exceed sterling £30,000 or such other limit as may from time to time be specified in paragraph 6 of Schedule 4. For this purpose, the United Kingdom sterling equivalent of the market value of a share on any day shall be determined by taking the spot sterling/US dollar exchange rate for that day as shown in the Wall Street Journal, the Financial Times or in any other internationally circulated and recognised broadsheet which records foreign exchange rates daily. If the grant of an Option would otherwise cause the limit in this rule 17 to be exceeded, the amount being granted in excess of the limit shall be treated as void.

18. Exercise price under Options

The amount payable per Share on the exercise of an Option shall not be less than the Market Value of a Share on the Date of Grant and shall be stated on the Date of Grant.

19. Performance goal or other condition imposed on exercise of Option

Any performance goal or other condition imposed on the exercise of an Option under Sections 4(b)(iv) and 7(a) of the Plan, shall be:

- 19.1 objective;
- 19.2 such that, once satisfied, the exercise of the Option is not subject to the discretion of any person; and
- 19.3 stated on the Date of Grant.

If an event occurs as a result of which the Administrator considers that a performance goal or other condition imposed on the exercise of an Option is no longer appropriate and substitutes, varies or waives under Sections 4(d) or 10(c) of the Plan the performance goal or condition, such substitution, variation or waiver shall:

19.4 be fair and reasonable in the circumstances; and

19.5 produce a fairer measure of performance and be neither more nor less difficult to satisfy.

20. Exercise of Options by leavers

20.1 The period during which an Option shall remain exercisable following termination of employment, shall be stated in the Terms.

20.2 For the purposes of paragraph 35A of Schedule 4, the specified age is 55.

21. Latest date for exercise of Options

Notwithstanding rule 25, the Expiration Date on or before which an Option may be exercised after satisfying the conditions for exercise shall be stated in the Notice and any Option not exercised by that time shall lapse immediately.

22. Material Interest

An Option may not be exercised if the Grantee then has, or has had within the preceding twelve months, a Material Interest in a Close Company which is Price Group or which is a company which has Control of Price Group or which is a member of a Consortium which owns Price Group.

23. Manner of payment for Shares on exercise of Options

Paragraph 3 of the Terms provides for the method of exercising the Option and payment of the exercise price, together with any amounts due under rule 30. Notwithstanding any provisions of the Plan, the exercise price may not be paid by the transfer to Price Group of Shares or any other shares or securities.

24. Issue or transfer of Shares on exercise of Options

Subject to compliance by the Grantee with the rules of the Sub-Plan and to any delay necessary to complete or obtain: the listing of the Shares on any stock exchange on which Shares are then listed; or

- 24.1 such registration or other qualification of the Shares under any applicable law, rule or regulation as Price Group determines is necessary or desirable.

Price Group shall, as soon as reasonably practicable and in any event not later than thirty days after the date of exercise of an Option, issue or transfer to the Grantee, or procure the issue or transfer to the Grantee of, the number of Shares specified in the notice of exercise and shall deliver to the Grantee, in the case of the partial exercise of an Option, a Notice in respect of, or the original Notice endorsed to show, the unexercised part of the Option, subject only to:

- 24.2 the making of provision for the payment or withholding of any taxes required to be withheld in accordance with any applicable law in respect of the exercise of the Option or the receipt of the Shares.
- 24.3 Notwithstanding Section 4(vii) of the Plan, deferral of the individual's delivery of Shares that would otherwise be due to such individual by virtue of the exercise of the Option is disapplied for the purposes of the Sub-Plan in accordance with rule 33.2.

Unless and until the Grantee requests Price Group to deliver a share certificate to the Grantee, or deliver Shares electronically or in certificate form to the Grantee's designated broker, bank or nominee on the Grantee's behalf, Price Group will retain the Shares that the Grantee purchased through exercise of the Option in uncertificated book entry form.

25. **Death of Grantee**

If a Grantee dies, his personal representatives shall be entitled to exercise his Options for the period stated in the Terms, but in no event later than the Expiration Date stated in the Notice nor the end of the twelve month period following the date of his death. If not so exercised, the Options shall lapse immediately.

26. **Change in Control of Company**

26.1 **Exchange of Options**

If a company ("**Acquiring Company**") obtains Control of Price Group as a result of making:
a general offer to acquire the whole of the issued ordinary share capital of Price Group which is made on a condition such that if it is satisfied the person making the offer will have Control of Price Group; or

26.1.1a general offer to acquire all the shares in Price Group of the same class as the Shares

a Grantee may, at any time during the period set out in rule 26.2, by agreement with the Acquiring Company, release his Option in whole or in part in consideration of

the grant to him of a new option (“**New Option**”) which is equivalent to the Option but which relates to shares (“**New Shares**”) in:

26.1.2 the Acquiring Company;

26.1.3 a company which has Control of the Acquiring Company; or

26.1.4 a company which either is, or has Control of, a company which is a member of a Consortium which owns either the Acquiring Company or a company having Control of the Acquiring Company.

26.2 **Period allowed for exchange of Options**

The period referred to in rule 26.1 is the period of six months beginning with the time when the person making the offer has obtained Control of Price Group and any condition subject to which the offer is made has been satisfied.

26.3 **Meaning of “equivalent”**

The New Option shall not be regarded for the purpose of this rule 26 as equivalent to the Option unless:

26.3.1 the New Shares satisfy the conditions in paragraphs 16 to 20 of Schedule 4; and

26.3.2 save for any performance target or other condition imposed on the exercise of the Option, the New Option will be exercisable in the same manner as the Option and subject to the provisions of the Sub-Plan as it had effect immediately before the release of the Option; and

26.3.3 the total market value, immediately before the release of the Option, of the Shares which were subject to the Option is equal to the total market value, immediately after the grant of the New Option, of the New Shares (market value being determined for this purpose in accordance with Part VIII of the Taxation of Chargeable Gains Act 1992); and

26.3.4 the total amount payable by the Grantee for the acquisition of the New Shares under the New Option is equal to the total amount that would have been payable by the Grantee for the acquisition of the Shares under the Option.

26.4 **Date of grant of New Option**

The date of grant of the New Option shall be deemed to be the same as the Date of Grant of the Option.

26.5 **Application of Sub-Plan to New Option**

In the application of the Sub-Plan to the New Option, where appropriate, references to “Price Group” and “Shares” shall be read as if they were

references to the company to whose shares the New Option relates and the New Shares, respectively, save that in the definition of “Administrator” or associated references, the reference to “Price Group” shall be read as if it were a reference to T. Rowe Price Group, Inc.

27. Rights attaching to Shares issued on exercise of Options

All Shares issued on the exercise of an Option shall, as to any voting, dividend, transfer and other rights, including those arising on a liquidation of Price Group, rank equally in all respects and as one class with the Shares in issue at the date of such exercise save as regards any rights attaching to such Shares by reference to a record date prior to the date of such exercise.

28. Adjustment of Options

28.1 Notwithstanding Sections 4(b)(v) and 10 (a) and (b) of the Plan and any provision in the Notice or the Terms, no substitution shall be made in respect of an Option and no adjustment shall be made to an Option except to take account of a variation in the share capital of Price Group, including but without limitation a capitalisation issue, rights issue, rights offer or bonus issue and a sub-division, consolidation or reduction in the capital of Price Group but excluding a capitalisation issue in substitution for or as an alternative to a cash dividend. In the event of such a variation in the share capital of Price Group, the number of Shares subject to an Option, the description of the Shares, the exercise price, or any one or more of these, may be adjusted in such manner as the Administrator determines.

28.2 An adjustment shall not have effect until the adjustment has been approved by HM Revenue & Customs.

29. HM Revenue & Customs approval of amendments

An amendment to a Key Feature following the Approval Date will not have effect until such amendment has been approved by HM Revenue & Customs under Schedule 4.

30. Tax and social security withholding

30.1 Where, in relation to the exercise of an Option granted under the Sub-Plan Price Group or, if different, the Grantee's employing company, is liable, or is in accordance with current practice believed to be liable, to account to any revenue or other authority for any sum in respect of any tax or social security liability of the Grantee, the Option may not be exercised unless the Grantee has beforehand paid to Price Group or such employing company an amount sufficient to discharge the liability. Alternatively, the Grantee may, by agreement with Price Group, enter into some other arrangement to ensure that such amount is available to it (for example, by authorising the sale of some or all of the Shares subject to his Option and the payment to Price Group or such employing company of the requisite amount out of the proceeds of sale). Where this is the case the Option shall not be treated as

exercised until Price Group determines that such arrangements are satisfactory to it.

30.2 Price Group may, at its discretion, impose requirements for the payment by the Grantee of all or any part of the employer's National Insurance Contributions liability that may arise as a result of the exercise of his Option ("**Employer's NIC**"). Such requirements may include in particular, but not by way of limitation, a determination that the Option may not be exercised unless the Grantee has beforehand paid to Price Group (or, if different, the Grantee's employing company) an amount sufficient to discharge all or any part of the Employer's NIC, as appropriate. Alternatively, the Grantee may, by agreement with Price Group enter into some other arrangement to ensure that such amount is available to them or it (for example, by authorising the sale of some or all of the Shares subject to his Option and the payment to Price Group of the requisite amount out of the proceeds of sale). Where this is the case the Option shall not be treated as exercised until Price Group determines that such arrangements are satisfactory to it.

30.3 Price Group may require a Grantee to execute a copy of the Notice or some other document in order to bind himself contractually to any such arrangement as is referred to in rule 30.1 and/or 30.2 and return the executed document to Price Group by a specified date. Failure to return the executed document by the specified date being no more than 30 days after the Date of Grant shall cause the Option to lapse.

31. **Exercise of discretion by Administrator**

In exercising any discretion which it may have under the Sub-Plan, the Administrator shall act fairly and reasonably.

32. **Recoupment Policy**

In respect of the application of Price Group's Recoupment Policy as set out in Section 16(g) of the Plan. Price Group will ensure that, in the event of there being a material restatement of Price Group's accounts for a period (as confirmed by Price Group's auditors), Price Group will act fairly and reasonably in determining that had the accounts been correctly stated in the first instance, then the Grantee would not have been granted an Option or would have been granted an Option in respect of fewer Shares, that the Option will lapse to that extent, unless Price Group determines otherwise.

33. **Disapplication of certain provisions of the Plan**

33.1 The provisions of the Plan dealing with:

- stock appreciation rights;
- stock awards;
-
- stock units;

- performance shares and performance units;
- qualified performance-based awards;
- Full Value Awards and the provisions contained in Section 7(b) of the Plan;
- incentive stock options (unless an Option is also designated to be an incentive stock option at the Date of Grant under Clause 8(c) of the Terms relating to Option grants under the Sub-Plan);
- dividend reinvestment and dividend equivalents;
- awards in substitution for stock options granted by other entities, as outlined in Sections 11(b) and (v) of the Plan; and
- Substitution and assumption of awards in Mergers and Acquisitions as provided for in Section 12 of the Plan

shall not form part of, and no such rights may be granted under, the Sub-Plan.

33.2 The provisions providing authority of the Administrator to:-

accelerate or otherwise change the time in which an Option may be exercised or becomes payable and waive or accelerate the lapse, in whole or in part, of any restriction or condition with respect to such Option, as outlined in Sections 4(b)(v) and (vi) and 14 of the Plan;

- determine settlement of the Option in cash or shares under 4(b)(vii) of the Plan;
- make any determination in respect of Termination of Service under Section 7c (iii) of the Plan other than is provided for in the Terms;
- adjust the performance goals as outlined in section 10(c) of the Plan; and
- unilaterally amend the terms of any Award as outlined in section 15(c) of the Plan

shall not apply to Options.

33.3 for the avoidance of doubt Reload Options shall not form part of, and no such rights will be granted under, the Sub-Plan.

33.4 In Section 4(b)(vii) of the Plan the words “and whether, to what extent and under what circumstances cash or shares of Common Stock payable with respect to an Award shall be deferred either automatically or at the election of the Participant” shall be disappplied and of no effect.

T. ROWE PRICE GROUP, INC. 2012 LONG-TERM INCENTIVE PLAN
HM REVENUE AND CUSTOMS APPROVED SUB-PLAN FOR THE UK

STATEMENT OF ADDITIONAL TERMS
REGARDING AWARDS OF STOCK OPTIONS

(version2C)

This Statement of Additional Terms Regarding Awards of Stock Options (the “**Terms**”) and all of the provisions of the HM Revenue and Customs Approved Sub-Plan for the UK (together referred to as the “**Sub-Plan**”) under the provisions of the T. Rowe Price Group, Inc. 2012 Long-Term Incentive Plan (the “**Plan**”), along with all provisions of the Plan as are not otherwise disappplied by the Sub-Plan, are incorporated into your stock option award, the specifics of which are described on the “Notice of Grant of Stock Option Award” (the “**Notice**”) that you received. Once you have accepted the Notice in accordance with the instructions set forth thereon,, the Plan, the Sub-Plan and the Notice, together, constitute a binding and enforceable contract respecting your stock option award. That contract is referred to in this document as the “**Agreement**.”

1. Terminology. Words and expressions not defined in the Terms have the same meanings as are given to them in the Plan and/or the Sub-Plan. Further capitalized words and phrases used in these Terms are defined in the Glossary at the end of this document or the first place such word or phrase appears in this document.

2. Vesting.

(a) Vested Status upon Grant Date. All of the Options are non vested and forfeitable as of the Grant Date. For clarity, as used in this Agreement, the term “vest” means that the Options become exercisable for the purchase of Common Stock. The fact that an Option has become vested does not mean or otherwise indicate that you have an unconditional or non forfeitable right to such Option. A vested Option remains subject to the terms, conditions and forfeiture provisions provided for in the Plan, the Sub-Plan and in this Agreement.

(b) Vesting Schedule. So long as your Service is continuous from the Grant Date through the applicable date upon which vesting is scheduled to occur, the Options will vest and become exercisable on the vesting dates as set forth in the correlating Notice.

(c) Post-employment Vesting Continuation.

(i) If, as of the date on which your Termination of Service occurs, you have at least 35 years of Credited Service and at least ten years of that Credited Service is attributable to Service with the Company (as determined by the Committee), including Service with any successor to the Company, then, except as otherwise provided in this Agreement, the then-unvested Options that have not been previously forfeited and which

are scheduled to vest within the 36-month period immediately following your Termination of Service will vest and become exercisable on their scheduled vesting dates set forth in the correlating Notice notwithstanding the fact that your Service has terminated.

(ii) Notwithstanding the provisions of Section 2(c)(i) to the contrary, , your unvested Options will be immediately forfeited for no consideration, no further vesting will accrue and no shares of Common Stock will be delivered in respect thereof, if you breach any of the restrictive covenants set forth in Section 6.

(d) Vesting upon Death or Disability. All of the Options that have not already vested or been previously forfeited will vest and become exercisable upon your death or Termination of Service due to your Total and Permanent Disability.

(e) Double-trigger Vesting. If, coincident with or during the 18-month period following the effective date of a Change in Control, your Service is terminated either (i) by the Company or a successor to the Company other than for Cause, Total and Permanent Disability or death or (ii) by you for Good Reason, then all of the Options that have not already vested or been previously forfeited or terminated in connection with the Change in Control will vest and become exercisable upon such Termination of Service.

3. Exercise of Options.

(a) Exercisability. None of the Options are exercisable as of the Grant Date. The Options will become exercisable in installments in accordance with the Vesting Schedule set forth in the correlating Notice, so long as you are in the continuous Service of the Company from the Grant Date through the applicable vesting dates or as otherwise provided in Section 2 above.

(b) Option Exercise Rights.

(i) You may exercise the Options, to the extent they have become exercisable, on any business day on or before the Expiration Date or the earlier termination of the Options, unless otherwise provided under applicable law. For this purpose, a business day is any day, other than a weekend or U.S. federal holiday, on which Price Group's principal executive offices (in Baltimore, Maryland -- Pratt Street) are open for business. You are not required to exercise your Options when they vest. Vested Options will accumulate and be exercisable by you, in whole or in part, at any time before the Options expire or are otherwise forfeited or terminated.

(ii) Notwithstanding the foregoing, if at any time the Committee determines that the delivery of Common Stock under the Plan, the Sub-Plan or this Agreement is or may be unlawful under the laws of any applicable jurisdiction, or federal, state or foreign (non-United States) securities laws, your right to exercise the Options or receive Common Stock pursuant to the Options will be suspended until the Committee determines that such delivery is lawful. Likewise, if at any time the Committee determines that the delivery of Common Stock under the Plan, the Sub-Plan or this Agreement is or may violate the rules of the national securities exchange on which the Common Stock is then listed for trade, your right to exercise the Options or receive

Common Stock pursuant to the Options will be suspended until the Committee determines that such exercise or delivery would not violate such rules. Any suspension of your right to exercise the Options under this paragraph will not extend the Expiration Date of the Options and your Options could expire unexercisable during such a suspension.

(iii) Section 4 below describes certain limitations on exercise of the Options that apply in the event of your death, Total and Permanent Disability, or Termination of Service which limitations could terminate your right to exercise the Options earlier than the Expiration Date.

(iv) You may exercise the Options only in multiples of whole shares. No fractional shares of Common Stock will be issued under the Options.

(c) Exercise Procedure. In order to initiate an exercise of your Options, you must deliver the following items to the Company's Payroll and Stock Transaction Group in the CFO-Finance Department in the Baltimore, Maryland – Pratt Street office:

(i) an exercise notice, in such manner and form (including, without limitation, electronic on-line format) as the Committee may require from time to time, that specifies the number of shares of Common Stock you then desire to purchase under the Options and your method of payment of the aggregate purchase price; and

(ii) full payment of the aggregate purchase price for the shares specified in the exercise notice or properly executed, irrevocable instructions, in such manner and form as the Committee may require from time to time, to effectuate a broker-assisted cashless exercise, each in accordance with Section 3(e) of this Agreement.

(d) Date Exercise becomes Effective.

(i) Your exercise will become effective (the "**Exercise Date**") as follows, provided that such exercise otherwise is permitted under and complies with all applicable laws:

(A) on the date on which both the exercise notice and payment of the aggregate purchase price is received by the Company's Payroll and Stock Transaction Group, if such items are received by 5:00 p.m. U.S. Eastern Time on a business day;

(B) on the first business day after the date on which both the exercise notice and payment of the aggregate purchase price is received by the Company's Payroll and Stock Transaction Group, if such items are received after 5:00 p.m. U.S. Eastern Time or are received on a day that is not a business day; or

(C) on the date on which the sale of shares is executed via a broker-assisted cashless exercise, as confirmed by the brokerage firm, if the exercise notice is accompanied by instructions to effectuate a broker-assisted cashless exercise.

(ii) You are responsible for ensuring that your exercise notice and payment of the aggregate purchase price or instructions to effectuate a broker-assisted cashless exercise are received by the Company's Payroll and Stock Transaction Group with sufficient time to enable the Exercise Date to occur in accordance with the foregoing rules before the Options expire, are forfeited or otherwise terminated. Because The Nasdaq Stock Market closes at 4:00 p.m. U.S. Eastern Time, any broker-assisted cashless exercise instruction received by the Company's Payroll and Stock Transaction Group after 4:00 p.m. U.S. Eastern Time cannot be processed until the next business day on which The Nasdaq Stock Market is open for trading. If your broker-assisted cashless exercise instruction results in the sale of shares over a number of days, each day on which a sale occurs will constitute the Exercise Date of the Option with respect to the shares sold on such day.

(e) Method of Payment.

(i) You may pay the aggregate purchase price for the shares specified in the exercise notice by:

(A) delivering cash, wire or fund transfer, check, bank draft, postal or express money order payable to the order of the Company, or other cash equivalent acceptable to the Committee in its discretion, in each such case in currency acceptable to the Committee;

(B) executing a broker-assisted cashless exercise in accordance with Regulation T of the Board of Governors of the Federal Reserve System through a brokerage firm designated or approved by the Committee, under which the broker is irrevocably instructed to deliver to the Company on your behalf an amount, in cash or acceptable cash equivalents, sufficient to pay the aggregate purchase price for the shares of Common Stock you then desire to purchase under the Options (plus applicable Withholding Taxes, if any), and the Company is instructed to deliver the shares to the broker upon receipt of such amount;

(C) any combination of the foregoing.

(f) Tax Withholding. By accepting the Options, you agree to make adequate provision for foreign (non-United States), federal, state and local taxes and social insurance contributions (collectively, "**Withholding Taxes**") required by law to be withheld, if any, which arise in connection with the Options. The Company shall have the right to deduct from any compensation or any other payment of any kind due you (including withholding the issuance or delivery of shares of Common Stock under the Options) the amount of any Withholding Taxes required by law to be withheld as a result of the grant, vesting or exercise of the Options, in whole or in part, or as otherwise may be required by applicable law; provided, however, that the value of the shares of Common Stock withheld may not exceed, by more than a fractional

share, the statutory minimum withholding amount required by law. In lieu of such deduction, the Company may require you to make a cash payment to the Company equal to the amount required to be withheld. If you do not make such payment when requested, the Company may refuse to issue any Common Stock or deliver any stock certificate under this Agreement or otherwise release for transfer any such shares until arrangements satisfactory to the Company for such payment have been made. The Company may, in its sole discretion, permit or require you to satisfy, in whole or in part, any Withholding Tax obligation which may arise in connection with the Options by having the Company withhold from the shares to be issued upon exercise that number of shares, which have a fair market value equal to no more than the amount necessary to satisfy the statutory minimum withholding amount due.

(g) Issuance of Shares upon Exercise. The Company will issue to you the shares of Common Stock underlying the Options you exercise as soon as practicable after the exercise date, subject to the Company's receipt of the aggregate purchase price and the requisite Withholding Taxes, if any. 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 Options in uncertificated book entry form. Any share certificates delivered will, unless the shares of Common Stock are registered or an exemption from registration is available under applicable federal and state law, bear a legend restricting transferability of such shares of Common Stock. If you purchase shares of Common Stock under Options that qualify as incentive stock options within the meaning of Section 422 of the Code, the Company may take reasonable measures, which you agree to abide by when accepting the correlating Notice, to track the ownership of such shares until the date on which a sale or disposition of the shares by you would no longer constitute a disqualifying disposition within the meaning of Section 422 of the Code.

4. Forfeiture of Unvested Options upon Termination of Service.

(a) Termination before Accruing 35 Years of Credited Service with 10 Years of Service with the Company. If your Service ceases for any reason before you have at least 35 years of Credited Service with at least ten years of Credited Service that is attributable to Service with, including Service with any successor to the Company, all Options that are not then vested or eligible for future vesting, after giving effect to the applicable provisions of Section 2 above, will be immediately forfeited upon such cessation for no consideration.

(b) Termination after Accruing 35 Years of Credited Service with 10 Years of Service with the Company. If, as of the date on which your Termination of Service occurs, you have at least 35 years of Credited Service and at least ten years of that Credited Service is attributable to Service with the Company including Service with any successor to the Company, then Options that are not then vested, after giving effect to the applicable provisions of Section 2 above, and which are scheduled to vest on vesting dates set forth in the correlating Notice that fall beyond the 36-month period immediately following your Termination of Service, will be immediately forfeited upon such cessation for no consideration and Section 2(c) will apply to the then-unvested Options which are scheduled to vest within the 36-month period immediately following your Termination of Service.

5. Exercise Periods upon Termination of Service. The period during which you may exercise Options after your Service with the Company terminates is dependent upon your cumulative years of Service credit with the Company, including Service with any successor to the Company, as of the date on which your Service terminates, as follows:

(a) Termination before Accruing 30 Years of Credited Service with 10 Years of Service with the Company. If, as of the date of your Termination of Service, you do not have at least 30 years of Credited Service with at least ten years of your Credited Service being attributable to Service with the Company, including Service with any successor to the Company, your vested Options will terminate 90 days after the date on which your Service terminates, but in no event later than the Expiration Date.

(b) Termination after Accruing 30 Years of Credited Service with 10 Years of Service with the Company. If, as of the date of your Termination of Service, you have at least 30, but not 33, years of Credited Service and at least ten years of that Credited Service is attributable to Service with the Company including Service with any successor to the Company, your vested Options will terminate 13 months after the date on which your Service terminates, but in no event later than the Expiration Date.

(c) Termination after Accruing 33 Years of Credited Service with 10 Years of Service with the Company. If, as of the date of your Termination of Service, you have at least 33, but not 35, years of Credited Service and at least ten years of that Credited Service is attributable to Service with the Company including Service with any successor to the Company, your vested Options will terminate 36 months after the date on which your Service terminates, but in no event later than the Expiration Date.

(d) Termination after Accruing 35 Years of Credited Service with 10 Years of Service with the Company. If, as of the date of your Termination of Service, you have at least 35 years of Credited Service and at least ten years of that Credited Service is attributable to Service with the Company including Service with any successor to the Company, your vested Options determined as of the date of your Termination of Service will terminate 36 months after the date on which your Service terminates, but in no event later than the Expiration Date. Furthermore, any Options which become vested pursuant to Section 2(c) above within the 36-month period following the date on which your Service terminates will terminate 39 months after the date on which your Service terminates (i.e., the standard 36-month period plus three additional months), but in no event later than the Expiration Date.

(e) Disability. If your Termination of Service is due to your Total and Permanent Disability, your vested Options will terminate (i) 13 months after the date on which your Service terminates or, if later, (ii) upon the date specified in Section 5(c) or 5(d), whichever subsection is applicable (if any) based on your accrued Credited Service when your Termination of Service occurs, but in no event later than the Expiration Date.

(f) Death. If your death occurs prior to your Termination of Service or during any of the periods described in Sections 5(a), 5(b), 5(c), 5(d) or 5(e) above during which your vested Options remained exercisable by you, then your estate, personal representative or any beneficiary, heir or legatee to whom the Options have been transferred will be permitted to exercise such vested Options during the 12-month period immediately following your date of

death, but in no event later than the Expiration Date. To the extent unexercised, the vested Options will terminate upon the expiration of the applicable period specified in the immediately preceding sentence. Any person seeking to exercise your Options following your death must provide to the Company appropriate documentation as may be requested by the Committee to establish your death and such person's right to exercise the Options.

(g) Extraordinary Corporate Events. Each of the periods in which vested Options may be exercised following your Termination of Service described in this Section 5 is subject to being superseded by the provisions of the Plan and the Sub-Plan with respect to a Change in Control, merger, consolidation, stock rights offering, liquidation or dissolution, statutory share exchange or similar event affecting Price Group.

6. Restrictive Covenants.

(a) Termination of Vesting/No Extension of Exercise Period. Notwithstanding anything in Section 2 or Section 5 to the contrary, upon the occurrence of any Prohibited Action set forth in Section 6(b), the following shall occur with respect to your Options: (i) no further Options will become vested and any then-unvested Options will terminate immediately, and (ii) all Options that were vested as of the date on which your Termination of Service occurred and any Options which became vested pursuant to Section 2(c) after your Termination of Service occurred shall terminate 90 days after the date on which your Termination of Service occurred or on the date on which the Prohibited Action occurred if later, but in no event later than the Expiration Date. For clarity, the Options described in clause (ii) of the immediately preceding sentence will terminate immediately if a Prohibited Action occurs later than the 90th day after the date on which your Termination of Service occurred.

(b) Prohibited Actions. The following actions are considered **Prohibited Actions** and subject to the consequences set forth in Section 6(a) above, whether engaged in by you directly or indirectly, either as an employee, employer, consultant, or in any other capacity:

(i) engaging in any Competing Business. **Competing Business** shall be defined as the business of investment advisory services to individual and/or institutional investors, retirement plan services, discount brokerage, trust services, and any other business which is competitive with the business activities of the Company;

(ii) soliciting, encouraging, or inducing any customers or clients of the Company who were current or prospective customers or clients as of the date on which your Termination of Service occurred, to terminate or reduce his, her or its relationship with the Company or not to proceed with, or enter into, any business relationship with the Company, or otherwise interfering with any such business relationship with the Company, including by encouraging or suggesting any investment management client of the Company (A) to withdraw any funds for which the Company provides investment management or advisory services, or (B) not to engage the Company to provide investment management or advisory services for any funds;

(iii) (A) soliciting, encouraging, or inducing any officer, director, employee, agent, partner, consultant or independent contractor of the Company to terminate, modify or reduce his or her relationship with the Company, (B) hiring, employing, supervising, managing or engaging any such individual, or (C) otherwise attempting to disrupt or interfere with the Company's relationship with any such individual;

(iv) using, reproducing, or disclosing any Confidential Information of the Company. "**Confidential Information**" shall be defined as client and customer lists, information with respect to the name, address, contact persons or requirements of any customer or client, other information relating to clients and prospective clients from whom the Company has solicited business or plans to solicit business, information relating to business plans and business that is conducted or anticipated to be conducted, research, technology, computer software, processes, products, pricing, costs, business methods, business objectives or strategies, marketing plans and finances;

(v) pleading guilty or *nolo contendere* (or a similar plea) to, or being convicted of, (A) a felony (or its equivalent in a non-United States jurisdiction) or (B) other conduct of a criminal nature that has or is likely to have a material adverse effect on the reputation or standing in the community of the Company, as determined by the Committee in its sole discretion, or that legally prohibits you from working for the Company;

(vi) breaching a regulatory rule that adversely affects your ability to perform your employment duties to the Company in any material respect; and

(vii) failing, in any material respect, to (A) perform your employment duties, (B) comply with the applicable policies of the Company, (C) follow reasonable directions received from the Company or (D) comply with covenants contained in any contract with the Company to which you are a party.

(c) Blue Pencil. If any of the provisions or terms of this Section 6 is construed by a court of competent jurisdiction to be invalid or unenforceable, it shall not affect the remainder of this Agreement, which shall be given full force and effect without regard to the invalid provision. Any invalid or unenforceable provision shall be reformed to the maximum time, geographic and/or customer limitations permitted by the applicable laws, so as to be valid and enforceable.

(d) Notification To Company. For as long as you have vested Options that have not been exercised, you covenant and agree that you will disclose to the Company the identity of any new employer within two business days of being employed or engaged by such new employer, and at the time that you seek to exercise any Options you will provide to the Company information sufficient to confirm that you have not engaged in any Prohibited Actions.

7. Nontransferability of Options. These Options are nontransferable otherwise than by last will and testament or the laws of descent and distribution and, during your lifetime, the Options may be exercised only by you or, during the period you are under a legal disability, by your guardian or legal representative. The Options and, before exercise, the shares of Common Stock subject to purchase thereunder, may not be assigned, transferred, pledged, hypothecated, subjected to any "put equivalent position," "call equivalent position" (as each preceding term is defined by Rule 16(a)-1 under the Securities Exchange Act of 1934), or short position, or disposed of in any way (whether voluntarily or involuntarily, by operation of law or otherwise) and shall not be subject to execution, attachment or similar process.

8. Status for Tax Purposes.

(a) Approved Options. The Options are approved stock options that have been granted under the Sub-Plan approved by Her Majesty's Revenue and Customs (HMRC). You must comply with the provisions of Section 3(f) of this Agreement with respect to any Withholding Tax obligations that arise as a result of the grant, vesting or exercise of the Options.

(b) Nonqualified Options. If the correlating Notice provides that the Options are not intended to qualify as incentive stock options within the meaning of Section 422 of the Code, this Agreement shall be so construed. In such case, by accepting the Options you acknowledge that, if you are as of the Grant Date, or subsequently become prior to exercise, a U.S. taxpayer for federal tax purposes, then upon exercise of the Options, you will recognize ordinary income

in an amount equal to the excess, if any, of the Fair Market Value, as measured on the exercise date, of the shares of Common Stock purchased over the aggregate purchase price paid. If you are a taxpayer in any other jurisdiction, the taxation of your Options may be different.

(c) Incentive Stock Options. If the correlating Notice provides that the Options are intended to qualify as incentive stock options within the meaning of Section 422 of the Code and you are as of the Grant Date, or subsequently become prior to exercise, a U.S. taxpayer for federal tax purposes, then this Agreement shall be so construed to the fullest extent permitted by Section 422 of the Code, including the application of the limit provided by Section 422(d) of the Code. The Company, however, does not warrant any particular tax consequences of the Options. Section 422 of the Code provides limitations and other requirements, not set forth in this Agreement, respecting the treatment of the Options as incentive stock options. You should consult with your personal tax advisors in this regard. The quantity limitation and employment requirement pertaining to incentive stock options are outlined below.

(i) Quantity Limitation. Pursuant to Section 422(d) of the Code, the aggregate fair market value (determined as of the Grant Date) of shares of Common Stock with respect to which all incentive stock options first become exercisable by you in any calendar year under the Plan or any other plan of the Company (and its parent and subsidiary corporations, within the meaning of Section 424(e) and 424(f) of the Code, as may exist from time to time) may not exceed \$100,000 or such other amount as may be permitted from time to time under Section 422 of the Code. To the extent that such aggregate fair market value exceeds \$100,000 or such other applicable amount in any calendar year, such stock options will be treated as nonqualified stock options with respect to the amount of aggregate fair market value thereof that exceeds the Code Section 422(d) limit. For this purpose, the incentive stock options will be taken into account in the order in which they were granted. The Company may designate the shares of Common Stock that are to be treated as stock acquired pursuant to the exercise of incentive stock options and the shares of Common Stock that are to be treated as stock acquired pursuant to nonqualified stock options by issuing separate certificates for such shares and identifying the certificates as such in the stock transfer records of the Company or by any other appropriate notation in the records of the Company.

(ii) Employment Requirement. Except with respect to exercise after your death or Termination of Service due to Total and Permanent Disability, at all times during the period beginning with the Grant Date of an incentive stock option and ending on the day three months before the date of exercise, you must be an employee of Price Group or a subsidiary, as that term is defined in Section 424(f) of the Code, in order for the Option to be treated as an incentive stock option for U.S. federal tax purposes. Therefore, any part of the Options designated as intended to be incentive stock options which is not exercised either during your Service with Price Group or a subsidiary or within three months after your Termination of Service with Price Group or a subsidiary will not be treated as an incentive stock option for U.S. federal tax purposes when exercised. Similarly, if the entity with which you are employed ceases to be a subsidiary of Price Group, as that term is defined in Section 424(f) of the Code, then the Options will be treated as nonqualified stock options unless exercised within three months of such cessation.

9. Adjustments for Corporate Transactions and Other Events.

(a) Mandatory Adjustments. Subject to rule 28 of the Sub-Plan, in the event of a capitalisation issue, rights issue, rights offer or bonus issue and a sub-division, consolidation or reduction in the capital of Price Group but excluding a capitalisation issue in substitution for or as an alternative to a cash dividend (each, a “**Share Change**”), the Committee shall make equitable and appropriate proportionate adjustments to the number of outstanding Options, the purchase price per share, and the number of Options eligible to vest on each subsequent vesting date under the vesting schedule set forth on the Notice to reflect such event; provided, however, that any fractional Options resulting from any such adjustment shall be eliminated. Adjustments under this paragraph will be made by the Committee, whose determination as to what adjustments will be made and the extent thereof will be final, binding and conclusive.

(b) Dissolution or Liquidation. Unless the Committee determines otherwise, all of the Options shall terminate upon the dissolution or liquidation of Price Group.

(c) Change in Control. Notwithstanding anything in this Agreement, the Plan or the Sub-Plan to the contrary, in the event that a Change in Control occurs, outstanding Options will terminate upon the effective time of such Change in Control unless provision is made in connection with the transaction for the exchange of Options in accordance with Rule 26.1 of the Sub-Plan. In the event of such termination of the outstanding Options, (i) the outstanding Options that will terminate upon the effective time of the Change in Control shall, immediately before the effective time of the Change in Control, become fully exercisable, (ii) you will be permitted, immediately before the Change in Control, to exercise the Options, and (iii) any such Options that you do not exercise will terminate upon the effective time of the Change of Control.. Implementation of the provisions of the immediately foregoing sentence shall be conditioned upon consummation of the Change in Control. In the event that provision is made in connection with the Change of Control transaction for the exchange of Options in accordance with Rule 26.1 of the Sub-Plan, if you do not exchange your Option within the period set out in Rule 26.2 of the Sub-Plan, it will lapse at the end of that period.

10. Non-Guarantee of Employment. Nothing in the Plan, the Sub-Plan or this Agreement shall alter your employment status with the Company, nor be construed as a contract of employment between the Company and you, or as a contractual right of you to continue in the employ of the Company for any period of time, or as a limitation of the right of the Company to discharge you at any time with or without cause or notice and whether or not such discharge results in the forfeiture of any Options or any other adverse effect on your interests under the Plan or the Sub-Plan.

11. Rights as Stockholder. You shall not have any of the rights of a stockholder with respect to the shares of Common Stock subject to purchase under the Options until such shares have been issued to you upon the due exercise of the Options. 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.

12. The Company's Rights. The existence of the Options will not affect in any way the right or power of Price Group 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

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.

13. 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.

14. Electronic Delivery of Documents.

(a) Methods of Delivery. The Company may from time to time electronically deliver, via e-mail or posting on the Company's website, these Terms, information with respect to the Plan, the Sub-Plan or the Options, 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 in the Baltimore, Maryland – Pratt Street office or by telephone, at 410-345-7716.

(b) Consent and Acknowledgment. By your accepting the Notice correlating to these Terms, you (i) consent to the electronic delivery of this Agreement, all information with respect to the Plan, the Sub-Plan and the Options and any reports of the Company provided generally to the Company's stockholders; (ii) acknowledge that you may receive from the Company a paper copy of any documents delivered electronically at no cost to you by contacting the Company by telephone or in writing; (iii) further acknowledge that you may revoke your consent to the electronic delivery of documents at any time by notifying the Company of such revoked consent by telephone, postal service or electronic mail; and (iv) further acknowledge that you understand that you are not required to consent to electronic delivery of documents.

15. Recoupment. The terms and conditions of the Company's Policy for Recoupment of Incentive Compensation, adopted by the Board of Directors of the Company effective April 14, 2010, as amended from time to time or any successor thereto (the "**Recoupment Policy**"), are incorporated by reference into this Agreement and shall apply to your Options if you on the Grant Date are or subsequently become an executive officer or other senior executive who is subject to the Recoupment Policy. In the event of there being a material restatement of Price Group's accounts for a period (as confirmed by Price Group's auditors), Price Group will ensure that it acts fairly and reasonably if it determines that had the accounts been correctly stated in the first instance, then you would not have been granted an Option or would have been granted an Option in respect of fewer Shares, that the Option will lapse to that extent, unless Price Group determines otherwise.

16. Entire Agreement. This Agreement, together with the correlating Notice and the Plan, contain the entire agreement between you and the Company with respect to the Options awarded hereunder. Any oral or written agreements, representations, warranties, written inducements, or other communications made prior to the acceptance of the Notice correlating to

these Terms with respect to the Options awarded hereunder shall be void and ineffective for all purposes.

17. Amendment. Notwithstanding Section 7(c) of the Plan, no amendments to a Key Feature of the Sub-Plan, whether taking the form of an amendment of the Plan, the Sub-Plan or these Terms, shall take effect until they have been approved by HM Revenue and Customs. Subject to this, except as otherwise provided in the Plan or the Sub-Plan, the Committee may unilaterally amend the terms of this Agreement, but no such amendment shall materially impair your rights with respect to your Options without your consent, except such an amendment made to cause the Plan or the Agreement to comply with applicable law, applicable rule of any securities exchange on which the Common Stock is listed or admitted for trading, or to prevent adverse tax or accounting consequences for you or the Company or any of its Affiliates. 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 Sub-Plan and approved by the Committee and the Board of HM Revenue and Customs.

18. Conformity with the Plan and the Sub-Plan. These Terms are intended to conform with, and are subject to all applicable provisions of, the Plan and the Sub-Plan. In the event of any ambiguity in these Terms or any matters as to which these Terms are silent, the Sub-Plan shall govern. A copy of the Sub-Plan is available at <https://home2.troweprice.com/tssso/tssoweb/SSOServlet> or in hard copy upon request to the Company's Payroll and Stock Transaction Group in the CFO-Finance Department in the Baltimore, Maryland – Pratt Street office or by telephone, at 410-345-7716.

19. 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. As a condition of this Agreement, you agree that you will not bring any action arising under, as a result of, pursuant to or relating to, this Agreement in any court other than a federal or state court in the districts which include Baltimore, Maryland, and you hereby agree and submit to the personal jurisdiction of any federal court located in the district which includes Baltimore, Maryland or any state court in the district which includes Baltimore, Maryland. You further agree that you will not deny or attempt to defeat such personal jurisdiction or object to venue by motion or other request for leave from any such court.

20. Resolution of Disputes. Any dispute or disagreement which shall arise under, or as a result of, or pursuant to or relating to, this Agreement shall be determined by the Committee in good faith in its absolute and uncontrolled discretion, and any such determination or any other determination by the Committee under or pursuant to this Agreement and any interpretation by the Committee of the terms of this Agreement, will be final, binding and conclusive on all persons affected thereby. You agree that before you may bring any legal action arising under, as a result of, pursuant to or relating to, this Agreement you will first exhaust your administrative remedies before the Committee. You further agree that in the event that the Committee does not resolve any dispute or disagreement arising under, as a result of, pursuant to or relating to, this Agreement to your satisfaction, no legal action may be

commenced or maintained relating to this Agreement more than 24 months after the Committee's decision.

21. 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.

22. 409A Savings Clause. This Agreement and the Options awarded hereunder are intended to comply with, or otherwise be exempt from, Section 409A of the Code. This Agreement and the Options shall be administered, interpreted and construed in a manner consistent with this intent. Nothing in the Plan, the Sub-Plan or this Agreement shall be construed as including any feature for the deferral of compensation other than the deferral of recognition of income until the exercise of the Options. Should any provision of this Agreement or the Options be found not to comply with, or otherwise be exempt from, the provisions of Section 409A of the Code, it may 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 or warranty by the Company of any particular tax effect of the Options.

23. Service and Employment Acknowledgments. By accepting the Notice, you acknowledge and agree that: (i) the Plan and the Sub-Plan are established voluntarily by the Company, is discretionary in nature and may be modified, amended, suspended or terminated by the Company at any time, unless otherwise provided in the Plan, the Sub-Plan or this Agreement; (ii) you are voluntarily participating in the Plan and the Sub-Plan (as applicable); (iii) the award of Options is a one-time benefit which does not create any contractual or other right to receive future awards of Options, or compensation or benefits in lieu of Options, even if Options have been awarded repeatedly in the past; (iv) all determinations with respect to any such future awards, including, but not limited to, the times when Options shall be awarded or shall become vested or exercisable and the number of Options subject to each award, will be at the sole discretion of the Committee; (v) the value of the Options is an extraordinary item of compensation which is outside the scope of your employment contract, if any; (vi) the value of the Options is not part of normal or expected compensation or salary for any purpose, including, but not limited to, calculating any termination, severance, resignation, redundancy, end of service payments or similar payments, or bonuses, long-service awards, pension, welfare or retirement benefits; (vii) the vesting of the Options ceases upon termination of Service with the Company or transfer of employment from the Company, or other cessation of eligibility for any reason, except as may otherwise be explicitly provided in this Agreement; (viii) the value of the Options and the underlying Shares cannot be predicted with certainty and will change over time and the Company does not guarantee any future value; (ix) if you are not an employee of the Company, the Options grant will not be interpreted to form an employment contract or relationship with the Company; nothing in this Agreement shall confer upon you any right to continue in the service of the Company or interfere in any way with any right of the Company to terminate your service as a director, an employee or consultant, as the case may be, at any time, subject to applicable law; the Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your participation in the Plan, the

Sub-Plan or your acquisition or sale of the Shares underlying the Options; and (x) no claim or entitlement to compensation or damages arises if the value of the Options or the underlying Shares decreases and in consideration for the grant of the Options you irrevocably release the Company from any claim or entitlement to compensation or damages that does arise in connection with the Options.

24. ***Data Privacy Consent.*** For purposes of the implementation, administration and management of the Options and the Plan (or the Sub-Plan) or the effectuation of any acquisition, equity or debt financing, joint venture, merger, reorganization, consolidation, recapitalization, business combination, liquidation, dissolution, share exchange, sale of stock, sale of material assets or other similar corporate transaction involving the Company (a "Corporate Transaction"), you explicitly and unambiguously consent, by accepting the Notice, to the collection, receipt, use, retention and transfer, in electronic or other form, of your personal data by and among the Company and its third party vendors or any potential party to a potential Corporate Transaction. You understand that personal data (including but not limited to, name, home address, telephone number, employee number, employment status, social insurance number, tax identification number, date of birth, nationality, job title or duties, salary and payroll location, data for tax withholding purposes and Options awarded, cancelled, vested and unvested) is held by the Company and may be transferred to any broker designated by the Committee or third parties assisting in the implementation, administration and management of the Options, the Plan or the Sub-Plan or the effectuation of a Corporate Transaction and you expressly authorize such transfer as well as the retention, use, and the subsequent transfer of the data, in electronic or other form, by the recipient(s) for these purposes. You understand that these recipients may be located in your country or elsewhere, and that the recipient's country may have different data privacy laws and protections than your country. You understand that personal data will be held only as long as is necessary to implement, administer and manage the Options, the Plan or the Sub-Plan or effect a Corporate Transaction. You understand that, to the extent required by applicable law, you may, at any time, request a list with the names and addresses of any potential recipients of the personal data, view data, request additional information about the storage and processing of data, require any necessary amendments to data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing the Company's Payroll and Stock Transaction Group in the CFO-Finance Department in the Baltimore, Maryland – Pratt Street office. You understand, however, that refusing or withdrawing your consent may affect your ability to accept an award of Options or otherwise participate in the Plan or the Sub-Plan.

25. ***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 previously, now or hereafter existing, in which the Company, directly or indirectly, at the relevant time 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, the Sub-Plan and the Plan.

(c) “**Cause**” means: (i) your plea of guilty or *nolo contendere* (or a similar plea) to, or conviction of, (A) a felony (or its equivalent in a non-United States jurisdiction) or (B) other conduct of a criminal nature that has or is likely to have a material adverse effect on the reputation or standing in the community of the Company, as determined by the Committee in its sole discretion, or that legally prohibits you from working for the Company; (ii) your breach of a regulatory rule that adversely affects your ability to perform your employment duties to the Company in any material respect; or (iii) your failure, in any material respect, to (A) perform your employment duties, (B) comply with the applicable policies of the Company, (C) follow reasonable directions received from the Company or (D) comply with covenants contained in any contract with the Company to which you are a party; provided, however, that you shall be provided a written notice describing in reasonable detail the facts which are considered to give rise to a breach described in this clause (iii) and you shall have 30 days following receipt of such written notice during which you may remedy the condition and, if so remedied, no Cause for Termination of Service shall exist.

(d) “**Change in Control**” has the meaning ascribed to such term in the Plan.

(e) “**Code**” means the Internal Revenue Code of 1986, as amended from time to time, and any successor thereto, the Treasury Regulations thereunder and other relevant interpretive guidance issued by the Internal Revenue Service or the Treasury Department. Reference to any specific section of the Code shall be deemed to include such regulations and guidance, as well as any successor section, regulations and guidance.

(f) “**Committee**” means the Executive Compensation Committee, or such other committee(s) or officer(s) duly appointed by the Board or the Executive Compensation Committee to administer the Plan or delegated limited authority to perform administrative actions under the Plan, and having such powers as shall be specified by the Board or the Executive Compensation Committee; provided, however, that at any time the Board may serve as the Committee in lieu of or in addition to the Executive Compensation Committee or such other committee(s) or officer(s) to whom administrative authority has been delegated.

(g) “**Common Stock**” means shares of common stock of T. Rowe Price Group, Inc., par value twenty cents (\$0.20) per share and any capital securities into which they are converted.

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

(i) **"Corporate Transaction"** means the consummation of a reorganization, merger, tender offer, share exchange, consolidation or other business combination, acquisition of Price Group equity securities, or sale or other disposition of all or substantially all of the assets of Price Group or the acquisition of assets of another entity.

(j) **"Credited Service"** means the sum of the period(s) during which you are in Service with the Company.

(k) **"Executive Compensation Committee"** means the Executive Compensation Committee of the Board of Directors of T. Rowe Price Group, Inc.

(l) **"Expiration Date"** means the date set forth on the Notice indicating when the Options expire if not sooner exercised, forfeited or otherwise terminated.

(m) **"Good Reason"** means, during the 18-month period following a Change in Control, actions taken by the Company or any successor corporation or other entity in a Corporate Transaction resulting in a material negative change in your employment relationship in one or more of the following ways:

(i) the assignment to you of duties materially inconsistent with your position (including offices, titles and reporting requirements), authority, duties or responsibilities, or a material diminution in such position, authority, duties or responsibilities, in each case from those in effect immediately prior to the Change in Control;

(ii) a material reduction of your aggregate annual compensation, including, without limitation, base salary and annual bonus and incentive compensation opportunity, from that in effect immediately prior to the Change in Control; or

(iii) a change in your principal place of employment that increases your commute by 75 or more miles as compared to your commute immediately prior to the Change in Control.

In order to invoke a Termination of Service for Good Reason, you must provide written notice to the Company or any successor corporation or other entity in a Corporate Transaction with respect to which you are employed or providing services (as applicable, the **"Service Recipient"**) of the existence of one or more of the conditions constituting Good Reason within 90 days following your knowledge of the initial existence of such condition or conditions, specifying in reasonable detail the conditions constituting Good Reason, and the Service Recipient shall have 30 days following receipt of such written notice (the **"Cure Period"**) during which it may remedy the condition. In the event that the Service Recipient fails to remedy the condition constituting Good Reason during the applicable Cure Period, your Termination of Service must occur, if at all, within 90 days following the expiration of such Cure Period in order

for such termination as a result of such condition to constitute a Termination of Service for Good Reason.

(n) **"Grant Date"** means the date set forth on the Notice indicating when the grant of Options was approved by the Committee.

(o) **"Notice"** means the Notice of Grant of Stock Option Award which correlates with these Terms and sets forth the specifics of the applicable award of Options.

(p) **"Option"** means a right to purchase a specified number of shares of Common Stock from Price Group at a specified price during a specified period of time after the right becomes exercisable under the Notice and the Sub-Plan. Each Option represents a contractual obligation of the Company to deliver one share of Common Stock to the option holder upon due exercise of the Option.

(q) **"Plan"** means the T. Rowe Price Group, Inc. 2012 Long-Term Incentive Plan.

(r) **"Price Group"** means T. Rowe Price Group, Inc.

(s) **"Service"** means your employment with the Company. Your Service will be considered to have ceased with the Company if, immediately after a sale, merger or other corporate transaction, the trade, business or entity with which you are employed is not T. Rowe Price Group, Inc. or its successor or an Affiliate of T. Rowe Price Group, Inc. or its successor.

(t) **"Termination of Service"** means the termination of your employment with the Company. Temporary absences from employment because of illness, vacation or leave of absence and transfers among entities which comprise the Company, including all Affiliates, shall not be considered Terminations of Service; provided, however, that the Committee has discretion to determine that a Termination of Service has occurred if, for six continuous months, you are absent or otherwise unable for any reason to perform substantially all the essential duties of your position, as determined by the Committee. The Committee has discretion to determine the date upon which you incur a Termination of Service.

(u) **"Terms"** mean this Statement of Additional Terms Regarding Awards of Stock Options.

(v) **"Total and Permanent Disability"** means that you are (i) unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to last until your death or result in death, or (ii) determined to be totally disabled by the Social Security Administration or other governmental or quasi-governmental body that administers a comparable social insurance program outside of the United States in which you participate and which conditions the right to receive benefits under such program on your being unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to last until your death or result in death. The Committee may require such medical or other evidence as it deems necessary to judge the nature and permanency of your condition.

(w)

"Withholding Taxes" means any foreign (non-United States), federal, state and local taxes and social insurance contributions required by law to be withheld which arise in connection with the Options.

(x)

"You"; "Your". You means the recipient of the Options 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 Options 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}

Exhibit 15 Letter from KPMG LLP, independent registered public accounting firm,
re unaudited interim financial information

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

Re: Registration Statements on Form S-8: No. 33-7012, No. 333-90967, No. 333-59714, No. 333-120882, No. 333-120883, No. 333-142092, No. 333-167317, and 333-180904.

With respect to the subject registration statements, we acknowledge our awareness of the use therein of our report dated April 24, 2013 related to our review of interim financial information.

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

/s/ KPMG LLP

Baltimore, Maryland
April 24, 2013

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

1. I have reviewed this Form 10-Q Quarterly Report for the fiscal year ended March 31, 2013 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 (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

April 24, 2013

/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 fiscal year ended March 31, 2013 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 (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

April 24, 2013

/s/ Kenneth V. Moreland

Vice President, Chief Financial Officer and Treasurer

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, 2013 of T. Rowe Price Group, Inc., that:

- (1) The Form 10-Q Quarterly Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Form 10-Q Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of T. Rowe Price Group, Inc.

April 24, 2013

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

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

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 2013 RESULTS

Assets Under Management Increase to \$617.4 Billion

BALTIMORE (April 24, 2013) - T. Rowe Price Group, Inc. (NASDAQ-GS: TROW) today reported its 2013 first quarter results, including net revenues of \$815.7 million, net income of \$241.9 million, and diluted earnings per common share of \$.91. On a comparable basis, net revenues were \$728.7 million, net income was \$197.5 million, and diluted earnings per common share was \$.75 in the first quarter of 2012.

Investment advisory revenues for the first quarter of 2013 increased \$79.9 million to \$702.9 million from the comparable 2012 period, as average assets under management were up \$70.7 billion, or 13%. Assets under management at March 31, 2013 totaled a record \$617.4 billion, including \$377.0 billion in T. Rowe Price mutual funds distributed in the United States, and \$240.4 billion in other managed investment portfolios. Net cash inflows during the first quarter of 2013 of \$3.3 billion and market appreciation and income of \$37.3 billion increased assets under management \$40.6 billion from \$576.8 billion at December 31, 2012.

The firm's target-date retirement portfolios were the source of \$3.8 billion of the firm's net cash flows in the first quarter of 2013, with assets under management at March 31, 2013 totaling \$98.4 billion, including \$88.1 billion in target-date retirement funds and \$10.3 billion in target-date retirement trusts.

From an investment performance standpoint, 73% of the T. Rowe Price mutual funds across their share classes outperformed their comparable Lipper averages on a total return basis for the three-year period ended March 31, 2013, 81% outperformed for the five-year period, 80% outperformed for the 10-year period, and 66% outperformed 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 76% of the firm's rated funds' assets under management. The firm's target-date retirement funds continue to deliver very attractive long-term performance, with 100% of these funds outperforming their comparable Lipper averages on a total return basis for the three- and five-year periods ended March 31, 2013.

Financial Highlights

Investment advisory revenues earned in the first quarter of 2013 from the T. Rowe Price mutual funds distributed in the United States were \$490.6 million, an increase of \$64.7 million, or 15%, from the comparable 2012 quarter. Average mutual fund assets under management in the first quarter of 2013 were \$364.8 billion, an increase of 17% from the average for the first quarter of 2012. Money market advisory fees voluntarily waived by the firm to maintain positive yields for fund investors in the first quarter of 2013 were \$10.9 million, an increase of \$2.1 million from the comparable 2012 quarter. The firm expects that it will continue to voluntarily waive such advisory fees for the remainder of the year.

Mutual fund assets at March 31, 2013 were \$377.0 billion, an increase of \$30.1 billion from December 31, 2012. Net cash inflows for the first quarter of 2013 were \$7.6 billion, including \$5.2 billion into stock and blended asset funds, \$2.5 billion into bond funds, and net outflows of \$.1 billion from money market funds. Market appreciation and income added \$22.5 billion in assets during the first quarter of 2013.

Investment advisory revenues earned in the first quarter of 2013 on the other investment portfolios were \$212.3 million, an increase of \$15.2 million from the comparable 2012 quarter. Average assets under management increased \$18.3 billion, or 8%, to \$236.2 billion. Ending assets in these portfolios at March 31, 2013 were \$240.4 billion, an increase of \$10.5 billion from December 31, 2012. Market appreciation and income of \$14.8 billion during the first quarter of 2013 was partially offset by net cash outflows of \$4.3 billion. These net cash outflows were primarily from certain institutional clients outside the United States who changed their investment objectives. Investors domiciled outside the United States accounted for about 8.5% of the firm's assets under management at March 31, 2013.

Operating expenses were \$443.1 million in the first quarter of 2013, up \$30.6 million from the comparable 2012 quarter due primarily to increases in compensation and related costs, distribution and servicing costs, occupancy and facility costs and depreciation. The increase in compensation and related costs of \$18.4 million is primarily attributable to higher salaries, an increase in the interim accrual for year-end bonus compensation, and an increase in temporary personnel to meet business demands. The firm has increased its average staff size by 3.2% from the first quarter of 2012, and employed 5,408 associates at March 31, 2013.

Occupancy and facility costs, together with depreciation and amortization expense, were \$54.5 million in the first quarter of 2013, up \$5.3 million compared to the first quarter of 2012. The change includes the added costs incurred to expand our facilities around the world, as well as update our technology capabilities to meet increasing business demands.

Net non-operating investment income in the first quarter of 2013 increased \$13.2 million from the 2012 quarter, primarily due to \$11.4 million in gains realized from rebalancing our sponsored funds portfolio.

The firm's effective tax rate for the first quarter of 2013 of 38.1% is lower than the 38.4% effective tax rate for the full-year 2012 due to certain adjustments made in the 2013 quarter for prior year tax accruals. The firm estimates its effective tax rate for 2013 will be 38.3%.

T. Rowe Price remains debt-free with ample liquidity, including cash and sponsored portfolio investment holdings of \$2.5 billion. The firm currently expects total capital expenditures for property and equipment for 2013 to be approximately \$125 million, which will be funded from operating resources.

Management Commentary

James A.C. Kennedy, the company's chief executive officer and president, commented: "U.S. equity markets started the year strongly, as enhanced confidence in the U.S. economy offset ongoing eurozone concerns and tighter U.S. fiscal policy. Non-U.S. developed equity markets were more subdued, while returns for U.S. bonds were generally flat amid the growing appetite for riskier assets. Overall, the aggregate market appreciation, combined with net cash inflows, boosted the firm's ending and quarterly average assets under management to record highs.

"The U.S. corporate sector is performing well, with healthy balance sheets and profit margins, and solid earnings growth in a context of modest economic growth. Likewise, U.S. household finances are slowly improving, as is investor sentiment, although the inability of the federal government to deal effectively with its longer-term budget problems remains a continuing drag on the U.S. economic recovery. Continued monetary easing by central banks around the world has reduced downside tail risk, but geopolitics continues to dampen the pace of growth. Economic prospects in Europe remain especially precarious given that region's struggles with austerity and its ongoing debt crisis.

"Following a very strong start to the year, we would caution that the year-to-date pace of U.S. stock market gains is likely to be unsustainable. Even so, in this environment, stock valuations, while not as compelling as they have been, are still attractive relative to the long-term averages and to most fixed income alternatives. Although opportunities still exist in fixed income markets, risks have grown; consequently credit research and selectivity will continue to be critically important."

Other Matters

The financial results presented in this release are unaudited. The firm expects that it will file its Form 10-Q Quarterly Report for the first quarter of 2013 with the U.S. Securities and Exchange Commission later today. The Form 10-Q will include additional information on the firm's unaudited financial results at March 31, 2013.

Certain statements in this press release may represent "forward-looking information," including information relating to anticipated changes in revenues, net income and earnings per common share, anticipated changes in the amount and composition of assets under management, anticipated expense levels, estimated tax rates, and expectations regarding financial results, future transactions, investments, capital expenditures, and other market conditions. For a discussion concerning risks and other factors that could affect future results, see the firm's 2012 Form 10-K report.

Founded in 1937, Baltimore-based T. Rowe Price (troweprice.com) 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.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(in millions, except per-share amounts)

	Three months ended	
	3/31/2012	3/31/2013
Revenues		
Investment advisory fees	\$ 623.0	\$ 702.9
Administrative fees	82.9	86.3
Distribution and servicing fees	22.2	26.2
Net revenue of savings bank subsidiary	.6	.3
Net revenues	<u>728.7</u>	<u>815.7</u>
Operating expenses		
Compensation and related costs	260.7	279.1
Advertising and promotion	25.8	25.3
Distribution and servicing costs	22.2	26.2
Depreciation and amortization of property and equipment	19.1	21.5
Occupancy and facility costs	30.1	33.0
Other operating expenses	54.6	58.0
Total operating expenses	<u>412.5</u>	<u>443.1</u>
Net operating income	316.2	372.6
Non-operating investment income	5.1	18.3
Income before income taxes	321.3	390.9
Provision for income taxes	123.8	149.0
Net income	<u>\$ 197.5</u>	<u>\$ 241.9</u>
Net income allocated to common stockholders		
Net income	\$ 197.5	\$ 241.9
Less: net income allocated to outstanding restricted stock and stock unit holders	(1.0)	(1.8)
Net income allocated to common stockholders	<u>\$ 196.5</u>	<u>\$ 240.1</u>
Earnings per share on common stock		
Basic	\$.78	\$.93
Diluted	<u>\$.75</u>	<u>\$.91</u>
Dividends declared per share	<u>\$.34</u>	<u>\$.38</u>
Weighted-average common shares		
Outstanding	<u>253.1</u>	<u>256.9</u>
Outstanding assuming dilution	<u>261.0</u>	<u>264.9</u>

Investment Advisory Revenues (in millions)

	Three months ended	
	3/31/2012	3/31/2013
Sponsored mutual funds in the U.S.		
Stock and blended asset	\$ 344.1	\$ 398.9
Bond and money market	81.8	91.7
	<u>425.9</u>	<u>490.6</u>
Other portfolios		
Stock and blended asset	157.4	171.1
Bond, money market, and stable value	39.7	41.2
	<u>197.1</u>	<u>212.3</u>
Total	<u>\$ 623.0</u>	<u>\$ 702.9</u>

Assets Under Management (in billions)

	Average during the first quarter		As of	
	2012	2013	12/31/2012	3/31/2013
Sponsored mutual funds in the U.S.				
Stock and blended asset	\$ 232.1	\$ 273.4	\$ 256.9	\$ 284.2
Bond and money market	80.3	91.4	90.0	92.8
	<u>312.4</u>	<u>364.8</u>	<u>346.9</u>	<u>377.0</u>
Other portfolios				
Stock and blended asset	156.0	171.0	164.2	175.4
Bond, money market, and stable value	61.9	65.2	65.7	65.0
	<u>217.9</u>	<u>236.2</u>	<u>229.9</u>	<u>240.4</u>
Total	<u>\$ 530.3</u>	<u>\$ 601.0</u>	<u>\$ 576.8</u>	<u>\$ 617.4</u>
Stock and blended asset portfolios			\$ 421.1	\$ 459.6
Fixed income portfolios			155.7	157.8
Total			<u>\$ 576.8</u>	<u>\$ 617.4</u>

Condensed Consolidated Cash Flows Information (in millions)

	Three months ended	
	3/31/2012	3/31/2013
Cash provided by operating activities, including \$23.7 of stock-based compensation in 2013	\$ 265.8	\$ 459.4
Cash used in investing activities, including (\$22.8) for additions to property and equipment and (\$10.0) for net sponsored fund investments in 2013	(9.3)	(31.6)
Cash used in financing activities, including dividends paid of (\$98.7) in 2013	(50.9)	(21.0)
Net change in cash during the period	<u>\$ 205.6</u>	<u>\$ 406.8</u>

Condensed Consolidated Balance Sheet Information (in millions)

	12/31/2012	3/31/2013
Cash and cash equivalents	\$ 879.1	\$ 1,285.9
Accounts receivable and accrued revenue	353.9	364.6
Investments in sponsored funds	1,140.1	1,184.8
Property and equipment	561.0	563.0
Goodwill	665.7	665.7
Debt securities held by savings bank subsidiary, other investments and other assets	603.0	546.6
Total assets	<u>4,202.8</u>	<u>4,610.6</u>
Total liabilities	<u>356.7</u>	<u>503.6</u>
Stockholders' equity, 259,257,000 common shares outstanding in 2013, including net unrealized holding gains of \$158.0 in 2013	<u>\$ 3,846.1</u>	<u>\$ 4,107.0</u>

