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## PART I

### Item 1. Business.

T. Rowe Price Group is a financial services holding company that provides global investment management services through its subsidiaries to individual and institutional investors in the sponsored T. Rowe Price mutual funds and other investment portfolios, including separately managed accounts, subadvised funds, and other sponsored investment funds offered to investors outside the U.S. and through variable annuity life insurance plans in the U.S.

The late Thomas Rowe Price, Jr., founded our firm in 1937, and the common stock of T. Rowe Price Associates was first offered to the public in 1986. The T. Rowe Price Group corporate holding company structure was established in 2000.

We derive the majority of our consolidated revenue and net income from investment advisory services provided by our subsidiaries, primarily T. Rowe Price Associates, Inc. and T. Rowe Price International Ltd. Our 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.

Our assets under management are accumulated from a diversified client base across four primary distribution channels: third-party financial intermediaries that distribute our managed investment portfolios in the U.S. and other countries; individual U.S. investors on a direct basis; U.S. defined contribution retirement plans; and institutional investors in the U.S. and other countries. In general, over a third of our assets under management are sourced from our third-party financial intermediary distribution channel with the remaining three distribution channels making up the balance.

We manage a broad range of U.S. and international stock, blended asset, bond, and money market mutual funds and other investment portfolios that are designed to meet the varied and changing needs and objectives of individual and institutional investors.

Investment objectives for our managed investment portfolios, including the Price funds, accommodate a variety of strategies. Investors select from among the mutual funds based on the distinct objective that is described in each fund's prospectus and can exchange balances among the funds as permitted when economic and market conditions and their investment needs change. Investment management of other client portfolios includes approaches similar to those employed in the Price funds.

Equity investment strategies may emphasize large-cap, mid-cap or small-cap investing; growth, value or core investing; and U.S., global, or international investing. We also offer systematic, tax-efficient, and blended equity and asset allocation investment strategies including target retirement-date investment portfolios, as well as active, systematic and municipal tax-free management strategies for fixed income investments. Our specialized advisory services include management of stable value investment contracts and a distribution management service for the disposition of equity securities received from third-party venture capital investment pools.

We employ fundamental and quantitative security analyses in the performance of the investment advisory function. We maintain substantial internal equity and fixed income investment research capabilities. We perform original industry and company

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research using such sources as inspection of corporate activities, management interviews, company-published financial and other information, financial newspapers and magazines, corporate rating services, and field checks with suppliers and competitors in the same industry and particular business sector. Our research staff operates primarily from offices located in the United States and England with additional staff resident in Argentina, Australia, Hong Kong, Japan, and Singapore. We also use research provided by brokerage firms and security analysts in a supportive capacity and information received from private economists, political observers, commentators, government experts, and market analysts. Our stock selection process for some investment portfolios is based on quantitative analyses using computerized data modeling.

From time to time, we introduce new funds and other investment portfolios to complement and expand our investment offerings, respond to competitive developments in the financial marketplace, and meet the changing needs of our investment advisory clients. We will open a new mutual fund or investment portfolio if we believe that we have the appropriate investment management expertise and that its objective will be useful for investors over a long period. Conversely, we may also limit new investments into a mutual fund or investment mandate in order to maintain the integrity of the investment strategy and to protect the interests of its existing fund shareholders and investors. At present, the following funds are closed to all new investors.

<u>Fund</u>	<u>Date Closed</u>
Institutional Mid-Cap Equity Growth	December 8, 2003
Institutional Small-Cap Stock	February 20, 2004
Mid-Cap Growth	May 31, 2010
Mid-Cap Value	May 31, 2010

We also provide certain administrative services as ancillary services to our investment advisory clients. These administrative services are provided by several of our subsidiaries and include mutual fund transfer agent, accounting, distribution, and shareholder services; participant recordkeeping and transfer agent services for defined contribution retirement plans investing in our sponsored mutual funds; recordkeeping services for defined contribution retirement plans investing in mutual funds outside the T. Rowe Price complex; brokerage; and trust services. Nearly 91% of our administrative and distribution and servicing fee revenues in 2011 were determined based generally on the recovery of our related costs to provide these services. Changes in our administrative revenues, distribution and servicing fees, and related expenses, therefore, do not significantly affect our net operating income or net income.

Information concerning our revenues, results of operations and total assets, and our assets under management during the past three years is contained in our consolidated financial statements and in note 2 thereto, which are both included in Item 8 of this Form 10-K.

### 2011 DEVELOPMENTS.

Global markets were unusually volatile during 2011 as economic and geopolitical concerns weighed heavily on investor confidence at times. In this uncertain and volatile environment, our assets under management increased \$7.5 billion over the course of 2011 and ended the year at \$489.5 billion. Our strong relative investment performance and brand awareness contributed significantly to attracting net inflows of \$14.1 billion that were sourced primarily from third-party financial intermediaries. Lower market valuations and fund distributions not reinvested, reduced assets under management by \$6.6 billion in 2011.

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The firm's long-term investment advisory results relative to our peers remain strong, with 76% of the T. Rowe Price funds across their share classes surpassing their comparable Lipper averages on a total return basis for the three-year period ended December 31, 2011, 86% outperforming for the five-year period, 77% outperforming for the 10-year period, and 60% outperforming for the one-year period. In addition, T. Rowe Price stock, bond and blended asset funds that ended the quarter with an overall rating of four or five stars from Morningstar account for 83% of our rated funds' assets under management.

Details of our assets under management (in billions) at December 31, 2011 are as follows:

<u>Assets under management by investment portfolio</u>	
T. Rowe Price mutual funds distributed in U.S.	\$289.4
Other investment portfolios	<u>200.1</u>
	<u>\$489.5</u>
<u>Assets under management by asset class</u>	
Stock and blended asset portfolios	\$352.4
Fixed income portfolios	<u>137.1</u>
	<u>\$489.5</u>
<u>Assets under management by account type</u>	
Retirement accounts and variable annuity portfolios	\$293.2
Other portfolios	<u>196.3</u>
	<u>\$489.5</u>

Non-U.S. dollar denominated securities account for about \$63.0 billion of our total assets under management at December 31, 2011.

Our target-date retirement portfolios, which provide shareholders with single, diversified portfolios that invest in the underlying T. Rowe Price funds and other investment portfolios, continue to be a significant source of asset growth. Of the firm's net inflows of \$14.1 billion in 2011, \$8.0 billion originated in these portfolios. Assets under management in these portfolios were \$66.9 billion at December 31, 2011 and represent more than 13% of our managed assets at year-end.

Six Price funds - Growth Stock, Mid-Cap Growth, Equity Income, Value, Blue Chip Growth, Capital Appreciation - accounted for 25% of our investment advisory revenues in 2011 and 20% of our assets under management at December 31, 2011. Our largest client account relationship outside the T. Rowe Price funds is with a third-party financial intermediary that accounted for about 3% of our investment advisory revenues in 2011. Our international clients account for 11% of our total assets under management at December 31, 2011.

See the Background section of Management's Discussion and Analysis of Financial Condition and Results of Operations in Item 7 of this report for more information on the 2011 market environment in which we operated.

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### PRICE FUNDS.

We provide investment advisory, distribution and other administrative services to the Price funds under various agreements. Investment advisory services are provided to each fund under individual investment management agreements that grant the fund the right to use the T. Rowe Price name. The boards of the respective funds, including a majority of directors who are not interested persons of the funds or of T. Rowe Price Group (as defined in the Investment Company Act of 1940), must approve the investment management agreements annually. Fund shareholders must approve material changes to these investment management agreements. Each agreement automatically terminates in the event of its assignment (as defined in the Investment Company Act) and, generally, either party may terminate the agreement without penalty after a 60-day notice. The termination of one or more of these agreements could have a material adverse effect on our results of operations. Independent directors and trustees of the Price funds regularly review our fee structures.

#### Advisory and Distribution Services.

Investment advisory revenues earned from the Price funds are determined daily based on the net assets managed in each fund. The advisory fee paid monthly by each of the Price funds is computed on a daily basis by multiplying a fund's net assets by a specific fee rate. For the majority of the Price funds, the fee rate is equal to the sum of a tiered group rate that is set based on the aggregate net assets of nearly all of the Price funds and an individual fund rate that is set based on the fund's specific investment objective.

The effective tiered group rate when combined net assets of nearly all of the Price funds exceed \$220 billion is calculated based on a weighted-average fee across pricing tiers of 30.0 basis points for the first \$220 billion of net assets plus 28.5 basis points for net assets in excess of \$220 billion. To the extent that the combined net assets of these funds increase, the group charge component of a fund's advisory fee rate, and therefore the advisory fee rate paid by each fund, will decrease. The individual fund rate for the Growth Stock, Mid-Cap Growth, Equity Income, and Blue Chip Growth is the weighted average of the base individual rate plus a 15% reduction in the individual rate for net assets in excess of \$15 billion.

The total effective fee rates determined in the above manner for those stock and bond funds that incurred advisory fees of at least \$5 million in 2011 varied from a low of 40 basis points for the Short Term Bond, Maryland Tax-Free Bond and Tax-Free Short-Intermediate funds to a high of 105 basis points for the Emerging Europe & Mediterranean, International Discovery, Latin America, and Emerging Markets Stock funds.

Several of the Price funds, including the Index and Summit funds as well as specific funds offered solely to institutional investors; do not include a group fee component but rather an individual fund fee or an all-inclusive fee, which covers both investment management and ordinary operating expenses. Each of the funds in the series of Spectrum Funds and in the series of target-date Retirement Funds invest in a diversified portfolio of other Price funds and have no separate investment advisory fee. However, they indirectly bear the expenses of the funds in which they invest.

Our money market funds experienced advisory fee rates in 2011 from a low of negative seven basis points for the California Tax-Free Money Fund to a high of 18 basis points for the Summit Cash Reserves Fund, as we continued to voluntarily waive money market advisory fees to maintain a zero or positive yield for fund

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investors. We waived \$36.4 million fees in 2011 compared to \$25.1 million in 2010. We began waiving our money market advisory fees during the second half of 2009 and anticipate these fee waivers will continue in 2012.

Details of each fund's fee arrangement are available in its prospectus.

Each of the Price funds has a distinct investment objective that has been developed as part of our strategy to provide a broad, comprehensive selection of investing opportunities. The Investor class of all Price funds can be purchased in the United States on a no-load basis, without a sales commission or 12b-1 fee. No-load mutual fund shares offer investors a low-cost and relatively easy method of directly investing in a variety of stock and fixed income portfolios.

Certain of the Price funds also offer Advisor and R classes of shares that are distributed to mutual fund shareholders, and defined contribution retirement plans, respectively, through third-party financial intermediaries. These share classes incur 12b-1 fees of 25 and 50 basis points, respectively, for distribution, administration, and personal services. In addition, those Price funds offered to investors through variable annuity life insurance plans have a share class that incurs a 12b-1 fee of 25 basis points. Our subsidiary, T. Rowe Price Investment Services, is the principal distributor of the Price funds and enters into agreements with each intermediary. Payment of 12b-1 fees is made by each fund directly to the applicable intermediaries.

In accounting for 12b-1 fees, the applicable mutual fund share classes incur the related expense and we recognize the corresponding distribution and servicing fee revenue in our consolidated statement of income. We also recognize, as distribution and servicing costs in the consolidated statement of income, the corresponding payment of these fees from each fund to the third-party financial intermediaries. The fee revenue that we recognize from the funds and the expense that we recognize for the fees paid to third-party intermediaries are equal in amount and, therefore, do not impact our net operating income.

We believe that our lower fund cost structure, distribution methods, and fund shareholder and administrative services help promote the stability of our fund assets under management through market cycles.

Each Price fund typically bears all expenses associated with its operation and the issuance and redemption of its securities. In particular, each fund pays investment advisory fees; shareholder servicing fees and expenses; fund accounting fees and expenses; transfer agent fees; custodian fees and expenses; legal and auditing fees; expenses of preparing, printing and mailing prospectuses and shareholder reports to existing shareholders; registration fees and expenses; proxy and annual meeting expenses; and independent trustee or director fees and expenses.

We usually provide that a newly organized fund's expenses will not exceed a specified percentage of its net assets during an initial operating period. Generally, during the earlier portion of the period, we will waive advisory fees and absorb other mutual fund expenses in excess of these self-imposed limits. During the latter portion of the period, we may recover some or all of the waived fees and absorbed costs.

Except as noted above for 12b-1 fees, we bear all advertising and promotion expenses associated with our distribution of the Price funds. These costs are recognized currently, and include advertising and direct mail communications to potential fund shareholders as well as substantial staff and communications

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capabilities to respond to investor inquiries. Marketing and promotional efforts are focused in the print media, television, and the Internet. In addition, we direct considerable marketing efforts to defined contribution plans that invest in mutual funds. Advertising and promotion expenditures vary over time based on investor interest, market conditions, new and existing investment offerings, and the development and expansion of new marketing initiatives, including enhancements to our website.

### Administrative Services.

We provide advisory-related administrative services to the Price funds through our subsidiaries. T. Rowe Price Services provides mutual fund transfer agency and shareholder services, including maintenance of staff, facilities, and technology and other equipment to respond to inquiries from fund shareholders. T. Rowe Price Associates provides mutual fund accounting services, including maintenance of financial records, preparation of financial statements and reports, daily valuation of portfolio securities and computation of daily net asset values per share. T. Rowe Price Retirement Plan Services provides participant accounting, plan administration and transfer agent services for defined contribution retirement plans that invest in the Price funds. Plan sponsors and participants compensate us for some services while the Price funds compensate us for maintaining and administering the individual participant accounts for those plans that invest in the funds.

Our trustee services are provided by another subsidiary, T. Rowe Price Trust Company. Through this Maryland-chartered limited-service trust company, we offer collective investment trust funds for investment by qualified retirement plans and serve as trustee for retirement plans and IRAs. T. Rowe Price Trust Company may not accept deposits and cannot make personal or commercial loans. Another subsidiary, T. Rowe Price Savings Bank, issues federally insured certificates of deposit.

We also provide non-discretionary advisory planning services to fund shareholders and potential investors through our subsidiary T. Rowe Price Advisory Services. These services are limited in scope and include retirement planning services, such as saving for retirement, transitioning into retirement, and income in retirement. An investment portfolio evaluation service is an integral part of these services. An ongoing checkup service is also available to assist an investor in remaining on track to achieve their financial goals.

### Fund Assets under Management.

At December 31, 2011, assets under our management in the Price funds aggregated \$289.4 billion, an increase of 2.4% or \$6.8 billion from the beginning of the year. The following table presents the net assets (in billions) of our largest funds (net assets in excess of \$.7 billion at December 31) and the year each fund was started.

	<u>2010</u>	<u>2011</u>
Stock and blended asset funds:		
Balanced (1991)	\$ 2.9	\$ 2.8
Blue Chip Growth (1993)	11.9	11.6
Capital Appreciation (1986)	10.4	10.9
Dividend Growth (1992)	1.7	2.1
Emerging Europe & Mediterranean (2000)	.8	.4
Emerging Markets Stock (1995)	5.5	5.6
Equity Income (1985)	20.4	21.3
Equity Index 500 (1990)	13.2	13.4
European Stock (1990)	.7	.6

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Global Stock (1995)	.8	.6
Growth & Income (1982)	1.1	1.1
Growth Stock (1950)	24.8	25.3
Health Sciences (1995)	2.5	3.1
Institutional Emerging Markets Equity (2002)	.7	.8
Institutional Large-Cap Growth (2001)	2.6	3.2
Institutional Large-Cap Value (2000)	.5	.7
Institutional Mid-Cap Equity Growth (1996)	.8	1.9
International Discovery (1988)	2.7	2.2
International Growth & Income (1998)	3.6	4.2
International Stock (1980)	6.5	7.0
Latin America (1993)	3.2	2.0
Media & Telecommunications (1993)	1.9	1.9
Mid-Cap Growth (1992)	20.3	17.5
Mid-Cap Value (1996)	9.3	8.4
New America Growth (1985)	1.3	2.6
New Asia (1990)	5.2	3.6
New Era (1969)	5.8	4.5
New Horizons (1960)	7.7	7.9
Overseas Stock (2006)	2.5	3.6
Personal Strategy Balanced (1994)	1.4	1.3
Personal Strategy Growth (1994)	1.0	.9
Personal Strategy Income (1994)	.7	.7
Real Assets (2010)	1.6	2.4
Real Estate (1997)	2.6	2.9
Science & Technology (1987)	3.1	2.7
Small-Cap Stock (1992)	6.8	6.6
Small-Cap Value (1988)	7.1	6.8
Value (1994)	11.8	11.6
Other stock and blended asset funds	5.0	5.0
	<u>212.4</u>	<u>211.7</u>

### Bond and money market funds:

Corporate Income (1995)	.7	.6
Emerging Markets Bond (1994)	2.7	3.1
GNMA (1985)	1.6	1.7
High Yield (1984)	8.2	8.5
Inflation Focused Bond (2006)	2.4	2.8
Institutional Floating Rate (2008)	1.0	1.8
Institutional High Yield (2002)	1.3	2.1
International Bond (1986)	4.9	5.2
Maryland Tax-Free Bond (1987)	1.8	1.9
New Income (1973)	12.6	14.8
Prime Reserve (1976)	5.6	5.8
Short-Term Bond (1984)	5.7	5.6
Summit Cash Reserves (1993)	5.5	5.9
Summit Municipal Intermediate (1993)	1.7	1.9
Tax-Exempt Money (1981)	.9	.9
Tax-Free High Yield (1985)	1.7	1.8
Tax-Free Income (1976)	2.9	2.9
Tax-Free Short-Intermediate (1983)	1.4	1.6
U.S. Bond Enhanced Index (2000)	0.6	1.2
U.S. Treasury Money (1982)	1.9	1.9
Virginia Tax-Free Bond (1991)	.8	.9
Other bond and money market funds	4.3	4.8
	<u>70.2</u>	<u>77.7</u>
	<u>\$282.6</u>	<u>\$289.4</u>

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The Spectrum and Retirement fund of fund series are not presented in the table because their assets are already included in their underlying fund holdings.

Our operating subsidiaries invest in many of the T. Rowe Price funds.

### OTHER INVESTMENT PORTFOLIOS.

We managed \$200.1 billion at December 31, 2011, in other client investment portfolios, up \$.7 billion from the beginning of the year. We provide investment advisory services to these clients through our subsidiaries on a separately managed or subadvised account basis and through sponsored investment portfolios, such as collective investment trusts, Luxembourg-based mutual funds, and variable annuity insurance plans. At December 31, these portfolios included the following investment assets:

	<u>2010</u>	<u>2011</u>
U.S. stocks	\$ 114.0	\$ 114.9
International stocks	34.2	25.8
Stable value assets	16.7	18.8
Bonds and money market securities	34.5	40.6
	<u>\$ 199.4</u>	<u>\$ 200.1</u>

We charge fees for investment management to these clients based on, among other things, the specific investment services to be provided. Our standard form of investment advisory agreement for client accounts provides that the agreement may be terminated at any time and that any unearned fees paid in advance will be refunded.

Our fees for managing these investment portfolios are computed using the value of assets under our management at a contracted annual fee rate. The value of assets under management billed is generally based on daily valuations, month-end average valuations, or end of billing period valuations. In 2011, approximately 53% of advisory fees were recognized based on daily portfolio valuations, 27% were based on month-end averages, and 19% were based on end of billing period valuations.

### REGULATION.

T. Rowe Price Associates, T. Rowe Price International Ltd, T. Rowe Price (Canada), T. Rowe Price Hong Kong Limited, T. Rowe Price Singapore Private Ltd., and T. Rowe Price Advisory Services are registered with the SEC as investment advisers under the Investment Advisers Act of 1940. T. Rowe Price International Ltd is also regulated by the Financial Services Authority (FSA) in the United Kingdom and, in certain cases, by other foreign regulators. The Securities and Futures Commission and Monetary Authority of Singapore also regulate T. Rowe Price Hong Kong Limited and T. Rowe Price Singapore Private Ltd., respectively. Our transfer agent services subsidiaries are registered under the Securities Exchange Act of 1934, and our trust company is regulated by the State of Maryland, Commissioner of Financial Regulation. T. Rowe Price (Canada) is also registered with several of the provincial securities commissions in Canada.

Due to changes resulting from the Dodd-Frank Act, the T. Rowe Price Savings Bank is now regulated by the Office of the Comptroller of the Currency, U.S. Department of the Treasury. In addition, the Federal Reserve is now responsible for supervision of T. Rowe Price Group and T. Rowe Price Associates, as savings and loan holding companies, as well as the other T. Rowe Price non-depository subsidiaries.

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T. Rowe Price Investment Services is a registered broker-dealer and member of the Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corporation. We provide brokerage services through this subsidiary primarily to complement the other services provided to shareholders of the Price funds. Pershing, a third-party clearing broker and affiliate of the Bank of New York, maintains our brokerage's customer accounts and clears all transactions.

All aspects of our business are subject to extensive federal, state and foreign laws and regulations. These laws and regulations are primarily intended to benefit or protect our clients and the Price funds' shareholders. They generally grant supervisory agencies and bodies broad administrative powers, including the power to limit or restrict the conduct of our business in the event that we fail to comply with laws and regulations. Possible sanctions that may be imposed on us in the event that we fail to comply include the suspension of individual employees, limitations on engaging in certain business activities for specified periods of time, revocation of our investment adviser and other registrations, censures, and fines.

Certain of our subsidiaries are subject to net capital requirements including those of various federal, state, and international regulatory agencies. Each of our subsidiaries' net capital, as defined, meets or exceeds all minimum requirements.

### COMPETITION.

As a member of the financial services industry, we are subject to substantial competition in all aspects of our business. A significant number of proprietary and other sponsors' mutual funds are sold to the public by other investment management firms, broker-dealers, mutual fund companies, banks and insurance companies. We compete with brokerage and investment banking firms, insurance companies, banks, and other financial institutions in all aspects of our business and in every country in which we offer our advisory services. Many of these financial institutions have substantially greater resources than we do. We compete with other providers of investment advisory services primarily based on the availability and objectives of the investment portfolios offered, investment performance, and the scope and quality of investment advice and other client services. In order to maintain and enhance our competitive position, we may review acquisition and venture opportunities and, if appropriate, engage in discussions and negotiations that could lead to the acquisition of a new equity or other financial relationship.

### EMPLOYEES.

At December 31, 2011, we employed 5,255 associates, up 4% from the 5,052 associates employed at the end of 2010. We may add additional temporary and part-time personnel to our staff from time to time to meet periodic and special project demands, primarily for technology and mutual fund administrative services.

### 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 <http://trow.client.shareholder.com/financials.cfm>. We also make our financial statement information from our periodic SEC filings available on our website in the form of XBRL data files that may be used to facilitate computer-assisted investor analysis.

**Item 1A. Risk Factors.**

An investment in our common stock involves various risks, including those mentioned below and those that are discussed from time to time in our periodic filings with the SEC. Investors should carefully consider these risks, along with the other information contained in this report, before making an investment decision regarding our common stock. There may be additional risks of which we are currently unaware, or which we currently consider immaterial. Any of these risks could have a material adverse effect on our financial condition, results of operations, and value of our common stock.

**RISKS RELATING TO OUR BUSINESS AND THE FINANCIAL SERVICES INDUSTRY.**

Our revenues are based on the market value and composition of the assets under our management, all of which are subject to fluctuation caused by factors outside of our control.

We derive our revenues primarily from investment advisory services provided by our subsidiaries to individual and institutional investors in the T. Rowe Price mutual funds and other investment portfolios. Our investment advisory fees typically are calculated as a percentage of the market value of the assets under our management. We generally earn higher fees on assets invested in our equity funds and equity investment portfolios than we earn on assets invested in our fixed income funds and portfolios. Among equity investments, there is a significant variation in fees earned from index-based investments at the low end and emerging markets funds and portfolios at the high end. Fees also vary across the fixed income funds and portfolios, though not as widely as equity investments, with stable value portfolios and money market securities at the lower end and non-U.S. dollar denominated bonds at the high end. As a result, our revenues are dependent on the value and composition of the assets under our management, all of which are subject to substantial fluctuation due to many factors, including:

- **Investor Mobility.** Our investors generally may withdraw their funds at any time, on very short notice and without any significant penalty.
- **General Market Declines.** A downturn in stock or bond prices would cause the value of assets under our management to decrease, and may also cause investors to withdraw their investments, thereby further decreasing the level of assets under our management.
- **Investment Performance.** If the investment performance of our managed portfolios is less than that of our competitors or applicable third-party benchmarks, we could lose existing and potential customers and suffer a decrease in assets under management. Institutional investors in particular consider changing investment advisers based upon poor relative investment performance. Individual investors in contrast are more likely to react to poor absolute investment performance.
- **Investing Trends.** Changes in investing trends and, in particular, retirement savings trends, including the prevalence of defined contribution retirement plans, may reduce interest in our funds and portfolios and may alter our mix of assets under management.
- **Interest Rate Changes.** Investor interest in and the valuation of our fixed income investment funds and portfolios are affected by changes in interest rates. The performance of our money market funds is dependent on the income from the

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underlying securities exceeding the operating costs of the fund. When interest rates are at the historic lows that presently exist, the operating costs of the funds will become a greater portion of the portfolio's income and reduce the yield of the funds to very low levels. Since the second half of 2009 and presently, such an environment has caused us to waive a portion of our advisory fees on money market funds in order to maintain yields at or above 0% to fund investors. Such actions reduce our advisory fee income and net income. Also, bank deposits may become more attractive to investors and money market funds have and could continue to experience redemptions. Client losses decrease our revenues and net income.

- International Exposure. Our managed portfolios may have significant investments in international markets that are subject to risk of loss from political or diplomatic developments, government policies, civil unrest, currency fluctuations and changes in legislation related to foreign ownership. International markets, particularly emerging markets, which are often smaller, may not have the liquidity of established markets, may lack established regulations and may experience significantly more volatility than established markets.
- Tax Regulation Changes. Changes in the status of tax deferred retirement plan investments and tax-free municipal bonds, the capital gains and corporate dividend tax rates, and other individual and corporate tax rates and regulations could adversely affect investor behavior and may cause investors to view certain investment offerings less favorably and withdraw their investment assets, thereby decreasing the level of assets under our management.

A decrease in the value of assets under our management, or an adverse change in their composition, could have a material adverse effect on our investment advisory fees and revenues. For any period in which revenues decline, net income and operating margins will likely decline by a greater proportion because certain expenses will be fixed over that finite period.

A significant majority of our revenues are based on contracts with the Price funds that are subject to termination without cause and on short notice.

We provide investment advisory, distribution and other administrative services to the Price funds under various agreements. Investment advisory services are provided to each Price fund under individual investment management agreements. The board of each Price fund must annually approve the terms of the investment management and service agreements and can terminate the agreement upon 60-day notice. If a Price fund seeks to lower the fees that we receive or terminate its contract with us, we would experience a decline in fees earned from the Price funds, which could have a material adverse effect on our revenues and net income.

We operate in an intensely competitive industry, which could cause a loss of customers and their assets, thereby reducing our assets under management and our revenues and net income.

We are subject to competition in all aspects of our business from:

- asset management firms,
- mutual fund companies,
- commercial banks and thrift institutions,
- insurance companies,
- hedge funds,
- exchange traded funds,
- brokerage and investment banking firms, and
- other financial institutions including multinational firms and subsidiaries of diversified conglomerates.

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Many of these financial institutions have substantially greater resources than we do and may offer a broader range of financial products across more markets. Some operate in a different regulatory environment than we do which may give them certain competitive advantages in the investment products and portfolio structures that they offer. We compete with other providers of investment advisory services primarily based on the availability and objectives of the investment portfolios offered, investment performance, and the scope and quality of investment advice and other client services. Some institutions have proprietary products and distribution channels that make it more difficult for us to compete with them. We believe that competition within the investment management industry will intensify as a result of consolidation and acquisition activity and because new competitors face few barriers to entry. Most of our investment portfolios are available without sales or redemption fees, which means that investors may be more willing to transfer assets to competing funds.

If current or potential customers decide to use one of our competitors, we could face a significant decline in market share, assets under management, revenues, and net income. If we are required to lower our fees in order to remain competitive, our net income could be significantly reduced because some of our expenses are fixed, especially over shorter periods of time, and others may not decrease in proportion to the decrease in revenues.

Our success depends on our key personnel and our financial performance could be negatively affected by the loss of their services.

Our success depends on our highly skilled personnel, including our portfolio and fund managers, investment analysts, management and client relationship personnel, and corporate officers, many of whom have specialized expertise and extensive experience in our industry. Strong financial services professionals are in demand, and we face significant competition for highly qualified employees. Our key employees do not have employment contracts, and generally can terminate their employment with us at any time. We cannot assure that we will be able to retain or replace key personnel. In order to retain or replace our key personnel, we may be required to increase compensation, which would decrease net income. The loss of key personnel could damage our reputation and make it more difficult to retain and attract new employees and investors. Losses of assets from our client investors would decrease our revenues and net income, possibly materially.

Our operations are complex and a failure to perform operational tasks or the misrepresentation of products and services could have an adverse affect on our reputation and subject us to regulatory sanctions, fines, penalties, and litigation.

Operating risks include:

- failure to properly perform fund or portfolio recordkeeping responsibilities, including portfolio accounting, security pricing, corporate actions, investment restrictions compliance, daily net asset value computations, account reconciliations, and required distributions to fund shareholders to comply with tax regulations;
- failure to properly perform transfer agent and participant recordkeeping responsibilities, including transaction processing, supervision of staff, tax reporting and record retention; and failure to identify excessive trading in mutual funds by our customers or plan participants;

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- sales and marketing risks, including the intentional or unintentional misrepresentation of products and services in advertising materials, public relations information, or other external communications, and failure to properly calculate and present investment performance data accurately and in accordance with established guidelines and regulations.

### Any damage to our reputation could harm our business and lead to a loss of revenues and net income.

We have spent many years developing our reputation for integrity, strong investment performance, and superior client services. Our brand is a valuable intangible asset, but it is vulnerable to a variety of threats that can be difficult or impossible to control, and costly or even impossible to remediate. Regulatory inquiries and rumors can tarnish or substantially damage our reputation, even if they are satisfactorily addressed. Any damage to our brand could impede our ability to attract and retain customers and key personnel, and reduce the amount of assets under our management, any of which could have a material adverse effect on our revenues and net income.

### Our expenses are subject to significant fluctuations that could materially decrease net income.

Our operating results are dependent on the level of our expenses, which can vary significantly for many reasons, including:

- changes in the level of our advertising expenses, including the costs of expanding investment advisory services to investors outside of the United States and further penetrating U.S. distribution channels;
- variations in the level of total compensation expense due to, among other things, bonuses, stock option grants and other stock-based awards, changes in employee benefit costs due to regulatory or plan design changes, changes in our employee count and mix, competitive factors, and inflation;
- a future impairment of our investment in UTI Asset Management Company Limited (UTI);
- a future impairment of goodwill that is recognized in our balance sheet;
- unanticipated material fluctuations in foreign currency exchange rates applicable to the costs of our operations abroad;
- expenses and capital costs incurred to maintain and enhance our administrative and operating services infrastructure, such as technology assets, depreciation, amortization, and research and development;
- unanticipated costs incurred to protect investor accounts and client goodwill; and
- disruptions of third-party services such as communications, power, and mutual fund transfer agent and accounting systems.

Under our agreements with the T. Rowe Price mutual funds, we charge the mutual funds certain administrative fees and related expenses based upon contracted terms. If we fail to accurately estimate our underlying expense levels or otherwise are required to incur expenses relating to the mutual funds that are not otherwise paid by the funds, our operating results will be adversely affected.

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We have contracted with third-party financial intermediaries that distribute our investment portfolios in the U.S. and abroad and such relationships may not be available or profitable to us in the future.

These contracted third-party intermediaries generally offer their clients various investment products in addition to, and in competition with, our investment offerings, and have no contractual obligation to encourage investment in our portfolios. It would be difficult for us to acquire or retain the management of those assets without the assistance of the intermediaries, and we cannot assure that we will be able to maintain an adequate number of successful distribution relationships. In addition, some investors rely on third-party financial planners, registered investment advisers, and other consultants or financial professionals to advise them on the choice of investment adviser and investment portfolio. These professionals and consultants can favor a competing investment portfolio as better meeting their particular client's needs. We cannot assure that our investment offerings will be among their recommended choices in the future. Further, their recommendations can change over time and we could lose their recommendation and their client assets under our management. Mergers, acquisitions, and other ownership or management changes could also adversely impact our relationships with these third-party intermediaries. The presence of any of the adverse conditions discussed above would reduce revenues and net income, possibly by material amounts.

Natural disasters and other unpredictable events could adversely affect our operations.

Armed conflict, terrorist attacks, power failures, and natural disasters could adversely affect our revenues, expenses and net income by:

- decreasing investment valuations in, and returns on, the investment portfolios that we manage,
- causing disruptions in national or global economies that decrease investor confidence and make investment products generally less attractive,
- incapacitating or inflicting losses of lives among our associates,
- interrupting our business operations,
- triggering technology delays or failures, and
- requiring substantial capital expenditures and operating expenses to remediate damage, replace our facilities, and restore our operations.

We have developed various backup systems and contingency plans but we cannot be assured that they will be adequate in all circumstances that could arise or that material interruptions and disruptions will not occur. In addition, we rely to varying degrees on outside vendors for disaster contingency support, and we cannot be assured that these vendors will be able to perform in an adequate and timely manner. If we lose any associates, or if we are unable to respond adequately to such an event in a timely manner, we may be unable to continue our business operations, which could lead to a tarnished reputation and loss of customers that results in a decrease in assets under management, lower revenues and materially reduced net income.

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### Our investment income and asset levels may be negatively impacted by fluctuations in our investment portfolio.

We currently have a substantial portion of our assets invested in our stock, blended asset and bond mutual funds. All of these investments are subject to investment market risk and our non-operating investment income could be adversely affected by the realization of losses upon the disposition of our investments or the recognition of significant other than temporary impairments. In addition, related investment income has fluctuated significantly over the years depending upon the performance of our corporate investments, including the impact of market conditions and interest rates, and the size of our corporate money market and longer-term mutual fund holdings. Fluctuations in other investment income are expected to occur in the future.

### The investment performance of our savings bank subsidiary could adversely affect our assets and results of operations.

We have a savings bank subsidiary that accepts time deposits from customers, pays a fixed rate of interest to them, and invests in asset-backed debt securities. Although we generally hold these investments to maturity, which generally correlates to the maturities of our customer deposits, fluctuations in credit risk could result in impairments among the bank's fixed income investments and, in turn, could result in a mismatch between a lower or negative return on our investment portfolio and the interest paid on our customer deposits. To the extent that this occurs, our assets and results of operations would be adversely affected.

### We may elect to pursue growth in the United States and abroad through acquisitions or joint ventures, which exposes us to risks inherent in assimilating new operations, expanding into new jurisdictions, and making non-controlling minority investments in other entities.

In order to maintain and enhance our competitive position, we may review and pursue acquisition and venture opportunities. We cannot assure that we will identify and consummate any such transactions on acceptable terms or have sufficient resources to accomplish such a strategy. In addition, any strategic transaction can involve a number of risks, including additional demands on our staff; unanticipated problems regarding integration of investor account and investment security recordkeeping, operating facilities and technologies, and new employees; adverse effects in the event acquired intangible assets or goodwill become impaired; and the existence of liabilities or contingencies not disclosed to or otherwise known by us prior to closing a transaction.

We own a 26% investment in UTI (India) and we may consider non-controlling minority investments in other entities in the future. We may not realize future returns from such investments or any collaborative activities that may develop in the future.

### We are exposed to a number of risks arising from our international operations.

We operate in a number of jurisdictions outside of the United States. In addition, we have a large investment in UTI, an Indian asset management company. Our international operations require us to comply with the legal requirements of various foreign jurisdictions and expose us to the political consequences of operating in foreign jurisdictions. Our foreign business operations are also subject to the following risks:

- difficulty in managing, operating and marketing our international operations;

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- fluctuations in currency exchange rates which may result in substantial negative effects on assets under our management, revenues, expenses and assets in our U.S. dollar based financial statements; and
- significant adverse changes in international legal and regulatory environments.

### LEGAL AND REGULATORY RISKS.

Compliance within a complex regulatory environment imposes significant financial and strategic costs on our business, and non-compliance could result in fines and penalties.

We are subject to extensive regulation by foreign and domestic governments, regulatory agencies such as the SEC, the FED, and OCC in the United States and the FSA in the United Kingdom, and self-regulatory organizations such as FINRA. The conduct of our business is in large part dictated by adherence to such regulation, including federal laws such as the Dodd-Frank Act of 2010, the Sarbanes-Oxley Act of 2002, the USA Patriot Act of 2001, the Employee Retirement Income Security Act of 1974 (ERISA), regulations relating to the mutual fund industry specifically and securities laws generally, accounting standards, and banking and tax laws. Compliance with these complex regulations and our disclosure and financial reporting obligations requires significant investments of time and money and could limit our ability to enter into new lines of business. Further, the regulations imposed by one jurisdiction may conflict with the regulations imposed by another, and these differences may be difficult or impossible to reconcile.

Our regulatory environment is frequently altered by new regulations and by revisions to, and evolving interpretations of, existing regulations. Future changes could require us to modify or curtail our investment offerings and business operations. For example, the Volker Rule as currently proposed has led us to begin evaluating whether it remains prudent to maintain our savings bank in light of the potential restrictions the rule could place on our other business activities.

If we are unable to maintain compliance with applicable laws and regulations, we could be subject to criminal and civil liability, the suspension of our employees, fines, penalties, sanctions, injunctive relief, exclusion from certain markets, or temporary or permanent loss of licenses or registrations necessary to conduct our business. A regulatory proceeding, even if it does not result in a finding of wrongdoing or sanctions, could consume substantial expenditures of time and capital. Any regulatory investigation and any failure to maintain compliance with applicable laws and regulations could severely damage our reputation, adversely affect our ability to conduct business, and decrease revenue and net income.

Legal and regulatory developments in the mutual fund and investment advisory industry could increase our regulatory burden, cause a loss of mutual fund investors, and reduce our revenues.

As a result of the economic downturn in 2008 and 2009 and the significant turmoil in the investment banking, banking and financial services industry, including the need for government intervention, regulators both in and outside the United States have shown increasing interest in the oversight of the broad financial and investment industry. Some of the newly adopted and proposed regulations are focused directly on the investment management industry, while others are more

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broadly focused but in many cases will impact our industry as well. These new laws and regulations can be expected to place greater compliance and administrative burdens on us, which likely would increase our expenses without increasing revenues and could adversely impact our business operations. In addition, new regulations could require the Price funds to reduce the level of certain mutual fund fees paid to us or require us to bear additional expenses, which would affect our operating results. Further, adverse results of regulatory investigations of mutual fund, investment advisory and financial services firms could tarnish the reputation of the financial services industry generally and mutual funds and investment advisers more specifically, causing investors to avoid further fund investments or redeem their account balances. Redemptions would decrease the assets under our management, which would reduce our advisory revenues and net income.

### We may become involved in legal and regulatory proceedings that may not be covered by insurance.

We are subject to regulatory and governmental inquiries and civil litigation. An adverse outcome of any such proceeding could involve substantial financial penalties. From time to time, various claims against us arise in the ordinary course of business, including employment-related claims. There also has been an increase of litigation and in regulatory investigations in the financial services industry in recent years, including customer claims and class action suits alleging substantial monetary damages.

We carry insurance in amounts and under terms that we believe are appropriate. We cannot assure that our insurance will cover most liabilities and losses to which we may be exposed, or that our insurance policies will continue to be available at acceptable terms and fees. Certain insurance coverage may not be available or may be prohibitively expensive in future periods. As our insurance policies come up for renewal, we may need to assume higher deductibles or co-insurance liabilities, or pay higher premiums, which would increase our expenses and reduce our net income.

### Net capital requirements may impede the business operations of our subsidiaries.

Certain of our subsidiaries are subject to net capital requirements imposed by various federal, state, and foreign authorities. Each of our subsidiaries' net capital meets or exceeds all minimum requirements; however, a significant operating or investment loss or an extraordinary charge against net capital could adversely affect the ability of our subsidiaries to expand or even maintain their operations if we were unable to make additional investments in them.

## TECHNOLOGY RISKS.

### We require specialized technology to operate our business and would be adversely affected if our technology became inoperative or obsolete.

We depend on highly specialized and, in many cases, proprietary technology to support our business functions, including among others:

- securities analysis,
- securities trading,
- portfolio management,
- customer service,
- accounting and internal financial reporting processes and controls, and
- regulatory compliance and reporting.

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All of our technology systems are vulnerable to disability or failures due to hacking, viruses, natural disasters, power failures, acts of war or terrorism, and other causes. Some of our software is licensed from and supported by outside vendors upon whom we rely to prevent operating system failure. A suspension or termination of these licenses or the related support, upgrades and maintenance could cause system delays or interruption. Although we have robust business and disaster recovery plans, if our technology systems were to fail and we were unable to recover in a timely way, we would be unable to fulfill critical business functions, which could lead to a loss of customers and could harm our reputation. A technological breakdown could also interfere with our ability to comply with financial reporting and other regulatory requirements, exposing us to disciplinary action and to liability to our customers.

In addition, our continued success depends on our ability to effectively integrate operations across many countries, and to adopt new or adapt existing technologies to meet client, industry and regulatory demands. We might be required to make significant capital expenditures to maintain competitive technology. If we are unable to upgrade our technology in a timely fashion, we might lose customers and fail to maintain regulatory compliance, which could affect our results of operations and severely damage our reputation.

We could be subject to losses if we fail to properly safeguard sensitive and confidential information.

As part of our normal operations, we maintain and transmit confidential information about our clients as well as proprietary information relating to our business operations. We maintain a system of internal controls designed to provide reasonable assurance that fraudulent activity, including misappropriation of assets, fraudulent financial reporting, and unauthorized access to sensitive or confidential data is either prevented or timely detected. Our systems or our third-party service providers' systems could be victimized by unauthorized users or corrupted by computer viruses or other malicious software code, or authorized persons could inadvertently or intentionally release confidential or proprietary information. Such disclosure could, among other things:

- seriously damage our reputation,
- allow competitors access to our proprietary business information,
- subject us to liability for a failure to safeguard client data,
- result in the termination of contracts by our existing customers,
- subject us to regulatory action, and
- require significant capital and operating expenditures to investigate and remediate the breach.

### **Item 1B. Unresolved Staff Comments.**

None.

### **Item 2. Properties.**

Our operating and servicing activities are largely conducted at owned facilities in campus settings comprising 294,000 square feet in Colorado Springs, Colorado, and 822,000 square feet on three parcels of land in close proximity in Owings Mills, Maryland. We have an additional 381,000 square feet of space in two facilities at the largest Owings Mills site that were completed in late 2009. Our current expectation is that these facilities will not be placed into service until 2013 at

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the earliest. Our recently completed 60,000 square foot technology support facility in Hagerstown, Maryland was placed into service in the first quarter of 2011. We own a 72-acre parcel of land in Pasco County, Florida to accommodate future development as business demands require.

We presently maintain investor centers for walk-in traffic and investor meetings in leased facilities located in the Baltimore, Maryland; Boca Raton, Florida; Boston (Wellesley, Massachusetts); Chicago (Oak Brook and Northbrook, Illinois); Los Angeles (Century City, California); New York City/New Jersey (Garden City, New York, and Paramus and Short Hills, New Jersey); San Francisco (Walnut Creek, California); Tampa, Florida; and Washington, D.C. (Washington, D.C. and McLean, Virginia) areas. We also have investor centers in our owned facilities in Colorado Springs and Owings Mills. These investor centers allow us to be available in person to meet with a large number of our individual investors.

Our corporate offices include 421,000 square feet under lease until mid-2017 at 100 East Pratt Street in Baltimore. We lease our other offices, including those in London, our business recovery site in Maryland, and our customer service call center in Tampa. We operate offices in 13 countries around the world.

Information concerning our anticipated capital expenditures in 2012 and our future minimum rental payments under noncancelable operating leases at December 31, 2011, is set forth in the capital resources and liquidity and contractual obligations discussions in Item 7 of this Form 10-K.

### **Item 3. 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 4. Mine Safety Disclosures.**

Not applicable.

### **Item. Executive Officers of the Registrant.**

The following information includes the names, ages, and positions of our executive officers. There are no arrangements or understandings pursuant to which any person serves as an officer. The first seven individuals are members of our management committee.

James A.C. Kennedy (58), Chief Executive Officer and President since 2007. Mr. Kennedy was previously a Vice President from 1981-2006.

Brian C. Rogers (56), Chairman since 2007 and a Vice President since 1985.

Edward C. Bernard (55), Vice Chairman since 2007 and a Vice President since 1989.

William J. Stromberg (51), a Vice President since 1990.

Christopher D. Alderson (49), a Vice President since 2002.

Michael C. Gitlin (41), a Vice President since 2007. Mr. Gitlin was Head of U.S. Equity Sales for Citigroup Global Markets from 2005 to 2007.

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John D. Linehan (47), a Vice President since 2001.

Kenneth V. Moreland (55), Chief Financial Officer and a Vice President since 2004. Mr. Moreland assumed the Treasurer position in 2010.

Wayne D. O'Melia (59), a Vice President since 1987. Mr. O'Melia plans to retire on March 31, 2012.

Jessica M. Hiebler (36), Principal Accounting Officer since 2010 and a Vice President since 2009. Ms. Hiebler has been a Vice President of T. Rowe Price Associates since she joined the firm in 2005.

**PART II****Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.**

Our common stock (\$.20 par value per share) trades on the NASDAQ Global Select Market under the symbol TROW. The high and low trade price information and dividends per share during the past two years were:

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
2010 – High price	\$ 56.25	\$ 59.44	\$ 51.21	\$ 65.38
Low price	\$ 47.42	\$ 44.28	\$ 42.81	\$ 49.35
Cash dividends declared	\$ .27	\$ .27	\$ .27	\$ .27
2011 – High price	\$ 71.29	\$ 68.59	\$ 62.25	\$ 59.55
Low price	\$ 60.58	\$ 55.94	\$ 45.75	\$ 44.68
Cash dividends declared	\$ .31	\$ .31	\$ .31	\$ .31

We presently plan to declare and pay quarterly cash dividends in 2012 that, taken together, will exceed the \$1.24 per share declared and paid in 2011. Our annual dividends per share have increased every year since we became a public company in 1986; however, there can be no assurance that we will continue to pay dividends at increasing rates or at all.

Our common stockholders have approved all of our equity compensation plans. These plans provide for the issuance of up to 52,887,988 shares of our common stock at December 31, 2011, including 39,239,722 shares that may be issued upon the exercise of outstanding stock options at a weighted average price of \$45.27, and 385,934 shares that may be issued upon settlement of our outstanding stock units. Additionally, 13,262,332 shares remain available for future issuances. Under the terms of the 2004 Stock Incentive Plan, the number of shares provided and available for future issuance will increase as we repurchase common stock in the future with the proceeds from stock option exercises.

The following table presents repurchase activity during the fourth quarter of 2011.

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
October	184,179	\$ 47.76	152,164	13,765,681
November	59,307	\$ 50.63	50,000	13,715,681
December	110,018	\$ 57.63	-	13,715,681
Total	<u>353,504</u>	<u>\$ 51.31</u>	<u>202,164</u>	

Shares repurchased by us in a quarter may include repurchases conducted pursuant to publicly announced board authorizations, and outstanding shares surrendered to the company to pay the exercise price in connection with swap exercises of employee stock options. Of the shares repurchased in the fourth quarter of 2011, 202,164 were repurchased pursuant to the Board of Directors' September 8, 2010 publicly announced authorization.

During 2011, we repurchased 8,695,229 shares of our common stock pursuant to the Board of Directors' June 5, 2008 and September 8, 2010 authorizations. There are approximately 140,000 beneficial stockholder accounts holding our common stock.

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	2007	2008	2009	2010	2011
	(in millions, except per-share data)				
Net revenues	\$2,228	\$2,116	\$1,867	\$2,367	\$2,747
Net operating income	\$ 996	\$ 849	\$ 702	\$1,037	\$1,227
Net income	\$ 671	\$ 491	\$ 434	\$ 672	\$ 773
Net cash provided by operating activities	\$ 758	\$ 742	\$ 536	\$ 733	\$ 948
Per common share information					
Basic earnings	\$ 2.53	\$ 1.89	\$ 1.69	\$ 2.60	\$ 3.01
Diluted earnings	\$ 2.40	\$ 1.81	\$ 1.65	\$ 2.53	\$ 2.92
Cash dividends declared	\$ .75	\$ .96	\$ 1.00	\$ 1.08	\$ 1.24
Weighted average common shares outstanding	264.8	259.3	255.9	257.2	255.6
Weighted average common shares outstanding assuming dilution	279.1	269.9	262.3	265.1	263.3
	December 31,				
	2007	2008	2009	2010	2011
	(in millions)				
Balance sheet data					
Total assets	\$3,177	\$2,819	\$3,210	\$3,642	\$3,770
Stockholders' equity	\$2,777	\$2,489	\$2,882	\$3,297	\$3,421
Assets under management (in billions)	\$400.0	\$276.3	\$391.3	\$482.0	\$489.5

**Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.**

## GENERAL.

Our revenues and net income are derived primarily from investment advisory services provided to individual and institutional investors in our sponsored mutual funds and other managed investment portfolios. The other managed investment portfolios include separately managed accounts, subadvised funds, and other sponsored investment portfolios including common trust funds and mutual funds offered to investors outside the United States and through variable annuity life insurance plans. Investment advisory clients outside the United States account for 11% of our assets under management at December 31, 2011.

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

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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.

### BACKGROUND.

U.S. equity markets ended 2011 virtually unchanged from the end of 2010 despite experiencing wide trading ranges over the course of the year. Economic and geopolitical concerns weighed heavily on markets at times during the year and contributed to high volatility. The positive momentum in equity markets in late 2010 continued into 2011 as signs of an improving U.S. economy and the release of strong corporate earnings helped lift major indexes by the end of April to new highs not seen since March 2009. Equities began to fall in May and continued to decline through the summer, as the U.S. and European economies showed signs of weakening, the European debt crisis intensified, and U.S. Congress struggled to reach an agreement on deficit reduction and raising the federal debt ceiling. The uncertainties surrounding these macro concerns combined with Standard & Poor's downgrade in August of the U.S. government's long-term sovereign credit rating led investors in search of less risky assets and increased selling pressure on markets through early October. Volatility in the markets continued through the end of the year, despite favorable U.S. economic data, as the bipartisan congressional super committee failed to reach a deficit reduction agreement and European leaders failed to develop a concrete plan to address their own debt crisis.

In this volatile environment, the global stock indexes produced flat to negative results. The S&P 500 Index of large-cap companies in leading industries of the U.S. economy returned 2.1% in 2011, while the NASDAQ Composite Index, which is heavily weighted with technology companies, was down 1.8% (excluding dividends) and the Russell 2000, which generally reflects smaller companies, decreased 4.2%. Performance for stock markets outside the U.S. was notably worse, although a strengthening U.S. dollar decreased the magnitude of the losses in dollar terms. In 2011, the MSCI EAFE Index, which measures the performance of mostly large-cap stocks in Europe, Australasia, and the Far East, produced an 11.7% loss while the MSCI Emerging Markets Index decreased 18.2%.

Despite the S&P downgrade, Treasury yields fell to historic lows in the third quarter of 2011 and prices rose as investors sought the safety of these securities in the wake of the equity market weakness, the intensifying European debt crisis, and slowing economic growth. To support the U.S. economy, the Federal Reserve announced in the third quarter of 2011 that it would keep the federal funds target rate near 0% until at least mid-2013, trade short-term Treasury holdings for longer-term issues, and resume mortgage-backed security purchases. Treasury yields ended the year below their levels at the end of 2010 as nervous global investors continued to seek out less risky investments. The yield on the benchmark 10-year U.S. Treasury at December 31, 2011, was 1.9%, a decrease of 141 basis points from the end of 2010.

Bonds produced positive overall returns in 2011, as strong gains among long-term government bonds compensated for lower returns in other categories. Municipal and corporate bonds did very well, while high yield securities trailed as solid returns in the first half of 2011 were followed by flat performance in the second half of 2011 as investors sought less risky assets.

For 2011, the Barclays Capital Municipal Bond Index returned 10.7%, the Barclays Capital U.S. Aggregate Index gained 7.8%, and the Credit Suisse High Yield Index was up 5.5%. A similar trend was seen in the non-U.S. bond markets though the

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gains were limited by a stronger U.S. dollar versus other currencies. The J.P. Morgan Emerging Markets Index Plus gained 9.2% in 2011, while the Barclays Capital Global Aggregate Ex-U.S. Dollar Bond Index was up 4.4%.

### ASSETS UNDER MANAGEMENT.

With an uncertain and volatile market environment as a backdrop, our assets under management increased \$7.5 billion over the course of 2011 and ended the year at \$489.5 billion. Net cash inflows from investors in 2011 of \$14.1 billion were partially offset by market depreciation and distributions not reinvested of \$6.6 billion. Assets under management (in billions) at the end of the year and changes over the year are detailed below.

#### Assets under management by investment portfolio

	December 31		
	2009	2010	2011
T. Rowe Price mutual funds	\$232.7	\$282.6	\$289.4
Other investment portfolios	158.6	199.4	200.1
Total	<u>\$391.3</u>	<u>\$482.0</u>	<u>\$489.5</u>

#### Assets under management by asset class

	December 31		
	2009	2010	2011
Stock and blended asset	\$290.4	\$360.6	\$352.4
Fixed income portfolios	100.9	121.4	137.1
Total	<u>\$391.3</u>	<u>\$482.0</u>	<u>\$489.5</u>

#### Components of changes in assets under management

	Year ended		
	2009	2010	2011
Assets under management at beginning of year	<u>\$276.3</u>	<u>\$391.3</u>	<u>\$482.0</u>
Net cash inflows			
Sponsored mutual funds in the U.S.	12.5	13.6	11.0
Other portfolios	10.2	16.7	3.1
	<u>22.7</u>	<u>30.3</u>	<u>14.1</u>
Net market gains (losses) and income	92.7	60.8	(5.8)
Mutual fund distributions not reinvested	<u>(.4)</u>	<u>(.4)</u>	<u>(.8)</u>
Increase during year	115.0	90.7	7.5
Assets under management at end of year	<u>\$391.3</u>	<u>\$482.0</u>	<u>\$489.5</u>

Our 2009 and 2010 net cash inflows were sourced most significantly from third-party financial intermediaries and from institutional investors around the world, whereas net cash flows in 2011 were sourced primarily from third-party financial intermediaries. Our relative investment performance over much of this period and brand awareness contributed significantly to attracting net inflows to our firm.

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

RESULTS OF OPERATIONS.

In 2011, we changed the presentation of our consolidated statements of income. We are presenting distribution and servicing fees earned from 12b-1 plans of the Advisor, R, and VIP II classes of our sponsored mutual funds, previously included in administrative fees, as a separate line to enhance transparency of these fees. We also are presenting as a separate line the offsetting distribution and servicing costs, previously included in other operating expenses, paid to third-party financial intermediaries who source those share classes noted above. Investment income earned by our savings bank subsidiary, previously presented on its own, is being reported net of interest expense paid on savings bank deposits. The line was renamed net revenue of savings bank subsidiary and the details of this line are included in note 4 to the consolidated financial statements. All amounts for the comparable calendar years have been reclassified to conform to the 2011 presentation.

2011 versus 2010.

Investment advisory revenues were up 15.9%, or \$322.2 million, to \$2.3 billion in 2011, as average assets under our management increased \$74.5 billion to \$497.1 billion. The average annualized fee rate earned on our assets under management was 47.3 basis points during 2011 compared to 48.0 basis points earned in 2010. The decrease in our average annualized fee rate is primarily a result of the \$11.3 million increase in money market management fees voluntarily waived by the firm in order to maintain a positive yield for fund investors. The firm waived \$36.4 million in money market fees in 2011 compared to \$25.1 million in 2010. The firm expects that these fee waivers will continue in 2012.

Net revenues increased \$379.9 million, or 16.0%, to \$2.7 billion. Operating expenses were \$1.5 billion in 2011, an increase of \$189.5 million, or 14.2%. Overall, net operating income for 2011 increased \$190.4 million, or 18.4%, to \$1.2 billion. The increase in our average assets under management and resulting advisory revenue increased our operating margin for 2011 to 44.7% from 43.8% in 2010. Net income increased \$101.0 million, or 15.0%, to \$773.2 million from the 2010 period. Our diluted earnings per share on our common stock increased 15.4% to \$2.92 from the \$2.53 earned in 2010.

*Revenues*

Investment advisory revenues earned from the T. Rowe Price mutual funds distributed in the United States were \$1.6 billion in 2011, an increase of 15.3%, or \$213.3 million, on higher average mutual fund assets. Average mutual fund assets in 2011 were \$292.1 billion, an increase of 16.5% from the 2010 average. Mutual fund assets at December 31, 2011, were \$289.4 billion, up \$6.8 billion from the end of 2010.

Net inflows to the mutual funds during 2011 were \$11.0 billion. These net inflows include \$7.5 billion that originated in our 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. Net cash inflows of \$6.6 billion were added to our stock and blended asset funds, \$3.9 billion to our bond funds, and \$.5 billion were added to our money market funds. The Overseas Stock, International Stock, New America Growth, Emerging Markets Stock, and New Income funds each added more than \$1.2 billion in net inflows for a combined total of \$6.8 billion. Fund net inflow amounts in 2011 are presented net of \$1.4 billion that was transferred to the other investment portfolios during the year. Market depreciation and income not reinvested lowered our mutual fund assets under management by \$4.2 billion in 2011.

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Investment advisory revenues earned on the other investment portfolios that we manage increased \$108.9 million, or 17.2%, to \$741.4 million. Average assets in these portfolios were \$205.0 billion during 2011, an increase of \$33.2 billion, or 19.3%, from the 2010 year. Ending assets at December 31, 2011, were \$200.1 billion, an increase of \$.7 billion from the end of 2010. Net inflows into these portfolios in 2011 were \$3.1 billion. We experienced strong cash inflows into our subadvised funds from third-party intermediaries, into our fixed income portfolios from institutional investors, and into our other sponsored portfolios during the year. These inflows were partially offset by outflows from our equity portfolios by a few institutional investors that were reducing risk in their portfolios in the wake of the volatile market environment experienced in 2011. Lower market valuations reduced assets under management in these portfolios by \$2.4 billion.

Administrative fees increased \$26.9 million to \$321.2 million in 2011. The increase is attributable to our mutual fund servicing activities and defined contribution recordkeeping services for the mutual funds and their investors. Changes in administrative fees 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 fees earned from 12b-1 plans of the Advisor, R, and VIP II classes of our sponsored mutual funds were \$74.6 million in 2011, an increase of \$31.4 million from 2010. The increase includes \$7.3 million recognized on greater assets under management in these share classes, and \$24.1 million earned primarily on R class shares in the last nine months of 2011 for which the comparable 2010 fees were netted against related distribution and servicing costs. The 12b-1 fees earned are offset entirely by the cost paid to third-party intermediaries who source these assets. These costs are reported as distribution and servicing costs on the face of the consolidated income statements.

### *Operating expenses*

Compensation and related costs were \$969.8 million, an increase of \$109.4 million, or 12.7%, compared to 2010. The largest part of the increase is attributable to a \$46.9 million increase in salaries and related benefits, which results from a 5.6% annual increase in our average staff size. The 2011 change also includes a \$36.4 million increase in our annual variable compensation programs. Greater use of outside contractors to meet growing business demands increased our 2011 costs by \$11.2 million. The remainder of the change from 2010 is attributable to higher non-cash stock-based compensation expense and other employee related costs. At December 31, 2011, we employed 5,255 associates, an increase of 4.0% from the end of 2010, to support both business growth and added capabilities.

Advertising and promotion expenditures were \$90.8 million, up \$3.9 million, or 4.5%, compared to 2010. We currently estimate that advertising and promotion expenditures for 2012 will increase modestly from 2011 levels. We vary our level of spending based on market conditions and investor demand as well as our efforts to expand our investor base globally.

Occupancy and facility costs together with depreciation expense increased \$15.3 million, or 8.9%, versus 2010. The change includes the impact of placing our new technology support facility into service in February 2011, as well as the added costs to update our technology capabilities, including related maintenance programs, to meet increasing business demands.

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Other operating expenses increased \$29.5 million, or 17.5%, from 2010. The charitable contribution made to the T. Rowe Price Foundation in 2011 was higher than in 2010, and we increased our spending on professional fees, information, and other third-party services, and travel to meet increasing business demands. The increases in these costs were offset by the \$16.4 million charge incurred in 2010 from the one-time contribution made to certain money market funds that did not reoccur in 2011.

### *Non-operating investment income*

Our non-operating investment income, which includes interest income as well as the recognition of investment gains and losses, was down \$9.8 million from the 2010 period. This decrease is primarily due to the 2010 period including \$7.6 million in gains realized on the sale of certain mutual fund investments and \$2.2 million recognized in early 2010 on the settlement and valuation of the forward contracts used to hedge the foreign currency exposure associated with our investment in UTI Asset Management Company Limited (UTI). The 2011 period includes \$6.4 million in net earnings from our investment in UTI, an increase of \$1.1 million over the earnings recognized in 2010.

### *Provision for income taxes*

Our effective tax rate for 2011 is 38.2% as compared to 37.2% in 2010. The increase is primarily attributable to higher effective state tax rates as well as greater discrete tax benefits recognized in 2010 from the settlement of state income tax positions and the firm's international reorganization. The firm currently estimates its effective tax rate for 2012 will be about 37.7%.

### 2010 versus 2009.

Investment advisory revenues were up 31.1%, or \$480.7 million, to \$2.0 billion in 2010, as average assets under our management increased \$101.3 billion to \$422.6 billion. The average annualized fee rate earned on our assets under management was 48.0 basis points during 2010, virtually unchanged from the 48.1 basis points earned in 2009, including the effect of the voluntary fee waivers made to our money market funds.

Net revenues increased \$499.8 million, or 26.8%, to nearly \$2.4 billion. Operating expenses were \$1.3 billion in 2010, an increase of \$164.9 million, or 14.1%. This increase includes the \$16.4 million charge related to the one-time contribution made to certain of our money market funds. Overall, net operating income for 2010 increased \$334.9 million, or 47.7%, to more than \$1.0 billion. The increase in our average assets under management and resulting advisory revenue increased our operating margin for 2010 to 43.8% from 37.6% for 2009. We recognized non-operating investment income of \$33.5 million in 2010 compared to investment losses in 2009 of \$12.7 million. The 2009 year included \$36.1 million in other than temporary impairment charges recognized in the first quarter on our investments in sponsored mutual funds. Net income increased \$238.6 million, or 55%, to \$672.2 million from the 2009 period resulting in diluted earnings per share on our common stock to increase 53% to \$2.53 from the \$1.65 earned in 2009.

### *Revenues*

Investment advisory revenues earned from the T. Rowe Price mutual funds distributed in the United States increased 30.5%, or \$326.0 million, to nearly \$1.4 billion. Average mutual fund assets in 2010 were \$250.8 billion, an increase of 30.8% from the 2009 average.

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Net inflows to the mutual funds during 2010 were \$13.6 billion, including \$5.9 billion originating in our target-date Retirement Funds. Fund net inflow amounts in 2010 are presented net of \$1.0 billion that was transferred to our target-date retirement trusts from the Retirement Funds. Our bond funds had net inflows of \$7.7 billion. The New Income Fund had net inflows of \$2.2 billion and the Short-Term Bond Fund added \$1.4 billion. The stock and blended asset funds added \$6.3 billion of net inflows, including \$1.4 billion into the Value Fund. The Mid-Cap Value, Equity Income, Institutional Large-Cap Growth, and Dividend Growth funds each added more than \$500 million for a combined total of \$2.2 billion in net inflows. The money market funds had net outflows of \$400 million. Higher market valuations and income increased fund assets by \$36.3 billion.

Investment advisory revenues earned on the other investment portfolios that we manage increased \$154.7 million, or 32.4%, to \$632.5 million. Average assets in these portfolios were \$171.8 billion during 2010, an increase of \$42.3 billion, or 32.7%, from the 2009 year. Net inflows primarily from institutional investors and third-party financial intermediaries were \$16.7 billion, while market appreciation and income added \$24.1 billion. These net inflows were invested primarily in our equity mandates, though we also saw strong demand for our fixed income strategies. Net inflows include a transfer of \$1.0 billion from the target-date retirement funds.

Administrative fees increased \$6.5 million to \$294.3 million in 2010. Increases in our mutual fund servicing and defined contribution plan revenues of \$10.2 million were offset by a \$3.7 million decrease in brokerage fees due to a reduction in per-trade commissions charged beginning July 1, 2010, to customers with substantial assets. Changes in administrative fees 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 fees earned from 12b-1 plans of the Advisor and R classes of our sponsored mutual fund shares were \$43.2 million in 2010, an increase of \$12.2 million from 2009. We recognized higher fees in 2010 on greater assets under management in these share classes. Changes in these fees are offset by an equal increase in the distribution and servicing costs paid to those third-party financial intermediaries that distribute these assets.

### *Operating expenses*

Compensation and related costs, increased \$87.0 million, or 11.2%, compared to 2009. The largest part of the change is attributable to a \$63.9 million increase in our annual variable compensation programs. Greater use of outside contractors increased our 2010 costs by \$14.1 million with the remainder of the change primarily attributable to higher other employee benefits and employee related costs. At December 31, 2010, we employed 5,052 associates, an increase of 5.2% from the end of 2009, to support both business growth and added capabilities.

Advertising and promotion expenditures were up \$13.7 million, or 18.7%, compared to 2009 in response to investor interest in recovering markets over the 2010 period.

Distribution and servicing costs paid to third-party financial intermediaries that distribute our Advisor and R classes of mutual fund shares increased \$12.2 million from 2009, as average assets under management in these classes was greater. These costs are offset by an equal increase in our distribution and servicing fees earned from 12b-1 plans of these classes, as discussed above.

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Occupancy and facility costs together with depreciation expense increased \$4.1 million, or 2.4%, versus 2009. The amount of office space occupied, and the operating costs of our facilities have all risen to meet increased business demands. These increasing business demands have also led us to upgrade our technology capabilities and related maintenance programs.

Other operating expenses increased \$47.9 million, or 39.7%, from 2009. This increase includes a \$16.4 million charge related to the one-time contribution made to certain money market funds to offset the effects of cumulative net losses realized in recent years. The remainder of the increase relates to higher consulting fees, travel costs, and other professional services, incurred to meet increasing business demands.

### *Non-operating investment income (loss)*

Our non-operating investment income activity resulted in a net gain of \$33.5 million in 2010, compared to a net loss of \$12.7 million in the 2009 period. This change of \$46.2 million includes \$36.1 million in other than temporary impairments recognized on our investments in sponsored mutual funds in 2009. The change also includes \$1.3 million in more gains recognized in the 2010 period for the settlement and valuation of a series of non-deliverable forward contracts used to economically hedge the foreign currency exposure associated with the UTI acquisition price and \$5.3 million in net earnings from our investment in UTI.

### *Provision for income taxes*

The 2010 provision for income taxes as a percentage of pretax income is 37.2%. The 2010 income tax provision includes nonrecurring discrete benefits of .4% related to the settlement of prior years state income tax positions and .2% from the firm's reorganization of its international entities, which was completed to help realize additional operational efficiencies.

## CAPITAL RESOURCES AND LIQUIDITY.

During 2011, stockholders' equity increased from \$3.3 billion to \$3.4 billion. We repurchased nearly 8.7 million common shares for \$479.7 million in 2011 from existing cash balances and cash generated from operations. Tangible book value is \$2.8 billion at December 31, 2011, and our cash and cash equivalents and our mutual fund investment holdings total nearly \$1.7 billion. Given the availability of these financial resources, we do not maintain an available external source of liquidity.

At December 31, 2011, we had outstanding commitments to make additional contributions totaling \$42.5 million to various investment partnerships in which we have an existing investment. We presently anticipate funding 2012 property and equipment expenditures of about \$100 million from our cash balances and operating cash inflows.

### 2011 versus 2010.

Operating activities during 2011 provided cash flows of \$948.4 million, up \$215.6 million from 2010, including a \$101.0 million increase in net income. The increase also includes an \$81.7 million change in the timing differences in the cash settlement of our income taxes, accounts receivable and accrued revenues and payables, and accrued liabilities.

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Net cash used in investing activities totaled \$165.0 million, down \$111.9 million from the 2010 period. Cash flows in 2010 included \$143.6 million in cash used to purchase our 26% equity interest in UTI. We spent \$35.7 million less in property and equipment expenditures in 2011 compared to 2010 due to the construction of our technology support facility being substantially complete at the end of 2010. These reductions in cash used in 2011 were offset by an increase of \$57.0 million in net investments made into our sponsored mutual funds compared to the 2010 period.

Net cash used in financing activities was \$698.6 million in 2011, up \$312.5 million from the 2010 period. We increased our stock repurchases by expending \$239.7 million more in 2011 compared to the 2010 year. Dividends paid during 2011 increased \$39.0 million from the 2010 period due primarily to a \$.04 increase in our quarterly per-share dividend. The impact of dividends paid and stock repurchases was greater in 2011, as proceeds related to our stock-based compensation plans decreased \$47.8 million on reduced exercise activity.

### 2010 versus 2009.

Operating activities during 2010 provided cash flows of \$732.8 million, up \$197.2 million from 2009, including a \$238.6 million increase in net income. Cash flows in 2009 also included the impact of \$36.1 million in other than temporary impairments of our investments in sponsored mutual funds that did not recur in 2010.

Net cash used in investing activities totaled \$276.9 million, up \$110.2 million from the 2009 period, primarily from the purchase of a 26% equity interest in UTI for \$142.4 million plus related transaction costs incurred in the 2010 period of \$1.2 million. We spent \$15.9 million less in property and equipment expenditures in 2010 compared to 2009 due to the construction of our two new facilities in Owings Mills, Maryland being completed in late 2009.

Net cash used in financing activities was \$386.1 million in 2010, up \$141.4 million from the 2009 period. We increased our stock repurchases by expending \$169.0 million more in 2010 compared to the 2009 year. Dividends paid during 2010 increased \$22.0 million from the 2009 period due primarily to a \$.02 increase in our quarterly per-share dividend. These uses of cash were offset by \$35.3 million more in cash proceeds from option exercises compared to 2009 as the higher market valuations of our common stock experienced in 2010 led employees to exercise.

### CONTRACTUAL OBLIGATIONS.

The following table presents a summary of our future obligations (in millions) under the terms of existing operating leases and other contractual cash purchase commitments at December 31, 2011. Other purchase commitments include contractual amounts that will be due for the purchase of goods or services to be used in our operations and may be cancelable at earlier times than those indicated, under certain conditions that may involve termination fees. Because these obligations are generally of a normal recurring nature, we expect that we will fund them from future cash flows from operations. The information presented does not include operating expenses or capital expenditures that will be committed in the normal course of operations in 2012 and future years. The information also excludes the \$4.7 million of uncertain tax positions discussed in Note 9 to our consolidated financial statements because it is not possible to estimate the time period in which a payment might be made to the tax authorities.

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	Total	2012	2013-14	2015-16	Later
Noncancelable operating leases	\$185	\$ 31	\$ 63	\$ 57	\$ 34
Other purchase commitments	160	112	38	10	-
Total	<u>\$345</u>	<u>\$143</u>	<u>\$ 101</u>	<u>\$ 67</u>	<u>\$ 34</u>

We also have outstanding commitments to fund additional contributions to investment partnerships in which we have an existing investment totaling \$42.5 million at December 31, 2011.

### CRITICAL ACCOUNTING POLICIES.

The preparation of financial statements often requires the selection of specific accounting methods and policies from among several acceptable alternatives. Further, significant estimates and judgments may be required in selecting and applying those methods and policies in the recognition of the assets and liabilities in our balance sheet, the revenues and expenses in our statement of income, and the information that is contained in our significant accounting policies and notes to consolidated financial statements. Making these estimates and judgments requires the analysis of information concerning events that may not yet be complete and of facts and circumstances that may change over time. Accordingly, actual amounts or future results can differ materially from those estimates that we include currently in our consolidated financial statements, significant accounting policies, and notes.

We present those significant accounting policies used in the preparation of our consolidated financial statements as an integral part of those statements within this 2011 Annual Report. In the following discussion, we highlight and explain further certain of those policies that are most critical to the preparation and understanding of our financial statements.

**Other than temporary impairments of available-for-sale securities.** We generally classify our investment holdings in sponsored mutual funds and the debt securities held for investment by our savings bank subsidiary as available-for-sale. At the end of each quarter, we mark the carrying amount of each investment holding to fair value and recognize an unrealized gain or loss as a component of comprehensive income within the statement of stockholders' equity. We next review each individual security position that has an unrealized loss or impairment to determine if that impairment is other than temporary.

In determining whether a mutual fund holding is other than temporarily impaired, we consider many factors, including the duration of time it has existed, the severity of the impairment, any subsequent changes in value, and our intent and ability to hold the security for a period of time sufficient for an anticipated recovery in fair value. Subject to the other considerations noted above, with respect to duration of time, we believe a mutual fund holding with an unrealized loss that has persisted daily throughout the six months between quarter-ends is generally presumed to have an other than temporary impairment. We may also recognize an other than temporary loss of less than six months in our statement of income if the particular circumstances of the underlying investment do not warrant our belief that a near-term recovery is possible.

An impaired debt security held by our savings bank subsidiary is considered to have an other than temporary loss that we will recognize in our statement of income if the impairment is caused by a change in credit quality that affects our ability to recover our amortized cost or if we intend to sell the security or believe that it is more likely than not that we will be required to sell the security before recovering cost. Minor impairments of 5% or less are generally considered temporary.

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Other than temporary impairments of equity method investments. We evaluate our equity method investments, including our investment in UTI, for impairment when events or changes in circumstances indicate that the carrying value of the investment exceeds its fair value, and the decline in fair value is other than temporary.

Goodwill. We internally conduct, manage and report our operations as one investment advisory business. We do not have distinct operating segments or components that separately constitute a business. Accordingly, we attribute goodwill to a single reportable business segment and reporting unit – our investment advisory business.

We evaluate the carrying amount of goodwill in our balance sheet for possible impairment on an annual basis in the third quarter of each year using a fair value approach. Goodwill would be considered impaired whenever our historical carrying amount exceeds the fair value of our investment advisory business. Our annual testing has demonstrated that the fair value of our investment advisory business (our market capitalization) exceeds our carrying amount (our stockholders' equity) and, therefore, no impairment exists. Should we reach a different conclusion in the future, additional work would be performed to ascertain the amount of the non-cash impairment charge to be recognized. We must also perform impairment testing at other times if an event or circumstance occurs indicating that it is more likely than not that an impairment has been incurred. The maximum future impairment of goodwill that we could incur is the amount recognized in our balance sheet, \$665.7 million.

Stock options. We recognize stock option-based compensation expense in our consolidated statement of income using a fair value based method. Fair value methods use a valuation model for shorter-term, market-traded financial instruments to theoretically value stock option grants even though they are not available for trading and are of longer duration. The Black-Scholes option-pricing model that we use includes the input of certain variables that are dependent on future expectations, including the expected lives of our options from grant date to exercise date, the volatility of our underlying common shares in the market over that time period, and the rate of dividends that we will pay during that time. Our estimates of these variables are made for the purpose of using the valuation model to determine an expense for each reporting period and are not subsequently adjusted. Unlike most of our expenses, the resulting charge to earnings using a fair value based method is a non-cash charge that is never measured by, or adjusted based on, a cash outflow.

Provision for income taxes. After compensation and related costs, our provision for income taxes on our earnings is our largest annual expense. We operate in numerous states and countries through our various subsidiaries, and must allocate our income, expenses, and earnings under the various laws and regulations of each of these taxing jurisdictions. Accordingly, our provision for income taxes represents our total estimate of the liability that we have incurred in doing business each year in all of our locations. Annually, we file tax returns that represent our filing positions with each jurisdiction and settle our return liabilities. Each jurisdiction has the right to audit those returns and may take different positions with respect to income and expense allocations and taxable earnings determinations. From time to time, we may also provide for estimated liabilities associated with uncertain tax return filing positions that are subject

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to, or in the process of, being audited by various tax authorities. Because the determination of our annual provision is subject to judgments and estimates, it is likely that actual results will vary from those recognized in our financial statements. As a result, we recognize additions to, or reductions of, income tax expense during a reporting period that pertain to prior period provisions as our estimated liabilities are revised and actual tax returns and tax audits are settled. We recognize any such prior period adjustment in the discrete quarterly period in which it is determined.

### NEWLY ISSUED BUT NOT YET ADOPTED ACCOUNTING GUIDANCE.

In May 2011, the FASB issued amended guidance clarifying how to measure and disclose fair value. We do not believe the adoption of such amended guidance on January 1, 2012, will have a significant effect on our consolidated financial statements.

We have also considered all other newly issued accounting guidance that is applicable to our operations and the preparation of our 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, dividends, investments, capital expenditures, and other conditions. Readers are cautioned that any forward-looking information provided by or on behalf of T. Rowe Price is not a guarantee of future performance. Actual results may differ materially from those in forward-looking information because of various factors including, but not limited to, those discussed below and in Item 1A, Risk Factors, of this Form 10-K Annual Report. 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

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could be adversely affected if the independent directors of one or more of the Price funds terminated or significantly altered the terms of the investment management or related administrative services agreements. Non-operating investment income (loss) will also fluctuate primarily due to the size of our investments, changes in their market valuations, and any other than temporary impairments that may arise or, in the case of our equity method investments, our proportionate share of the investee's net income.

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

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

### **Item 7A. Quantitative and Qualitative Disclosures About Market Risk.**

The following table (in millions) presents the equity price risk from investments in sponsored mutual funds that are accounted for as available-for-sale securities by assuming a hypothetical decline in the fair values of mutual fund shares. This potential future loss of value, before any income tax benefits, reflects the valuation of mutual fund investments at year-end using each fund's lowest net asset value per share during 2011. In considering this presentation, it is important to note that: not all funds experienced their lowest net asset value per share on the same day; it is likely that the composition of the mutual fund investment portfolio would be changed if adverse market conditions persisted; and we could experience future losses in excess of those presented below.

	Fair value 12/31/2011	Percentage of portfolio	Potential lower value	Percentage of portfolio	Potential loss	
Stock and blended asset funds	\$ 417.9	55%	\$ 377.7	53%	\$40.2	10%
Bond funds	346.6	45%	338.7	47%	7.9	2%
	<u>\$ 764.5</u>	<u>100%</u>	<u>\$ 716.4</u>	<u>100%</u>	<u>\$48.1</u>	<u>6%</u>

The comparable potential loss of value presented in our 2010 annual report was \$109.1 million on sponsored mutual fund investments of \$747.9 million. During 2011, we actually experienced net unrealized losses of \$40.2 million.

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Because our fund holdings are considered available-for-sale securities, we recognize unrealized losses that are considered temporary in other comprehensive income. We review the carrying amount of each investment on a quarterly basis and recognize an impairment charge in non-operating investment income (loss) whenever an unrealized loss is considered other than temporary.

Investments in mutual funds generally moderate market risk because funds, by their nature, are diversified investment portfolios that invest in a number of different financial instruments. T. Rowe Price further manages its exposure to market risk by diversifying its investments among many domestic and international funds. In addition, investment holdings may be altered from time to time in response to changes in market risks and other factors, as management deems appropriate.

The investment portfolio and customer deposit liabilities of our savings bank subsidiary are subject to interest rate risk. If interest rates change 1%, the change in the net value of these assets and liabilities would not be material.

We also hold other investments of \$206.3 million at December 31, 2011, including our \$144.8 million equity investment in UTI. Given the nature of UTI's business, should conditions deteriorate in markets in which they operate, we are at risk for loss up to our carrying amount. In addition, our investment in UTI exposes us to foreign currency risk related to translating our proportionate share of their financial statements, which are denominated in Indian rupees (INR), to U.S. dollars(USD) each reporting period. We do not use derivative financial instruments to manage this foreign currency risk, so both positive and negative fluctuations in the INR against the USD will affect accumulated other comprehensive income and the carrying amount of our investment. Our cumulative translation loss, net of tax, at December 31, 2011, was \$5.6 million.

We operate in several foreign countries of which the United Kingdom is the most prominent. We incur operating expenses and have foreign currency-denominated assets and liabilities associated with these operations, though our revenues are predominately realized in USD. We do not believe that foreign currency fluctuations materially affect our results of operations.

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**Item 8. Financial Statements and Supplementary Data.**

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(in millions, except share data)

	12/31/2010	12/31/2011
<b>ASSETS</b>		
Cash and cash equivalents (Notes 1 and 6)	\$ 813.1	\$ 897.9
Accounts receivable and accrued revenue (Note 2)	307.9	304.5
Investments in sponsored mutual funds (Notes 3 and 6)	747.9	764.5
Debt securities held by savings bank subsidiary (Notes 4 and 6)	184.7	198.4
Other investments (Notes 5 and 6)	209.7	206.3
Property and equipment (Note 7)	560.3	567.4
Goodwill	665.7	665.7
Other assets (Notes 8 and 9)	152.7	165.6
Total assets	<u>\$ 3,642.0</u>	<u>\$ 3,770.3</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 79.4	\$ 82.9
Accrued compensation and related costs	71.9	63.2
Income taxes payable (Note 9)	33.8	30.0
Customer deposits at savings bank subsidiary (Note 4)	160.4	173.5
Total liabilities	<u>345.5</u>	<u>349.6</u>
Commitments and contingent liabilities (Notes 5, 7 and 13)		
<b>Stockholders' equity (Notes 10, 12 and 13)</b>		
Preferred stock, undesignated, \$.20 par value - authorized and unissued 20,000,000 shares	-	-
Common stock, \$.20 par value - authorized 750,000,000; issued 258,760,000 shares in 2010 and 253,272,000 shares in 2011	51.7	50.7
Additional capital in excess of par value	506.3	502.0
Retained earnings	2,599.4	2,765.2
Accumulated other comprehensive income	139.1	102.8
Total stockholders' equity	<u>3,296.5</u>	<u>3,420.7</u>
Total liabilities and stockholders' equity	<u>\$ 3,642.0</u>	<u>\$ 3,770.3</u>

The accompanying summary of significant accounting policies and notes to consolidated financial statements are an integral part of these statements.

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(in millions, except earnings per share)

	Year ended December 31,		
	2009	2010	2011
<b>Revenues</b>			
Investment advisory fees (Note 2)	\$1,546.1	\$2,026.8	\$2,349.0
Administrative fees (Note 2)	287.8	294.3	321.2
Distribution and servicing fees (Note 2)	31.0	43.2	74.6
Net revenue of savings bank subsidiary (Note 4)	2.5	2.9	2.3
Net revenues	<u>1,867.4</u>	<u>2,367.2</u>	<u>2,747.1</u>
<b>Operating expenses</b>			
Compensation and related costs (Notes 7, 10 and 13)	773.4	860.4	969.8
Advertising and promotion	73.2	86.9	90.8
Distribution and servicing costs	31.0	43.2	74.6
Depreciation and amortization of property and equipment	65.2	62.6	72.0
Occupancy and facility costs (Note 7)	102.4	109.1	115.0
Other operating expenses	120.6	168.5	198.0
Total operating expenses	<u>1,165.8</u>	<u>1,330.7</u>	<u>1,520.2</u>
Net operating income	701.6	1,036.5	1,226.9
Non-operating investment income (loss)	<u>(12.7)</u>	<u>33.5</u>	<u>23.7</u>
Income before income taxes	688.9	1,070.0	1,250.6
Provision for income taxes (Note 9)	255.3	397.8	477.4
Net income	<u>\$ 433.6</u>	<u>\$ 672.2</u>	<u>\$ 773.2</u>
<b>Earnings per share on common stock (Note 11)</b>			
Basic	<u>\$ 1.69</u>	<u>\$ 2.60</u>	<u>\$ 3.01</u>
Diluted	<u>\$ 1.65</u>	<u>\$ 2.53</u>	<u>\$ 2.92</u>

The accompanying summary of significant accounting policies and notes to consolidated financial statements are an integral part of these statements.

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CONSOLIDATED STATEMENTS OF CASH FLOWS  
(in millions)

	Year ended December 31,		
	2009	2010	2011
<b>Cash flows from operating activities</b>			
Net income	\$ 433.6	\$ 672.2	\$ 773.2
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization of property and equipment	65.2	62.6	72.0
Stock-based compensation expense	89.1	89.5	98.7
Intangible asset amortization	.5	.4	.4
Other than temporary impairments of investments in sponsored mutual funds	36.1	-	-
Changes in accounts receivable and accrued revenue	(69.3)	(62.5)	2.8
Changes in payables and accrued liabilities	(15.6)	26.7	(4.9)
Other changes in assets and liabilities	(4.0)	(56.1)	6.2
Net cash provided by operating activities	<u>535.6</u>	<u>732.8</u>	<u>948.4</u>
<b>Cash flows from investing activities</b>			
Investment in UTI Asset Management Company Limited	-	(143.6)	-
Investments in sponsored mutual funds	(74.3)	(26.3)	(62.2)
Dispositions of sponsored mutual funds	56.6	21.2	0.1
Investments in debt securities held by savings bank subsidiary	(62.3)	(55.7)	(65.0)
Proceeds from debt securities held by savings bank subsidiary	53.0	53.6	52.0
Other investments made	(7.1)	(11.3)	(9.4)
Proceeds from other investments	1.3	3.2	1.8
Additions to property and equipment	(133.9)	(118.0)	(82.3)
Net cash used in investing activities	<u>(166.7)</u>	<u>(276.9)</u>	<u>(165.0)</u>
<b>Cash flows from financing activities</b>			
Repurchases of common stock	(71.0)	(240.0)	(479.7)
Common share issuances under stock-based compensation plans	47.7	83.0	50.6
Excess tax benefits from stock-based compensation plans	32.0	50.7	35.3
Dividends	(256.9)	(278.9)	(317.9)
Change in savings bank subsidiary deposits	3.5	(0.9)	13.1
Net cash used in financing activities	<u>(244.7)</u>	<u>(386.1)</u>	<u>(698.6)</u>
<b>Cash and cash equivalents</b>			
Net change during year	124.2	69.8	84.8
At beginning of year	<u>619.1</u>	<u>743.3</u>	<u>813.1</u>
At end of year	<u>\$ 743.3</u>	<u>\$ 813.1</u>	<u>\$ 897.9</u>

The accompanying summary of significant accounting policies and notes to consolidated financial statements are an integral part of these statements.

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CONSOLIDATED STATEMENTS 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 (loss)	Total stockholders' equity
Balances at December 31, 2008	256,856	\$ 51.4	\$ 363.7	\$2,086.8	\$ (13.1)	\$ 2,488.8
Comprehensive income						
Net income				433.6		433.6
Net unrealized holding gains, net of tax					115.0	115.0
Total comprehensive income						548.6
Dividends				(256.9)		(256.9)
Common stock-based compensation plans activity						
Shares issued upon option exercises	3,660	.7	48.0			48.7
Restricted shares issued, net of shares withheld for taxes	257	.1	(.7)			(.6)
Shares issued upon vesting of restricted stock units	52	.0	(.4)			(.4)
Forfeiture of restricted awards	(21)	.0	.0			.0
Net tax benefits				31.9		31.9
Stock-based compensation expense				89.1		89.1
Common shares repurchased	(2,270)	(.5)	(43.1)	(23.4)		(67.0)
Balances at December 31, 2009	258,534	51.7	488.5	2,240.1	101.9	2,882.2
Comprehensive income						
Net income				672.2		672.2
Net unrealized holding gains, net of tax					33.6	33.6
Currency translation adjustment, net of tax					3.6	3.6
Total comprehensive income						709.4
Dividends				(278.9)		(278.9)
Common stock-based compensation plans activity						
Shares issued upon option exercises	4,933	1.0	85.5			86.5
Restricted shares issued, net of shares withheld for taxes	234	.0	(1.8)			(1.8)
Shares issued upon vesting of restricted stock units	71	.0	(1.3)			(1.3)
Forfeiture of restricted awards	(14)	.0	.0			.0
Net tax benefits				50.9		50.9
Stock-based compensation expense				89.5		89.5
Common shares repurchased	(4,998)	(1.0)	(205.0)	(34.0)		(240.0)
Balances at December 31, 2010	258,760	51.7	506.3	2,599.4	139.1	3,296.5
Comprehensive income						
Net income				773.2		773.2
Net unrealized holding losses, net of tax					(27.1)	(27.1)
Currency translation adjustment, net of tax					(9.2)	(9.2)
Total comprehensive income						736.9
Dividends				(317.9)		(317.9)
Common stock-based compensation plans activity						
Shares issued upon option exercises	2,920	.6	54.1			54.7
Restricted shares issued, net of shares withheld for taxes	224	.1	(3.0)			(2.9)
Shares issued upon vesting of restricted stock units	92	.0	(1.5)			(1.5)
Forfeiture of restricted awards	(29)	.0	.0			-
Net tax benefits				35.9		35.9
Stock-based compensation expense				98.7		98.7
Common shares repurchased	(8,695)	(1.7)	(188.5)	(289.5)		(479.7)
Balances at December 31, 2011	253,272	\$ 50.7	\$ 502.0	\$2,765.2	\$ 102.8	\$ 3,420.7

The accompanying summary of significant accounting policies and notes to consolidated financial statements are an integral part of these statements.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

T. Rowe Price Group derives its consolidated revenues and net income primarily from investment advisory services that its subsidiaries provide to individual and institutional investors in the sponsored T. Rowe Price mutual funds and other investment portfolios. We also provide our investment advisory clients with related administrative services, including 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.

### BASIS OF PREPARATION.

These consolidated financial statements have been prepared by our management in accordance with accounting principles generally accepted in the United States. These principles require that we make certain estimates and assumptions. Actual results may vary from our estimates.

In 2011, we changed the presentation of our consolidated statements of income. We are presenting distribution and servicing fees earned from 12b-1 plans of the Advisor, R, and VIP II classes of our sponsored mutual funds previously included in administrative fees, as a separate line to enhance transparency of these fees. We also are presenting as a separate line the offsetting distribution and servicing costs, previously included in other operating expenses, paid to third-party financial intermediaries who source those share classes noted above. Investment income earned by our savings bank subsidiary, previously presented on its own, is being classified net of interest expense paid on savings bank deposits. The line was renamed net revenue of savings bank subsidiary and the details of this line are included in note 4 to the consolidated financial statements. All amounts for the comparable calendar years have been reclassified to conform to the 2011 presentation.

Our financial statements include the accounts of all subsidiaries in which we have a majority or controlling interest. All material intercompany accounts and transactions are eliminated in consolidation.

We are not the primary beneficiary, and do not consolidate the accounts, of a high-yield collateralized bond obligation (CBO) that held assets of \$5.4 million at December 31, 2011. This variable interest entity is a non-recourse, limited liability company for which we are the collateral manager and receive related investment advisory fees. We recognized the full impairment of our investment in this CBO in 2002 and do not expect to recognize any future gains or losses from this investment.

### CASH EQUIVALENTS.

Cash equivalents consist primarily of short-term, highly liquid investments in our sponsored money market mutual funds. The cost of these funds is equivalent to fair value.

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### INVESTMENTS IN SPONSORED MUTUAL FUNDS.

We value our investments in sponsored mutual funds at the quoted closing net asset values, or NAVs, per share of each mutual fund last reported as of the balance sheet date, and generally classify these holdings as available-for-sale. Changes in net unrealized holding gains on these investments are recognized in accumulated other comprehensive income.

We review the carrying amount of each investment on a quarterly basis and recognize an impairment charge in non-operating investment income whenever an unrealized loss is considered other than temporary. In determining whether a mutual fund holding is other than temporarily impaired we consider many factors, including the duration of time it has existed, the severity of the impairment, any subsequent changes in value and our intent and ability to hold the security for a period of time sufficient for an anticipated recovery in fair value. Subject to the other considerations noted above, with respect to duration of time, we believe a mutual fund holding with an unrealized loss that has persisted daily throughout the six months between quarter-ends is generally presumed to have an other than temporary impairment. We may also recognize an other than temporary loss if particular circumstances of the underlying investment do not warrant our belief that a near-term recovery is possible.

### DEBT SECURITIES HELD BY SAVINGS BANK SUBSIDIARY.

Our investments in marketable debt securities, including mortgage- and other asset-backed securities held by our savings bank subsidiary, are classified as available-for-sale and reported at fair value. Changes in net unrealized holding gains on these debt securities are recognized in accumulated other comprehensive income.

These debt securities are generally traded in the over-the-counter market. Securities with remaining maturities of one year or more at the time of acquisition are valued by us based on prices furnished by dealers who make markets in such securities or by an independent pricing service, which considers the yield or price of bonds of comparable quality, coupon, maturity, and type, as well as prices quoted by dealers who make markets in such securities. Securities with remaining maturities of less than one year at the time of acquisition generally are valued at amortized cost, which approximates fair value; however, if amortized cost is deemed not to reflect fair value, such securities are valued by us based generally on prices furnished by dealers who make markets in such securities or by an independent pricing service. Our investment valuation policies, methods and sources are the same as those employed by the sponsored mutual funds to price similar investment holdings.

We review the carrying amount of each investment on a quarterly basis. We will recognize an impairment charge in non-operating investment income if the impairment is caused by a change in credit quality that affects our ability to recover our amortized cost. An impairment charge will also be taken if we intend to sell the security before its maturity, which generally correlates to the maturities of our customer deposits, or if we believe that it is more likely than not that, we will be required to sell the security before recovering cost.

### OTHER INVESTMENTS.

We classify some investments in sponsored mutual funds made at fund formation as trading because they are expected to be held for only a short period of time.

Investments that give us the ability to exercise significant influence over the operating and financial policies of the investee are recognized using the equity method of accounting. The carrying value of these investments are adjusted to reflect our proportionate share of income or loss, any unrealized gain or loss

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resulting from the translation of foreign denominated financial statements into U.S. dollars and dividends received. Our proportionate share of income or loss is included in non-operating investment income (loss) in the consolidated statements of income. As permitted under existing accounting guidance, we adopted a policy by which we recognize our share of UTI Asset Management Company Limited's (UTI) earnings on a quarter lag as current financial information is not available in a timely manner.

We evaluate our equity method investments for impairment when events or changes in circumstances indicate that the carrying value of the investment exceeds its fair value, and the decline in fair value is other than temporary.

Those other investments to which we do not exercise significant influence over the operating and financial policies of the investee are recognized using the cost method of accounting.

### CONCENTRATIONS OF RISK.

Concentration of credit risk in accounts receivable is believed to be minimal in that our clients generally have substantial assets, including those in the investment portfolios that we manage for them.

Our investments in sponsored mutual funds expose us to market risk in the form of equity price risk; that is, the potential future loss of value that would result from a decline in the fair values of the mutual funds. Each fund and its underlying net assets are also subject to market risk, which may arise from changes in equity prices, credit ratings, foreign currency exchange rates, and interest rates.

Investments by our savings bank subsidiary in debt securities expose us to market risk, which may arise from changes in credit ratings and interest rates.

### PROPERTY AND EQUIPMENT.

Property and equipment is stated at cost net of accumulated depreciation and amortization computed using the straight-line method. Provisions for depreciation and amortization are based on the following weighted average estimated useful lives: computer and communications software and equipment, 3.4 years; buildings and improvements, 32.1 years; leasehold improvements, 8.6 years; furniture and other equipment, 6.6 years; and leased land, 99 years.

### GOODWILL.

We evaluate the carrying amount of goodwill in our balance sheet for possible impairment on an annual basis in the third quarter of each year using a fair value approach. Our evaluations have indicated that no impairment exists.

We internally conduct, manage and report our operations as one investment advisory business. We do not have distinct operating segments or components that separately constitute a business. Accordingly, we attribute goodwill to a single reportable business segment and reporting unit – our investment advisory business.

### REVENUE RECOGNITION.

Fees for investment advisory services, which are based on a percentage of assets under management, and related administrative services that we provide to investment advisory clients, including our sponsored mutual funds, are recognized in the period that our services are provided.

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Our assets under management are valued in accordance with a valuation and pricing policy that defines the valuation and pricing processes for each major type of investment held in our sponsored mutual funds and other client investment portfolios. Fair values used in our processes are primarily determined from quoted market prices, prices furnished by dealers who make markets in such securities, or from data provided by an independent pricing service that considers yield or price of investments of comparable quality, coupon, maturity, and type. Investments for which market prices are not readily available are not a material portion of our total assets under management.

Distribution and servicing fees earned from 12b-1 plans of the Advisor, R, and VIP II classes of our sponsored mutual funds are recognized in the period that they are earned, which is the same period that the related mutual funds recognize their expense. These fees are offset entirely by the distribution and servicing costs paid to third-party financial intermediaries that source these share classes.

We provide all services to the sponsored U.S. mutual funds under contracts that are subject to periodic review and approval by each of the funds' boards. Regulations require that the funds' shareholders also approve material changes to investment advisory contracts.

Taxes billed to our clients based on our fees for services rendered are not included in revenues.

### ADVERTISING.

Costs of advertising are expensed the first time that the advertising takes place.

### STOCK AWARDS AND OPTIONS.

Our stockholders have approved the 2001 and 2004 Stock Incentive Plans under which we have issued restricted shares and restricted stock units that convert to shares after vesting. Vesting of these awards generally occurs over a four to five-year graded schedule. All restricted shareholders and restricted stock unit holders receive non-forfeitable cash dividends and cash dividend-equivalents, respectively, on our dividend payable date.

Under the two stockholder approved employee plans (the 2001 and 2004 Stock Incentive Plans), we have granted qualified incentive and nonqualified fixed stock options with a maximum term of 10 years to employees. Vesting of our employee option grants is based solely on the individual continuing to render service and generally occurs over a five- to six-year graded schedule. The exercise price of each option granted is equivalent to the market price of the common stock at the date of grant.

We semiannually grant options with a maximum term of 10 years, restricted shares and restricted stock units to non-employee directors under the stockholder approved 2007 plan. These grants vest over six months to one year, and in the case of restricted stock units are settled upon the non-employee directors' departure from the board. Non-employee directors holding restricted shares receive non-forfeitable dividends while restricted stock unit holders are issued non-forfeitable dividend equivalents in the form of vested stock units on our dividend payable date.

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We recognize the grant-date fair value of these awards as compensation expense ratably over the awards service period. The expense recognized includes an estimate of awards that will be forfeited. The restricted shares and units are valued on the grant-date using the closing market price of our common stock. We used the Black-Scholes option-pricing model to estimate the fair value of each option grant, including reloads, as follows:

	Weighted-average		
	2009	2010	2011
Grant-date fair value per option awarded, including reload grants	\$10.07	\$14.26	\$17.94
Assumptions used:			
Expected life in years	6.7	6.7	6.9
Expected volatility	32%	32%	33%
Dividend yield	2.4%	2.1%	1.9%
Risk-free interest rate	2.5%	2.7%	2.2%

Our expected life assumptions are based on the vesting period for each option grant and our historical experience with respect to the average holding period from vesting to option exercise. The assumptions for expected volatility are based on historical experience for the same periods as our expected lives. Dividend yields are based on recent historical experience and future expectations. Risk-free interest rates are set using grant-date U.S. Treasury yield curves for the same periods as our expected lives.

### EARNINGS PER SHARE.

We compute our basic and diluted earnings per share under the two-class method, which considers our outstanding restricted stock and stock units, on which we pay non-forfeitable dividends, as if they were a separate class of stock.

### COMPREHENSIVE INCOME.

Total comprehensive income is reported in our consolidated statements of stockholders' equity and includes net income, the change in net unrealized security holding gains (losses), after income taxes (tax benefits), and the change in the currency translation adjustment, after income taxes (tax benefits).

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 1 – CASH EQUIVALENTS.

Cash equivalent investments in our sponsored money market mutual funds aggregate \$726.9 million at December 31, 2010, and \$823.2 million at December 31, 2011. Dividends earned on these investments totaled \$1.6 million in 2009, \$.1 million in 2010, and \$.1 million in 2011.

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

Accounts receivable from our sponsored mutual funds for advisory fees and advisory-related administrative services aggregate \$154.0 million at December 31, 2010, and \$155.9 million at December 31, 2011.

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

	2009	2010	2011
<b>Sponsored mutual funds in the U.S.</b>			
Stock and blended asset	\$ 843.7	\$1,116.3	\$1,304.5
Bond and money market	224.6	278.0	303.1
	<u>1,068.3</u>	<u>1,394.3</u>	<u>1,607.6</u>
<b>Other portfolios</b>			
Stock and blended asset	391.6	514.4	604.8
Bond, money market, and stable value	86.2	118.1	136.6
	<u>477.8</u>	<u>632.5</u>	<u>741.4</u>
<b>Total</b>	<u>\$1,546.1</u>	<u>\$2,026.8</u>	<u>\$2,349.0</u>

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

	Average during			December 31,	
	2009	2010	2011	2010	2011
<b>Sponsored mutual funds in the U.S.</b>					
Stock and blended asset	\$139.5	\$184.7	\$217.6	\$212.4	\$211.7
Bond and money market	52.3	66.1	74.5	70.2	77.7
	<u>191.8</u>	<u>250.8</u>	<u>292.1</u>	<u>282.6</u>	<u>289.4</u>
<b>Other portfolios</b>					
Stock and blended asset	93.3	126.2	149.6	148.2	140.7
Bond, money market, and stable value	36.2	45.6	55.4	51.2	59.4
	<u>129.5</u>	<u>171.8</u>	<u>205.0</u>	<u>199.4</u>	<u>200.1</u>
<b>Total</b>	<u>\$321.3</u>	<u>\$422.6</u>	<u>\$497.1</u>	<u>\$482.0</u>	<u>\$489.5</u>

Investors that we serve are primarily domiciled in the United States of America; investment advisory clients outside the United States account for 11% of our assets under management at December 31, 2011.

Fees for advisory-related administrative and distribution services provided to our sponsored mutual funds were \$249.9 million in 2009, \$266.8 million in 2010, and \$321.6 million in 2011.

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NOTE 3 – INVESTMENTS IN SPONSORED MUTUAL FUNDS.

These investments (in millions) at December 31 include:

	Aggregate cost	Unrealized holding gains	Unrealized holding losses	Aggregate fair value
<b>2010</b>				
Stock and blended asset funds	\$ 281.7	\$ 178.6	\$ -	\$ 460.3
Bond funds	248.5	39.1	-	287.6
Total	<u>\$ 530.2</u>	<u>\$ 217.7</u>	<u>\$ -</u>	<u>\$ 747.9</u>
<b>2011</b>				
Stock and blended asset funds	\$ 281.7	\$ 137.0	\$ (.8)	\$ 417.9
Bond funds	310.6	38.5	(2.5)	346.6
Total	<u>\$ 592.3</u>	<u>\$ 175.5</u>	<u>\$ (3.3)</u>	<u>\$ 764.5</u>

The unrealized holding losses at December 31, 2011, are attributable to ten fund holdings with an aggregate fair value of \$86.3 million and are considered temporary.

Dividends, excluding capital gain distributions, earned on sponsored mutual fund investments totaled \$9.8 million in 2009, \$10.3 million in 2010, and \$10.6 million in 2011.

NOTE 4 – SAVINGS BANK SUBSIDIARY.

DEBT SECURITIES.

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 at December 31.

	2010		2011	
	Fair value	Unrealized holding gains (losses)	Fair value	Unrealized holding gains (losses)
Investments with temporary impairment (43 securities in 2011) of				
Less than 12 months	\$ 25.0	\$ (.4)	\$ 22.8	\$ (.2)
12 months or more	6.1	(.4)	6.3	(.2)
Total	31.1	(.8)	29.1	(.4)
Investments with unrealized holding gains	153.6	4.1	169.3	3.5
Total	<u>\$184.7</u>	<u>\$ 3.3</u>	<u>\$198.4</u>	<u>\$ 3.1</u>
Aggregate cost	<u>\$181.4</u>		<u>\$195.3</u>	

The unrealized losses in these investments were generally caused by changes in interest rates and market liquidity, and not by changes in credit quality. Impairments of these investments are considered temporary.

CUSTOMER DEPOSITS.

The estimated fair value of our customer deposit liability, 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 \$164.1 million at December 31, 2010, and \$176.9 million at December 31, 2011.

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### NET REVENUE.

Net revenue (in millions) includes the following:

	<u>2009</u>	<u>2010</u>	<u>2011</u>
Investment income from debt securities	\$ 7.0	\$ 6.4	\$ 5.4
Interest expense on customer deposits	4.5	3.5	3.1
Net revenue	<u>\$ 2.5</u>	<u>\$ 2.9</u>	<u>\$ 2.3</u>

### NOTE 5 – OTHER INVESTMENTS.

These investments (in millions) at December 31 include:

	<u>2010</u>	<u>2011</u>
Cost method investments		
10% interest in Daiwa SB Investments Ltd.(Japan)	\$ 13.6	\$ 13.6
Other investments	34.2	39.9
Equity method investments		
26% interest in UTI Asset Management Company Limited (India)	154.1	144.8
Other investments	2.0	2.6
Sponsored mutual fund investments held as trading	4.8	4.4
U.S. Treasury Note	1.0	1.0
Total	<u>\$209.7</u>	<u>\$206.3</u>

On January 20, 2010, we completed the purchase of a 26% equity interest in UTI and an affiliate from existing stockholders for 6.5 billion Indian rupees (INR) or \$142.4 million, plus transaction costs of \$3.2 million of which a portion was paid in 2009. The basis difference between our carrying value and our proportionate share of UTI's book value is primarily related to consideration paid in excess of the stepped-up basis of assets and liabilities on the date of purchase.

At December 31, 2011, we had outstanding commitments to make additional contributions totaling \$42.5 million to various investment partnerships in which we have an existing investment.

### 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 of our investments using Level 3 inputs.

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These levels are not necessarily an indication of the risk or liquidity associated with our investments. There were no transfers in or out of the levels in 2010 or 2011. The following table summarizes our investments (in millions) that are recognized in our balance sheet at year end using fair value measurements determined based on the differing levels of inputs.

	<u>Level 1</u>	<u>Level 2</u>
<b>2010</b>		
Cash equivalents	\$ 726.9	
Investments in sponsored mutual funds		
Held as available-for-sale	747.9	
Held as trading	4.8	
Debt securities held by savings bank subsidiary	-	\$ 184.7
Total	<u>\$1,479.6</u>	<u>\$ 184.7</u>
<b>2011</b>		
Cash equivalents	\$ 823.2	
Investments in sponsored mutual funds		
Held as available-for-sale	764.5	
Held as trading	4.4	
Debt securities held by savings bank subsidiary	-	\$ 198.4
Total	<u>\$1,592.1</u>	<u>\$ 198.4</u>

### NOTE 7 – PROPERTY AND EQUIPMENT.

Property and equipment (in millions) at December 31 consists of:

	<u>2010</u>	<u>2011</u>
Computer and communications software and equipment	\$317.8	\$342.8
Buildings and improvements	394.8	391.5
Leasehold improvements	80.7	95.3
Furniture and other equipment	108.5	114.3
Land	36.3	40.3
Leased land	2.7	2.7
	<u>940.8</u>	<u>986.9</u>
Less accumulated depreciation and amortization	380.5	419.5
Total	<u>\$560.3</u>	<u>\$567.4</u>

Compensation and related costs attributable to the development of computer software for internal use totaling \$7.5 million in 2009, \$8.1 million in 2010, and \$7.5 million in 2011 have been capitalized.

We occupy certain office facilities, and rent computer and other equipment under noncancelable operating leases. Related rental expense was \$29.1 million in 2009, \$29.6 million in 2010, and \$26.5 million in 2011. Future minimum payments under these leases aggregate \$31.0 million in 2012, \$32.1 million in 2013, \$31.3 million in 2014, \$29.1 million in 2015, \$27.4 million in 2016, and \$33.7 million in later years.

### NOTE 8 – INTANGIBLE ASSETS.

Other assets include mutual fund customer-relationship intangible assets acquired in 2006. Our unamortized cost was \$1.6 million at December 31, 2010, and \$1.1 million at December 31, 2011.

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### NOTE 9 – INCOME TAXES.

The provision for income taxes (in millions) consists of:

	<u>2009</u>	<u>2010</u>	<u>2011</u>
Current income taxes			
U.S. federal	\$232.5	\$323.4	\$375.8
Foreign	26.5	50.1	29.9
State and local	32.0	47.5	68.8
Deferred income taxes (tax benefits)	<u>(35.7)</u>	<u>(23.2)</u>	<u>2.9</u>
Total	<u>\$255.3</u>	<u>\$397.8</u>	<u>\$477.4</u>

Deferred income taxes arise from temporary differences between taxable income for financial statement and income tax return purposes. Deferred tax benefits include \$22.4 million in 2009 and \$27.6 million in 2010 relating to the recognition of stock-based compensation expense. Deferred tax benefits in 2009 also include \$12.4 million attributable to other than temporary impairments recognized on our sponsored mutual fund investments.

Significant temporary differences in 2011 include deferred income taxes of \$13.9 million related to property and equipment offset by deferred tax benefits of \$15.1 million related to the recognition of stock-based compensation expense.

The following table reconciles the statutory federal income tax rate to the effective income tax rate.

	<u>2009</u>	<u>2010</u>	<u>2011</u>
Statutory U.S. federal income tax rate	35.0%	35.0%	35.0%
State income taxes for current year, net of federal income tax benefits	3.1	3.0	3.5
Other items	<u>(1.0)</u>	<u>(.8)</u>	<u>(.3)</u>
Effective income tax rate	<u>37.1%</u>	<u>37.2%</u>	<u>38.2%</u>

The net deferred tax asset recognized in our balance sheet in other assets includes the following (in millions) at December 31.

	<u>2010</u>	<u>2011</u>
Deferred tax liabilities		
Related to property and equipment	\$ (17.6)	\$ (31.5)
Recognized in other comprehensive income on net unrealized holding gains	(85.5)	(67.1)
Other	<u>(9.2)</u>	<u>(11.7)</u>
	<u>(112.3)</u>	<u>(110.3)</u>
Deferred tax assets		
Related to stock-based compensation	117.2	131.8
Related to other than temporary impairments of investments in mutual funds	49.2	49.3
Related to accrued compensation	2.2	2.9
Other	<u>4.4</u>	<u>6.9</u>
	<u>173.0</u>	<u>190.9</u>
Net deferred tax asset	<u>\$ 60.7</u>	<u>\$ 80.6</u>

A deferred tax liability for unremitted earnings of our foreign subsidiaries has not been recognized, as it is our intention to indefinitely reinvest these earnings

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outside the U.S. The unremitted earnings of these subsidiaries are estimated to be \$143.2 million at December 31, 2011. If these earnings were distributed to the U.S. in the form of dividends or otherwise, or if the entity was sold or otherwise transferred, we would be subject to U.S. income taxes, less any foreign tax credits. Determination of the amount of the unrecognized deferred tax liability related to these earnings is not practicable.

Other assets also include tax refund receivables of \$31.9 million at December 31, 2010, and \$20.1 million at December 31, 2011.

Cash outflows from operating activities include income taxes paid of \$221.6 million in 2009, \$383.0 million in 2010, and \$430.1 million in 2011.

Additional income tax benefits of \$33.1 million in 2009, \$51.9 million in 2010, and \$36.3 million in 2011 arising from stock-based compensation plans activity reduced the amount of income taxes that would have otherwise been payable.

The following table reconciles our unrecognized tax benefits (in millions) during the year:

	<u>2009</u>	<u>2010</u>	<u>2011</u>
Balance at beginning of year	\$ 6.3	\$ 7.0	\$ 3.8
Changes in tax positions related to			
Current year	1.1	.8	.9
Prior years	(.4)	(4.0)	.4
Expired statute of limitations	-	-	(.4)
Balance at year end	<u>\$ 7.0</u>	<u>\$ 3.8</u>	<u>\$ 4.7</u>

If recognized, these tax benefits would affect our effective tax rate; however, we do not expect that unrecognized tax benefits for tax positions taken with respect to 2011 and prior years will significantly change in 2012. Our United States federal tax obligations have been settled through the year 2000. Net interest recoverable recognized in our balance sheets was \$5.6 million at December 31, 2010, and \$5.9 million at December 31, 2011. Our accounting policy with respect to interest and penalties arising from income tax settlements is to recognize them as part of our provision for income taxes. Interest recognized as part of our provision for income taxes was not material.

### NOTE 10 – STOCK-BASED COMPENSATION.

#### SHARES AUTHORIZED FOR STOCK-BASED COMPENSATION PROGRAMS.

At December 31, 2011, 52,887,988 shares of unissued common stock were authorized for issuance under our stock-based compensation plans. Additionally, 3,360,000 shares are authorized for issuance under a plan whereby substantially all employees may acquire common stock through payroll deductions at prevailing market prices. We believe that our stock-based compensation programs align the interests of our employees and directors with those of our common stockholders.

#### STOCK OPTIONS.

The following table summarizes the status of and changes in our stock option grants during 2011.

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	Options	Weighted- average exercise price	Weighted-average remaining contractual term in years
Outstanding at beginning of year	37,759,580	\$ 41.34	
Semiannual grants	5,793,805	\$ 60.43	
Reload grants	80,080	\$ 58.73	
New hire grants	41,519	\$ 57.74	
Non-employee director grants	16,000	\$ 60.74	
Exercised	(3,814,074)	\$ 29.11	
Forfeited	(499,410)	\$ 47.73	
Expired	(137,778)	\$ 55.69	
Outstanding at end of year	<u>39,239,722</u>	\$ 45.27	6.2
Exercisable at end of year	<u>22,964,004</u>	\$ 41.01	4.7

Net income includes a charge for stock option-based compensation expense of \$72.1 million in 2009, \$71.5 million in 2010, and \$79.5 million in 2011, including \$4.1 million, \$3.2 million, and \$.5 million, respectively, for reload option grants.

The total intrinsic value of options exercised was \$115.7 million in 2009, \$189.4 million in 2010, and \$123.5 million in 2011. At December 31, 2011, the aggregate intrinsic value of in-the-money options outstanding was \$499.4 million including \$368.6 million related to options exercisable.

STOCK AWARDS.

The following table summarizes the status of and changes in our nonvested restricted shares and restricted stock units during 2011.

	Restricted shares	Restricted stock units	Weighted- average fair value
Nonvested at beginning of year	638,532	368,201	\$ 46.92
Granted to employees and directors	274,841	152,450	\$ 59.75
Vested (value at vest date was \$21.9 million)	(246,988)	(129,105)	\$ 48.32
Forfeited	(28,992)	(40,529)	\$ 48.47
Nonvested at end of year	<u>637,393</u>	<u>351,017</u>	\$ 51.83

We recognized compensation expense for restricted shares and restricted stock units of \$17.0 million in 2009, \$18.0 million in 2010, and \$19.2 million in 2011.

At December 31, 2011, non-employee directors hold 34,917 vested stock units that will convert to common shares upon their separation from the board.

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 December 31, 2011. Estimated future compensation expense will change to reflect future option grants, including reloads; future awards of unrestricted shares, restricted shares, and restricted stock units; changes in estimated forfeitures; and adjustments for actual forfeitures.

First quarter 2012	\$ 21.8
Second quarter 2012	21.4
Third quarter 2012	21.0
Fourth quarter 2012	15.3
Total 2012	<u>79.5</u>
2013 through 2016	80.4
Total	<u>\$159.9</u>

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### NOTE 11 – 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 the 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.

	2009	2010	2011
Net income	\$433.6	\$672.2	\$773.2
Less: net income allocated to outstanding restricted stock and stock unit holders	(1.5)	(2.8)	(3.5)
Net income allocated to common stockholders	<u>\$432.1</u>	<u>\$669.4</u>	<u>\$769.7</u>
Weighted average common shares			
Outstanding	<u>255.9</u>	<u>257.2</u>	<u>255.6</u>
Outstanding assuming dilution	<u>262.3</u>	<u>265.1</u>	<u>263.3</u>

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.

	2009	2010	2011
Weighted average outstanding stock options excluded	<u>19.9</u>	<u>12.4</u>	<u>7.2</u>
Average exercise price	<u>\$48.20</u>	<u>\$52.07</u>	<u>\$60.03</u>

### NOTE 12 – COMPREHENSIVE INCOME AND ACCUMULATED OTHER COMPREHENSIVE INCOME.

The following table presents the components (in millions) of comprehensive income.

	2009	2010	2011
Net income	\$433.6	\$672.2	\$773.2
Other comprehensive income (loss), net of tax			
Unrealized holding gains (losses)			
Investments in sponsored mutual funds:			
Net unrealized holding gains (losses)	150.8	67.9	(40.2)
Capital gain distributions	(2.0)	(2.6)	(5.3)
Other than temporary impairments recognized in income	36.1	-	-
Net losses (gains) realized on dispositions, determined using average cost	(7.4)	(7.6)	-
Deferred tax benefits (income taxes)	<u>(66.6)</u>	<u>(24.0)</u>	<u>18.3</u>

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Net unrealized holding gains (losses) of investments in sponsored mutual funds recognized in other comprehensive income	110.9	33.7	(27.2)
Debt securities held by savings bank subsidiary:			
Net unrealized holding gains (losses)	6.0	-	(.2)
Net losses (gains) realized on dispositions, determined using average cost	.3	-	-
Deferred tax benefits (income taxes)	(2.2)	(.1)	.1
Net unrealized holding gains (losses) of debt securities held by savings bank subsidiary recognized in other comprehensive income	4.1	(.1)	(.1)
Investment in UTI Asset Management Company Limited			
Proportionate share of net unrealized holding gains (losses) of available-for-sale securities held by UTI Asset Management Company Limited, net of deferred taxes	-	-	.2
Total net unrealized holding gains (losses) recognized in other comprehensive income	115.0	33.6	(27.1)
Currency translation adjustment			
Investment in UTI Asset Management Company Limited	-	5.6	(14.2)
Deferred tax benefits (income taxes)	-	(2.0)	5.0
Total currency translation adjustment	-	3.6	(9.2)
Total other comprehensive income (loss)	115.0	37.2	(36.3)
Total comprehensive income	\$548.6	\$709.4	\$736.9

The currency translation adjustment results from translating our proportionate share of the financial statements of UTI, our equity method investment, into U.S. dollars. Assets and liabilities are translated into U.S. dollars using year-end exchange rates, and revenues and expenses are translated using weighted-average exchange rates for the period.

Accumulated other comprehensive income(in millions) at December 31 includes:

	2010	2011
Net unrealized holding gains on		
Investments in sponsored mutual funds	\$217.7	\$172.2
Debt securities held by savings bank subsidiary	3.3	3.1
Proportionate share of investments held by UTI Asset Management Company Limited	-	.4
	221.0	175.7
Deferred income taxes	(85.5)	(67.3)
Net unrealized holding gains	135.5	108.4
Currency translation adjustment, net of deferred income taxes (benefits) of \$2.0 million in 2010 and (\$3.0) million in 2011	3.6	(5.6)
Total	\$139.1	\$102.8

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NOTE 13 – OTHER DISCLOSURES.

SHARE REPURCHASES.

The Board of Directors has authorized the future repurchase of up to 13,715,681 common shares as of December 31, 2011.

DIVIDENDS.

Cash dividends declared per share were \$1.00 in 2009, \$1.08 in 2010, and \$1.24 in 2011.

RESTRICTED CAPITAL.

Our consolidated stockholders' equity at December 31, 2011, includes about \$92 million that is restricted as to use by various regulations and agreements arising in the ordinary course of our business.

CONTINGENCIES.

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.

RETIREMENT PLANS.

Compensation expense recognized for our defined contribution retirement plans was \$41.2 million in 2009, \$48.2 million in 2010, and \$54.5 million in 2011.

NOTE 14 – SUPPLEMENTARY QUARTERLY FINANCIAL DATA (Unaudited).

	<u>Net</u> <u>revenues</u>	<u>Net</u> <u>income</u>	<u>Basic</u> <u>earnings</u> <u>per</u> <u>share on</u> <u>common</u> <u>stock</u>	<u>Diluted</u> <u>earnings</u> <u>per</u> <u>share on</u> <u>common</u> <u>stock</u>
	<u>( in millions )</u>			
<u>2010</u>				
1st quarter	\$ 556.2	\$ 153.0	\$ .59	\$ .57
2nd quarter	\$ 577.4	\$ 158.5	\$ .61	\$ .59
3rd quarter	\$ 586.1	\$ 169.1	\$ .66	\$ .64
4th quarter	\$ 647.5	\$ 191.6	\$ .74	\$ .72
<u>2011</u>				
1st quarter	\$ 682.4	\$ 194.6	\$ .75	\$ .72
2nd quarter	\$ 713.7	\$ 204.7	\$ .79	\$ .76
3rd quarter	\$ 679.4	\$ 185.5	\$ .73	\$ .71
4th quarter	\$ 671.6	\$ 188.4	\$ .74	\$ .73

The sums of quarterly earnings per share do not equal annual earnings per share because the computations are done independently.

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

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

We have audited the accompanying consolidated balance sheets of T. Rowe Price Group, Inc. and subsidiaries (“the Company”) as of December 31, 2011 and 2010, and the related consolidated statements of income, stockholders’ equity, and cash flows for each of the years in the three-year period ended December 31, 2011. These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of T. Rowe Price Group, Inc. and subsidiaries as of December 31, 2011 and 2010, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2011, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company’s internal control over financial reporting as of December 31, 2011, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 3, 2012, expressed an unqualified opinion on the effectiveness of the Company’s internal control over financial reporting.

/s/ KPMG LLP

Baltimore, Maryland  
February 3, 2012

**Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.**

None.

**Item 9A. 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 December 31, 2011. Based on that evaluation, our principal executive and principal financial officers have concluded that our disclosure controls and procedures as of December 31, 2011, 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 our Form 10-K annual 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 fourth quarter of 2011, and has concluded that there was no change during the fourth quarter of 2011 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Management's report on our internal control over financial reporting and the attestation report of KPMG LLP follow.

## REPORT OF MANAGEMENT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

To the Stockholders of T. Rowe Price Group, Inc.:

We, together with other members of management of T. Rowe Price Group, are responsible for establishing and maintaining adequate internal control over the company's financial reporting. Internal control over financial reporting is the process designed under our supervision, and effected by the company's board of directors, management, and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the company's financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America.

There are inherent limitations in the effectiveness of internal control over financial reporting, including the possibility that misstatements may not be prevented or detected. Accordingly, even effective internal controls over financial reporting can provide only reasonable assurance with respect to financial statement preparation. Furthermore, the effectiveness of internal controls can change with circumstances.

Management has evaluated the effectiveness of internal control over financial reporting as of December 31, 2011, in relation to criteria described in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on management's assessment, we believe that the company's internal control over financial reporting was effective as of December 31, 2011.

KPMG LLP, an independent registered public accounting firm, has audited our financial statements that are included in this annual report and expressed an unqualified opinion thereon. KPMG has also expressed an unqualified opinion on the effective operation of our internal control over financial reporting as of December 31, 2011.

February 3, 2012

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

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

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Board of Directors and Stockholders

T. Rowe Price Group, Inc.:

We have audited T. Rowe Price Group, Inc. and subsidiaries' ("the Company") internal control over financial reporting as of December 31, 2011, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Report of Management on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, T. Rowe Price Group, Inc. and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 31, 2011, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

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We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of T. Rowe Price Group, Inc. and subsidiaries as of December 31, 2011 and 2010, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2011, and our report dated February 3, 2012, expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP

Baltimore, Maryland  
February 3, 2012

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**Item 9B. Other Information.**

None.

**PART III**

**Item 10. Directors, Executive Officers and Corporate Governance.**

Information required by this item as to the identification of our executive officers is furnished in a separate item at the end of Part I of this Report. Other information required by this item is incorporated by reference from the definitive proxy statement required to be filed pursuant to Regulation 14A for the 2012 Annual Meeting of our stockholders.

**Item 11. Executive Compensation.**

**Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.**

**Item 13. Certain Relationships and Related Transactions, and Director Independence.**

**Item 14. Principal Accountant Fees and Services.**

Information required by these items is incorporated by reference from the definitive proxy statement required to be filed pursuant to Regulation 14A for the 2012 Annual Meeting of our stockholders.

**PART IV**

**Item 15. Exhibits, Financial Statement Schedules.**

The following documents are filed as part of this report.

- (1) Financial Statements: See Item 8 of Part II of this report.
- (2) Financial Statement Schedules: None.
- (3) The following exhibits required by Item 601 of Regulation S-K are filed herewith, except for Exhibit 32 that is furnished herewith. Management contracts and compensatory plans and arrangements are filed as Exhibits 10.07 through 10.17.
  - 3(i) Charter of T. Rowe Price Group, Inc., as Amended by Articles of Amendment dated April 10, 2008. (Incorporated by reference from Form 10-Q Report for the quarterly period ended March 31, 2008 filed on April 24, 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 as of February 17, 2009; File No. 033-07012-99.)
  - 10.01.1 Representative Investment Management Agreement for the T. Rowe Price mutual funds that pay a management fee consisting of two components - a group management fee and individual management fee. (Incorporated by reference from Form N-1A filed on August 22, 2008; File No. 333-153130.)

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- 10.01.2 Representative Investment Management Agreement for the T. Rowe Price mutual funds that pay an individual management fee. (Incorporated by reference from Form 485APOS filed on August 11, 2010; File No. 033-29697)
- 10.01.3 Representative Investment Management Agreement for the T. Rowe Price mutual funds that pay an all-inclusive fee (i.e., a single fee that covers investment management and ordinary recurring operating expenses). (Incorporated by reference from Form 485APOS filed on March 15, 2007; File No. 033-29697)
- 10.02 Representative Underwriting Agreement between a T. Rowe Price mutual fund and T. Rowe Price Investment Services, Inc. (Incorporated by reference from Form N-1A/A filed on August 29, 2006; File No. 333-136805.)
- 10.03 Transfer Agency and Service Agreement as of January 1, 2011, between T. Rowe Price Services, Inc. and the T. Rowe Price Funds. (Incorporated by reference from Form 485BPOS filed on April 29, 2011; File No. 033-38791.)
- 10.04 Agreement as of January 1, 2011, between T. Rowe Price Retirement Plan Services, Inc. and certain of the T. Rowe Price Funds. (Incorporated by reference from Form 485BPOS filed on April 29, 2011; File No. 033-38791.)
- 10.05 Second Amended, Restated and Consolidated Lease Agreement dated November 9, 2004, between East Pratt Street Associates Limited Partnership and T. Rowe Price Associates, Inc. (Incorporated by reference from Form 10-K for 2004 filed on March 1, 2005; File No. 033-07012-99.)
- 10.07 1998 Director Stock Option Plan, as Amended and Restated effective December 16, 2004, including forms of option agreements. (Incorporated by reference from Form 10-K for 2004 filed on March 1, 2005; File No. 033-07012-99.)
- 10.08 Amended and Restated 2007 Non-Employee Director Equity Plan as of February 12, 2009, including statements of additional terms and conditions for awards granted after that date. (Incorporated by reference from Form 10-Q for the quarterly period ended March 31, 2009 filed on April 22, 2009; File No. 033-07012-99.)
- 10.10 T. Rowe Price Group, Inc. Outside Directors Deferred Compensation Plan. (Incorporated by reference from Form 10-K for 2004 filed on March 1, 2005; File No. 033-07012-99.)
- 10.13.1 2001 Stock Incentive Plan. (Incorporated by reference from Form DEF 14A filed on February 26, 2001; File No. 033-07012-99.)
- 10.13.2 First Amendment to 2001 Stock Incentive Plan dated April 8, 2004. (Incorporated by reference from Form DEF 14A filed on February 27, 2004; File No. 033-07012-99.)
- 10.13.3 Second Amendment to 2001 Stock Incentive Plan dated December 12, 2008. (Incorporated by reference from Form 10-Q for the quarterly period ended March 31, 2009 filed on April 22, 2009; File No. 033-07012-99.)

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10.14.1	2004 Stock Incentive Plan. (Incorporated by reference from Form 10-K for 2007 filed on February 7, 2008; File No. 033-07012-99.)
10.14.2	HM Revenue and Customs Approved Sub-Plan for UK Employees under the 2004 Stock Incentive Plan. (Incorporated by reference from Form 10-Q for the quarterly period ended June 30, 2010 filed on July 23, 2010; File No. 033-07012-99.)
10.14.3	First Amendment to 2004 Stock Incentive Plan dated December 12, 2008. (Incorporated by reference from Form 10-Q for the quarterly period ended March 31, 2009 filed on April 22, 2009; File No. 033-07012-99.)
10.15	Forms of agreements available for stock-based awards issued under the 2001 and 2004 Stock Incentive Plans. (Incorporated by reference from Form 10-Q for the quarterly period ended June 30, 2010 filed on July 23, 2010; File No. 033-07012-99.)
10.15.1	Forms of agreement for stock options issued under the HM Revenue and Customs Approved Sub-Plan for UK Employees under the 2004 Stock Incentive Plan. (Incorporated by reference from Form 10-Q for the quarterly period ended June 30, 2010 filed on July 23, 2010; File No. 033-07012-99.)
10.15.2	Forms of agreement for stock options issued after February 2, 2012 under the 2004 Stock Incentive Plan.
10.15.3	Forms of agreement for restricted stock units issued after February 2, 2012 under the 2004 Stock Incentive Plan.
10.15.4	Forms of agreement for restricted stock awards issued after February 2, 2012 under the 2004 Stock Incentive Plan.
10.16	Annual Incentive Compensation Pool. (Incorporated by reference from Form DEF 14A filed on March 3, 2003; File No. 033-07012-99.)
10.17	Policy for Recoupment of Incentive Compensation. (Incorporated by reference from Form 8-K Current Report as of April 14, 2010 filed on April 16, 2010; File No. 033-07012-99.)
21	Subsidiaries of T. Rowe Price Group, Inc.
23	Consent of Independent Registered Public Accounting Firm, KPMG LLP.
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.
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 consolidated financial statements and notes that are included in this Form 10-K Report.

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101.INS XBRL Instance Document(File name: trow-20111231.xml)

101.SCH XBRL Taxonomy Extension Schema Document (File name: trow-20111231.xsd)

101.CAL XBRL Taxonomy Calculation Linkbase Document (File name: trow-20111231\_cal.xml)

101.LAB XBRL Taxonomy Label Linkbase Document (File name: trow-20111231\_lab.xml)

101.PRE XBRL Taxonomy Presentation Linkbase Document (File name: trow-20111231\_pre.xml)

101.DEF XBRL Taxonomy Definition Linkbase Document (File name: trow-20111231\_def.xml)

**SIGNATURES**

Pursuant to the requirements of Section 13 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 February 3, 2012.

T. Rowe Price Group, Inc.

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

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on February 3, 2012.

/s/ Brian C. Rogers, Chairman of the Board of Directors

/s/ Edward C. Bernard, Vice Chairman of the Board of Directors

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

/s/ James T. Brady, Director

/s/ J. Alfred Broaddus, Jr., Director

/s/ Donald B. Hebb, Jr., Director

/s/ Robert F. MacLellan, Director

/s/ Alfred Sommer, Director

/s/ Dwight S. Taylor, Director

/s/ Anne Marie Whittemore, Director

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

/s/ Jessica M. Hiebler, Vice President and Principal Accounting Officer

**Notice of Grant of  
Stock Option Award**

**T. Rowe Price Group, Inc.**  
ID: 52-2264646  
100 E. Pratt Street  
Baltimore, MD 21202 USA

<b>NAME</b>	<b>Award Number:</b>
<b>ADDRESS</b>	<b>ID:</b>
	<b>Plan:</b>

On \_\_\_\_\_, 20\_\_\_\_ (the Grant Date), T. Rowe Price Group, Inc. (Price Group) granted you an award of stock options (the Options) under Price Group’s [2004 Stock][2012 Long-Term] Incentive Plan to purchase from Price Group \_\_\_\_\_ shares of Price Group common stock at \$ \_\_\_\_\_ per share, the closing price of Price Group common stock on the Grant Date. The Options are [nonqualified stock options which do not qualify as incentive stock options for purposes of U.S. federal tax law.][intended to be incentive stock options to the fullest extent permitted by U.S. federal tax law.] The Options become exercisable as shown below, subject to the provisions of the Statement of Additional Terms Regarding Awards of Stock Options [(*version 1A*)] [(*version 1B*)] (the Statement of Additional Terms) which sets forth the terms and conditions of this grant. The Options, if not sooner exercised, forfeited or otherwise terminated, expire on \_\_\_\_\_, 20\_\_\_\_ (the Expiration Date).

Vesting Schedule:

Except as otherwise provided in the Statement of Additional Terms, so long as your employment with Price Group and/or its affiliates is continuous from the Grant Date through the applicable date upon which vesting is scheduled to occur, the Options will become vested and exercisable for shares of Price Group common stock in installments on the vesting dates set forth in the vesting schedule below.

<u># of Options</u>	<u>Vesting Date</u>
	12/ /20
	12/ /20
	12/ /20
	12/ /20
	12/ /20

The Statement of Additional Terms describes additional circumstances under which the Options may become vested and exercisable.

Your participation in our stock-based compensation program recognizes that you play a key role in the long-term success of Price Group and affords you the opportunity to participate alongside our other stockholders in that success.

\_\_\_\_\_  
CEO & President

\_\_\_\_\_  
Date

To accept this grant you must, **on or after** \_\_\_\_\_, access the T. Rowe Price Exchange Web site and select myTRP >Compensation, Payroll & Stock>Employee Stock Transactions – TRPG Stock>Equity Awards>Equity Award Information (Express Desktop) or go to <https://home2.troweprice.com/tso/tssoweb/SSOServlet>. After signing in using your T. Rowe Price network logon and password, you will be in Express Desktop. Click on Grant History under the type of award you received and accept the appropriate award(s) by selecting the Pending link in the Status column. **You must accept this grant by no later than** \_\_\_\_\_.

By accepting the grant online, you acknowledge that you have been provided, have read and agree to be bound by the terms of the Statement of Additional Terms under which this grant has been made and the prospectus for the [2004 Stock][2012 Long-Term] Incentive Plan, both of which are available on the Express Desktop. You also consent to the electronic delivery, via email, posting on Price Group’s Web site, Express Desktop or the Web site of any third party vendor that provides stock plan administrative services to Price Group, of this Notice, the Statement of Additional Terms and all future notices or other information with respect to this grant, the [2004 Stock][2012 Long-Term] Incentive Plan, and the common shares of Price Group. 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.

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STATEMENT OF ADDITIONAL TERMS  
REGARDING AWARDS OF STOCK OPTIONS

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(version 1A)

This Statement of Additional Terms Regarding Awards of Stock Options (the “**Terms**”) and all of the provisions of the T. Rowe Price Group, Inc. [2004 Stock][2012 Long-Term] Incentive Plan (the “**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 Terms, the 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. 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 nonvested 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 nonforfeitable right to such Option. A vested Option remains subject to the terms, conditions and forfeiture provisions provided for in the 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 attained age 60 and have at least ten years of Service credit 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, unless the Committee determines otherwise, 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. ***[Include the following for Options granted under the 2004 Stock Incentive Plan:*** The double-trigger vesting provisions set forth in this paragraph reflect the Committee's exercise of its discretion to limit accelerated vesting that may otherwise have been contemplated under the provisions of Section 7(c)(ii) of the Plan and the provisions of this paragraph, as modified by Section 9(d), shall apply to the Options in lieu of the provisions of Section 7(c)(ii) of the Plan unless the Committee determines otherwise.]

### 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 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 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) unless limited by the Committee, tendering to the Company (via attestation in a form satisfactory to the Committee) other shares of Common Stock owned by you, in which case the Company will attribute to the tendered shares a value equal to the official closing price per share of Common Stock for the regular market session of The Nasdaq Stock Market (or the principal market for the Common Stock as determined by the Committee if the Common Stock is not listed for trade on The Nasdaq Stock Market or is listed or admitted to trading on more than one exchange or market) on the Exercise Date or, if no sale is reported for that date, on the last preceding day on which a sale was reported, all as reported by such source as the Committee may select;

(D) unless limited by the Committee, electing net share settlement with respect to any portions of the Options that do not qualify as incentive stock options within the meaning of Section 422 of the Code;

(E) any other method approved by the Committee with respect to Options that do not qualify as incentive stock options within the meaning of Section 422 of the Code; or

(F) any combination of the foregoing.

(ii) The Committee in its discretion may place limitations on the extent, if any, to which you may pay the aggregate purchase price by tendering shares of Common Stock or electing net share settlement, and in no event may you pay the purchase price through either of those two methods if you are a resident of Canada. If the shares of Common Stock tendered or withheld are insufficient in value to pay the aggregate purchase price, you must deliver the net unpaid amount to the Company's Payroll and Stock Transaction Group on the Exercise Date in cash or in one of the specified forms of acceptable cash equivalents; provided, however, that if the net unpaid amount is less than the value of one share of Common Stock, the Company may allow you to pay such amount by having it withheld from your next paycheck.

(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 either by having the Company withhold from the shares to be issued upon exercise that number of shares, or by delivering to the Company already-owned shares, in either case having 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 Attaining Age 60 with 10 Years of Service. If your Service ceases for any reason before you have attained age 60 and have at least ten years of Service credit with the Company (as determined by the Committee), 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 Attaining Age 60 with 10 Years of Service. If, as of the date on which your Termination of Service occurs, you have attained age 60 and have at least ten years of Service credit with the Company (as determined by the Committee), 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 attained age and 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 Attaining Age 55 with 10 Years of Service. If, as of the date of your Termination of Service, you have not attained age 55 or do not have at least ten years of Service credit with the Company (as determined by the Committee), 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 Attaining Age 55 with 10 Years of Service. If, as of the date of your Termination of Service, you have attained age 55, but not yet attained age 58, and you have at least ten years of Service credit with the Company (as determined by the Committee), 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 Attaining Age 58 with 10 Years of Service. If, as of the date of your Termination of Service, you have attained age 58, but not yet attained age 60, and have at least ten years of Service credit with the Company (as determined by the Committee), 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 Attaining Age 60 with 10 Years of Service. If, as of the date of your Termination of Service, you have attained age 60 and you have at least ten years of Service credit with the Company (as determined by the Committee), 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 attained age and Service credit 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 (i) 13-month period immediately following your date of death or, if longer, (ii) through the date specified in Section 5(c), 5(d), or 5(e), whichever subsection is applicable (if any) based on your attained age and Service credit when your Termination of Service occurred, 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 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, unless the Committee determines otherwise, 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, unless the Committee determines otherwise, 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, provided, however, that with the advance consent of the Committee, vested Options that are not incentive stock options within the meaning of Section 422 of the Code may be transferred to one or more of your family members or a trust, partnership or the like for the benefit of you and/or one or more of your family members. Except as provided above, 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 U.S. Federal Tax Purposes.

(a) 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 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. You must comply with the provisions of Section 3(e) of this Agreement with respect to any Withholding Tax obligations that arise as a result of such exercise.

(b) 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, 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. In the event of a merger, consolidation, stock rights offering, liquidation, statutory share exchange or similar event affecting Price Group (each, a “**Corporate Event**”) or a stock dividend, stock split, reverse stock split, separation, spinoff, reorganization, extraordinary dividend of cash or other property, share combination or subdivision, or recapitalization or similar event affecting the capital structure of Price Group (each, a “**Share Change**”), the Committee shall make equitable and appropriate substitutions or 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) Discretionary Adjustments. In the case of Corporate Events, the Committee may make such other adjustments to outstanding Options as it determines to be appropriate and desirable, which adjustments may include, without limitation, (i) the cancellation of outstanding Options in exchange for payments of cash, securities or other property or a

combination thereof having an aggregate value equal to the value of such Options, as determined by the Committee in its sole discretion (it being understood that in the case of a Corporate Event with respect to which stockholders of Price Group receive consideration other than publicly traded equity securities of the ultimate surviving entity, any such determination by the Committee that the value of an Option shall for this purpose be deemed to equal the excess, if any, of the value of the consideration being paid for each share of Common Stock pursuant to such Corporate Event over the purchase price per share of such Option shall conclusively be deemed valid and that any Option may be cancelled for no consideration upon a Corporate Event if its purchase price per share does not exceed the value of the consideration being paid for each share of Common Stock pursuant to such Corporate Event), (ii) the substitution of securities or other property (including, without limitation, cash or other securities of Price Group and securities of entities other than Price Group) for the shares of Common Stock subject to outstanding Options, and (iii) the substitution of equivalent awards, as determined in the sole discretion of the Committee, of the surviving or successor entity or a parent thereof. Notwithstanding the foregoing, any adjustments made pursuant to Options that are incentive stock options within the meaning of Section 422 of the Code shall be made in compliance with the requirements of Section 424(a) of the Code.

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

(d) Change in Control. Notwithstanding anything in this Agreement or the 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 continuation or assumption of such Options by, or for the substitution of equivalent options, as determined in the sole discretion of the Committee, of the surviving or successor entity or a parent thereof. In the event of such termination, (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) the Committee may take any of the actions set forth in Section 9(a) and 9(b) with respect to any or all of the Options. Implementation of the provisions of the immediately foregoing sentence shall be conditioned upon consummation of the Change in Control.

10. Non-Guarantee of Employment. Nothing in the 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.

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 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 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.

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. Except as otherwise provided in the 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 Plan and approved by the Committee.

18. Conformity with Plan. These Terms are intended to conform with, and are subject to all applicable provisions of, the Plan. In the event of any ambiguity in these Terms or any matters as to which these Terms are silent, the Plan shall govern. A copy of the Plan is available at <https://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 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 is 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 or this Agreement; (ii) you are voluntarily participating in the Plan; (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 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 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 or the 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 or 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.

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 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) “**Executive Compensation Committee**” means the Executive Compensation Committee of the Board of Directors of T. Rowe Price Group, Inc.

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

(l) “**Fair Market Value**” means, as of any date, unless otherwise determined by the Committee, the official closing price per share of Common Stock for the regular market session on that date on the principal exchange or market on which the Common Stock is then listed or admitted to trading or, if no sale is reported for that date, on the last preceding day on which a sale was reported, all as reported by such source as the Committee may select.

(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. 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. [2004 Stock][2012 Long-Term] Incentive Plan.

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

(s) "**Service**" means your employment with the Company, inclusive of any period of credited service that may be allocated to you by the Company in writing for periods during which you were not employed 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.

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STATEMENT OF ADDITIONAL TERMS  
REGARDING AWARDS OF STOCK OPTIONS

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(version 1B)

This Statement of Additional Terms Regarding Awards of Stock Options (the “**Terms**”) and all of the provisions of the T. Rowe Price Group, Inc. [2004 Stock][2012 Long-Term] Incentive Plan (the “**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 Terms, the 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. 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 nonvested 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 nonforfeitable right to such Option. A vested Option remains subject to the terms, conditions and forfeiture provisions provided for in the 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 30 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, unless the Committee determines otherwise, 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. ***[Include the following for Options granted under the 2004 Stock Incentive Plan:*** The double-trigger vesting provisions set forth in this paragraph reflect the Committee's exercise of its discretion to limit accelerated vesting that may otherwise have been contemplated under the provisions of Section 7(c)(ii) of the Plan and the provisions of this paragraph, as modified by Section 9(d), shall apply to the Options in lieu of the provisions of Section 7(c)(ii) of the Plan unless the Committee determines otherwise.]

### 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 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 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) unless limited by the Committee, tendering to the Company (via attestation in a form satisfactory to the Committee) other shares of Common Stock owned by you, in which case the Company will attribute to the tendered shares a value equal to the official closing price per share of Common Stock for the regular market session of The Nasdaq Stock Market (or the principal market for the Common Stock as determined by the Committee if the Common Stock is not listed for trade on The Nasdaq Stock Market or is listed or admitted to trading on more than one exchange or market) on the Exercise Date or, if no sale is reported for that date, on the last preceding day on which a sale was reported, all as reported by such source as the Committee may select;

(D) unless limited by the Committee, electing net share settlement with respect to any portions of the Options that do not qualify as incentive stock options within the meaning of Section 422 of the Code;

(E) any other method approved by the Committee with respect to Options that do not qualify as incentive stock options within the meaning of Section 422 of the Code; or

(F) any combination of the foregoing.

(ii) The Committee in its discretion may place limitations on the extent, if any, to which you may pay the aggregate purchase price by tendering shares of Common Stock or electing net share settlement, and in no event may you pay the purchase price through either of those two methods if you are a resident of Canada. If the shares of Common Stock tendered or withheld are insufficient in value to pay the aggregate purchase price, you must deliver the net unpaid amount to the Company's Payroll and Stock Transaction Group on the Exercise Date in cash or in one of the specified forms of acceptable cash equivalents; provided, however, that if the net unpaid amount is less than the value of one share of Common Stock, the Company may allow you to pay such amount by having it withheld from your next paycheck.

(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 either by having the Company withhold from the shares to be issued upon exercise that number of shares, or by delivering to the Company already-owned shares, in either case having 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 30 Years of Credited Service with 10 Years of Service with the Company. If your Service ceases for any reason before you have at least 30 years of Credited Service with at least ten years of Credited Service that is attributable to Service with the Company (as determined by the Committee), 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 30 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 30 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 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 attained age and 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 25 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 25 years of Credited Service with at least ten years of your Credited Service being attributable to Service with the Company (as determined by the Committee), 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 25 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 25, but not 28, 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, 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 28 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 28, but not 30, 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, 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 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 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, 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 (i) 13-month period immediately following your date of death or, if longer, (ii) through the date specified in Section 5(c), 5(d), or 5(e), whichever subsection is applicable (if any) based on your accrued Credited Service when your Termination of Service occurred, 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 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, unless the Committee determines otherwise, 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, unless the Committee determines otherwise, 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, provided, however, that with the advance consent of the Committee, vested Options that are not incentive stock options within the meaning of Section 422 of the Code may be transferred to one or more of your family members or a trust, partnership or the like for the benefit of you and/or one or more of your family members. Except as provided above, 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) Unapproved Options. The Options are unapproved stock options that have not been granted under a sub-plan approved by Her Majesty's Revenue and Customs (HMRC). You must comply with the provisions of Section 3(e) 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. In the event of a merger, consolidation, stock rights offering, liquidation, statutory share exchange or similar event affecting Price Group (each, a “**Corporate Event**”) or a stock dividend, stock split, reverse stock split, separation, spinoff, reorganization, extraordinary dividend of cash or other property, share combination or subdivision, or recapitalization or similar event affecting the capital structure of Price Group (each, a “**Share Change**”), the Committee shall make equitable and appropriate substitutions or 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) Discretionary Adjustments. In the case of Corporate Events, the Committee may make such other adjustments to outstanding Options as it determines to be appropriate and desirable, which adjustments may include, without limitation, (i) the cancellation of outstanding Options in exchange for payments of cash, securities or other property or a combination thereof having an aggregate value equal to the value of such Options, as determined by the Committee in its sole discretion (it being understood that in the case of a Corporate Event with respect to which stockholders of Price Group receive consideration other than publicly traded equity securities of the ultimate surviving entity, any such determination by the Committee that the value of an Option shall for this purpose be deemed to equal the excess, if any, of the value of the consideration being paid for each share of Common Stock pursuant to such Corporate Event over the purchase price per share of such Option shall conclusively be deemed valid and that any Option may be cancelled for no consideration upon a Corporate Event if its purchase price per share does not exceed the value of the consideration being paid for each share of Common Stock pursuant to such Corporate Event), (ii) the substitution of securities or other property (including, without limitation, cash or other securities of Price Group and securities of entities other than Price Group) for the shares of Common Stock subject to outstanding Options, and (iii) the substitution of equivalent awards, as determined in the sole discretion of the Committee, of the surviving or successor entity or a parent thereof. Notwithstanding the foregoing, any adjustments made pursuant to Options that are incentive stock options within the meaning of Section 422 of the Code shall be made in compliance with the requirements of Section 424(a) of the Code.

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

(d) Change in Control. Notwithstanding anything in this Agreement or the 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 continuation or assumption of such Options by, or for the substitution of equivalent options, as determined in the sole discretion of the Committee, of, the surviving or successor entity or a parent thereof. In the event of such termination, (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) the Committee may take any of the actions set forth in Section 9(a) and 9(b) with respect to any or all of the Options. Implementation of the provisions of the immediately foregoing sentence shall be conditioned upon consummation of the Change in Control.

10. Non-Guarantee of Employment. Nothing in the 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.

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 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 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.

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. Except as otherwise provided in the 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 Plan and approved by the Committee.

18. Conformity with Plan. These Terms are intended to conform with, and are subject to all applicable provisions of, the Plan. In the event of any ambiguity in these Terms or any matters as to which these Terms are silent, the Plan shall govern. A copy of the Plan is available at <https://home2.troweprice.com/tso/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 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 is 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 or this Agreement; (ii) you are voluntarily participating in the Plan; (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 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 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 or the 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 or 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.

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 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 plus any period of service that may be allocated to you by the Committee, in its sole discretion, in writing for periods during which you were not employed with the Company but you were engaged in activities through which you gained relevant industry experience, as determined in the Committee’s discretion.

(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) “**Fair Market Value**” means, as of any date, unless otherwise determined by the Committee, the official closing price per share of Common Stock for the regular market session on that date on the principal exchange or market on which the Common Stock is then listed or admitted to trading or, if no sale is reported for that date, on the last preceding day on which a sale was reported, all as reported by such source as the Committee may select.

(n) “**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.

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

(p) “**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.

(q) “**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. 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.

(r) “**Plan**” means the T. Rowe Price Group, Inc. [2004 Stock][2012 Long-Term] Incentive Plan.

(s) “**Price Group**” means T. Rowe Price Group, Inc.

(t) “**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.

(u) “**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.

(v) “**Terms**” mean this Statement of Additional Terms Regarding Awards of Stock Options.

(w) “**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.

(x) "**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.

(y) "**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}

**Notice of Replenishment of  
Stock Options**

**T. Rowe Price Group, Inc.**  
ID: 52-2264646  
100 E. Pratt Street  
Baltimore, MD 21202 USA

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<b>NAME</b>	<b>Award Number:</b>
<b>ADDRESS</b>	<b>ID:</b>
	<b>Plan:</b>

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On \_\_\_\_\_, 20\_\_\_\_ (the Grant Date), in light of your stock swap exercise, T. Rowe Price Group, Inc. (Price Group) granted you replenishment stock options (Reload Options) under Price Group's [2004 Stock][2012 Long-Term] Incentive Plan to purchase from Price Group \_\_\_\_\_ shares of Price Group common stock at \$ \_\_\_\_\_ per share, the closing price of Price Group common stock on the Grant Date. The Reload Options are nonqualified stock options which do not qualify as incentive stock options for purposes of U.S. federal tax law. The Reload Options are subject to the provisions of the Statement of Additional Terms Regarding Replenishment Option Grants (*employees*) (the Statement of Additional Terms).

Vesting Schedule: The Reload Options are fully vested and exercisable as of the Grant Date.

Expiration Date: The Reload Options, if not sooner exercised, forfeited or otherwise terminated, expire on \_\_\_\_\_, 20\_\_\_\_.

Your participation in our stock-based compensation program recognizes that you play a key role in the long-term success of Price Group and affords you the opportunity to participate alongside our other stockholders in that success.

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\_\_\_\_\_  
CEO & President

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\_\_\_\_\_  
Date

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To accept this grant you must, access the T. Rowe Price Exchange Web site and select myTRP >Compensation, Payroll & Stock>Employee Stock Transactions – TRPG Stock>Equity Awards>Equity Award Information (Express Desktop) or go to <https://home2.troweprice.com/tssso/tssoweb/SSOServlet>. After signing in using your T. Rowe Price network logon and password, you will be in Express Desktop. Click on Grant History under the type of award you received and accept the appropriate award(s) by selecting the Pending link in the Status column. **You must accept this grant before it may be exercised.**

By accepting the grant online, you acknowledge that you have been provided, have read and agree to be bound by the terms of the Statement of Additional Terms under which this grant has been made and the prospectus for the [2004 Stock][2012 Long-Term] Incentive Plan, both of which are available on the Express Desktop. You also consent to the electronic delivery, via email, posting on Price Group's Web site, Express Desktop or the Web site of any third party vendor that provides stock plan administrative services to Price Group, of this Notice, the Statement of Additional Terms and all future notices or other information with respect to this grant, the [2004 Stock][2012 Long-Term] Incentive Plan, and the common shares of Price Group. 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.

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STATEMENT OF ADDITIONAL TERMS  
REGARDING REPLENISHMENT OPTION GRANTS  
(EMPLOYEES)

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(version 1A)

This Statement of Additional Terms Regarding Replenishment Stock Option Grants (the “**Terms**”) and all of the provisions of the T. Rowe Price Group, Inc. [2004 Stock][2012 Long-Term] Incentive Plan (the “**Plan**”) are incorporated into your stock option award, the specifics of which are described on the “Notice of Replenishment of Stock Options” (the “**Notice**”) that you received. Once you have accepted the Notice in accordance with the instructions set forth thereon, the Terms, the 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. 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. Vested Status upon Grant Date. All of the Options are vested in full as of the Grant Date. For clarity, as used in this Agreement, the term “vest” means that the Options are 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 nonforfeitable right to such Option. A vested Option remains subject to the terms, conditions and forfeiture provisions provided for in the Plan and in this Agreement.

3. Exercise of Options.

(a) Option Exercise Rights.

(i) You may exercise the Options 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.

(ii) Notwithstanding the foregoing, if at any time the Committee determines that the delivery of Common Stock under the 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 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.

(v) In no event will any additional replenishment options be granted upon the exercise of the replenished Options.

(b) 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.

(c) 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.

(d) 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) unless limited by the Committee, tendering to the Company (via attestation in a form satisfactory to the Committee) other shares of Common Stock owned by you, in which case the Company will attribute to the tendered shares a value equal to the official closing price per share of Common Stock for the regular market session of The Nasdaq Stock Market (or the principal market for the Common Stock as determined by the Committee if the Common Stock is not listed for trade on The Nasdaq Stock Market or is listed or admitted to trading on more than one exchange or market) on the Exercise Date or, if no sale is reported for that date, on the last preceding day on which a sale was reported, all as reported by such source as the Committee may select;

(D) unless limited by the Committee, electing net share settlement with respect to any portions of the Options that do not qualify as incentive stock options within the meaning of Section 422 of the Code;

(E) any other method approved by the Committee with respect to Options that do not qualify as incentive stock options within the meaning of Section 422 of the Code; or

(F) any combination of the foregoing.

(ii) The Committee in its discretion may place limitations on the extent, if any, to which you may pay the aggregate purchase price by tendering shares of Common Stock or electing net share settlement. If the shares of Common Stock tendered or withheld are insufficient in value to pay the aggregate purchase price, you must deliver the net unpaid amount to the Company's Payroll and Stock Transaction Group on the Exercise Date in cash or in one of the specified forms of acceptable cash equivalents; provided, however, that if the net unpaid amount is less than the value of one share of Common Stock, the Company may allow you to pay such amount by having it withheld from your next paycheck.

(e) **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 either by having the Company withhold from the shares to be issued upon exercise that number of shares, or by delivering to the Company already-owned shares, in either case having a fair market value equal to no more than the amount necessary to satisfy the statutory minimum withholding amount due.

(f) **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.

#### 4. Exercise Periods upon Termination of Service or Death.

(a) The Options, to the extent not earlier exercised or terminated, will terminate and be of no force or effect upon the first occurrence of any one of the following events:

(i) The expiration date set forth in the Notice;

(ii) The expiration of 90 days after your Termination of Service with the Company, except in the case of your death, Total and Permanent Disability or retirement with the consent of the Company;

(iii) The expiration of 13 months after the date of your retirement with the consent of the Company;

(iv) The expiration of 13 months after the date of your Termination of Service due to Total and Permanent Disability; or

(v) The expiration of 13 months after your date of death if you die (i) while you are in the Service of the Company or (ii) within the period of time after your termination of Service due to retirement or otherwise during which you were entitled to exercise the Options.

(b) Retirement at your normal retirement date or at an optional retirement date in accordance with the provisions of a retirement plan of the Company under which you are then covered will constitute a retirement with the consent of the Company for the purposes of this Agreement. The Committee has absolute and uncontrolled discretion to determine whether any other termination of your employment is to be considered as retirement with the consent of the Company for the purposes of this Agreement and whether an authorized leave of absence or absence on military or government service or otherwise shall constitute a termination of employment for the purposes of this Agreement. Employment by the Company will be deemed to include employment of you by, and to continue during any period in which you are in the employ of, an Affiliate of the Company. Unless determined otherwise by the Committee, if the Affiliate with which you are employed ceases to be an entity in which the Company maintains a proprietary interest by reason of stock ownership or otherwise, you will be considered to have had a Termination of Service for purposes of this Agreement upon such cessation. Any determination made by the Committee with respect to any matter referred to in this Section 4 will be final and conclusive on all persons affected thereby.

(c) 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.

5. 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, provided, however, that with the advance consent of the Committee, vested Options may be transferred to one or more of your family members or a trust, partnership or the like for the benefit of you and/or one or more of your family members. Except as provided above, 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.

6. Status for U.S. Federal Tax Purposes. The Options are not intended to qualify as incentive stock options within the meaning of Section 422 of the Code, and this Agreement shall be so construed. By accepting the Options you acknowledge that, if you are 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. You must comply with the provisions of Section 3(e) of this Agreement with respect to any Withholding Tax obligations that arise as a result of such exercise.

7. Adjustments for Corporate Transactions and Other Events.

(a) Mandatory Adjustments. In the event of a merger, consolidation, stock rights offering, liquidation, statutory share exchange or similar event affecting Price Group (each, a “**Corporate Event**”) or a stock dividend, stock split, reverse stock split, separation, spinoff, reorganization, extraordinary dividend of cash or other property, share combination or subdivision, or recapitalization or similar event affecting the capital structure of Price Group (each, a “**Share Change**”), the Committee shall make equitable and appropriate substitutions or proportionate adjustments to the number of outstanding Options and the purchase price per share 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) Discretionary Adjustments. In the case of Corporate Events, the Committee may make such other adjustments to outstanding Options as it determines to be appropriate and desirable, which adjustments may include, without limitation, (i) the cancellation of outstanding Options in exchange for payments of cash, securities or other property or a combination thereof having an aggregate value equal to the value of such Options, as determined by the Committee in its sole discretion (it being understood that in the case of a Corporate Event with respect to which stockholders of Price Group receive consideration other than publicly traded equity securities of the ultimate surviving entity, any such determination by the Committee that the value of an Option shall for this purpose be deemed to equal the excess, if any, of the value of the consideration being paid for each share of Common Stock pursuant to such Corporate Event over the purchase price per share of such Option shall conclusively be deemed valid and that any Option may be cancelled for no consideration upon a Corporate Event if its purchase price per share does not exceed the value of the consideration being paid for each share of Common Stock pursuant to such Corporate Event), (ii) the substitution of securities or other property (including, without limitation, cash or other securities of Price Group and securities of entities other than Price Group) for the shares of Common Stock subject to outstanding Options, and (iii) the substitution of equivalent awards, as determined in the sole discretion of the Committee, of the surviving or successor entity or a parent thereof. Notwithstanding the foregoing, any adjustments made pursuant to Options that are incentive stock options within the meaning of Section 422 of the Code shall be made in compliance with the requirements of Section 424(a) of the Code.

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

(d) Change in Control. Notwithstanding anything in this Agreement or the 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 continuation or assumption of such Options by, or for the substitution of equivalent options, as determined in the sole discretion of the Committee, of the surviving or successor entity or a parent thereof. In the event of such termination, (i) you will be permitted, immediately before the Change in Control, to exercise the Options, and (iii) the Committee may take any of the actions set forth in Section 7(a) and 7(b) with respect to any or all of the Options. Implementation of the provisions of the immediately foregoing sentence shall be conditioned upon consummation of the Change in Control.

8. Non-Guarantee of Employment. Nothing in the 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.

9. 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.

10. 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.

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

12. Electronic Delivery of Documents.

(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 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 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.

13. 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.

14. 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.

15. Amendment. Except as otherwise provided in the 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 Plan and approved by the Committee.

16. Conformity with Plan. These Terms are intended to conform with, and are subject to all applicable provisions of, the Plan. In the event of any ambiguity in these Terms or any matters as to which these Terms are silent, the Plan shall govern. A copy of the Plan is available at <https://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.

17. Governing Law. The validity, construction and effect of this Agreement, and of any determinations or decisions made by the Committee relating to this Agreement, and the rights of any and all persons having or claiming to have any interest under this Agreement, shall be determined exclusively in accordance with the laws of the State of Maryland, without regard to its provisions concerning the applicability of laws of other jurisdictions. 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.

18. 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.

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

20. 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 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.

21. Service and Employment Acknowledgments. By accepting the Notice, you acknowledge and agree that: (i) the Plan is 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 or this Agreement; (ii) you are voluntarily participating in the Plan; (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 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.

**22. Data Privacy Consent. For purposes of the implementation, administration and management of the Options and the 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 or the 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 or 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.*

23. 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 and the Plan.

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

(d) “**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.

(e) “**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.

(f) “**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.

(g) “**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.

(h) “**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.

(i) “**Executive Compensation Committee**” means the Executive Compensation Committee of the Board of Directors of T. Rowe Price Group, Inc.

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

(k) “**Fair Market Value**” means, as of any date, unless otherwise determined by the Committee, the official closing price per share of Common Stock for the regular market session on that date on the principal exchange or market on which the Common Stock is then listed or admitted to trading or, if no sale is reported for that date, on the last preceding day on which a sale was reported, all as reported by such source as the Committee may select.

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

(m) “**Notice**” means the Notice of Replenishment of Stock Options which correlates with these Terms and sets forth the specifics of the applicable award of Options.

(n) “**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. 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.

(o) “**Plan**” means the T. Rowe Price Group, Inc. [2004 Stock][2012 Long-Term] Incentive Plan.

(p) “**Price Group**” means T. Rowe Price Group, Inc.

(q) “**Service**” means your employment with the Company, inclusive of any period of credited service that may be allocated to you by the Company in writing for periods during which you were not employed 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.

(r) “**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.

(s) “**Terms**” mean this Statement of Additional Terms Regarding Awards of Stock Options.

(t) “**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.

(u) "**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.

(v) "**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}*

**Notice of Grant of  
Restricted Stock Units Award**

**T. Rowe Price Group, Inc.**  
ID: 52-2264646  
100 E. Pratt Street  
Baltimore, MD 21202 USA

<b>NAME</b>	<b>Award Number:</b>
<b>ADDRESS</b>	<b>ID:</b>
	<b>Plan:</b>

On \_\_\_\_\_, 20\_\_\_\_ (the Grant Date), T. Rowe Price Group, Inc. (Price Group) granted you \_\_\_\_\_ restricted stock units pertaining to Price Group common stock (the Stock Units) as a performance-based restricted stock units award under Price Group’s [2004 Stock][2012 Long-Term] Incentive Plan. The closing price of Price Group common stock on the Grant Date was \$ \_\_\_\_\_ per share. [This grant is intended to be a Qualified Performance-Based Award as defined in the plan.] The Stock Units, upon vesting, convert to shares of Price Group common stock, as described in the Statement of Additional Terms Regarding Awards of Restricted Stock Units [(*version 1A*)] [(*version 1B*)] (the Statement of Additional Terms) which sets forth the terms and conditions of this grant.

The Stock Units become earned and vested as follows, conditioned upon satisfaction of a performance threshold:

Performance Threshold: [*Insert performance threshold and performance period description*]

The Executive Compensation Committee of Price Group’s Board of Directors (ECC) will determine, within 60 days after the close of the Performance Period, the extent to which the Performance Threshold has been achieved.

- If the Performance Threshold is satisfied in full, all of the Stock Units will be eligible to be earned in accordance with the vesting schedule below.
- [*Insert description of the portion of the award that will be forfeited and the portion that will remain eligible to be earned in accordance with the vesting schedule below based on specified levels of performance less than 100% of the performance threshold*]

Vesting Schedule:

Except as otherwise provided in the Statement of Additional Terms, so long as your employment with Price Group and/or its affiliates is continuous from the Grant Date through the applicable date upon which vesting is scheduled to occur, the Stock Units that remain eligible to be earned after the ECC determines the extent to which the Performance Threshold has been achieved (Eligible Units) will become vested and will be converted to shares of Price Group common stock in equal annual installments on the vesting dates set forth in the vesting schedule below.

<u>% of Eligible Units</u>	<u>Vesting Date</u>
20%	12/ /20
20%	12/ /20
20%	12/ /20
20%	12/ /20
20%	12/ /20

The Statement of Additional Terms describes additional circumstances under which you may earn the Stock Units.

Your participation in our stock-based compensation program recognizes that you play a key role in the long-term success of Price Group and affords you the opportunity to participate alongside our other stockholders in that success.

\_\_\_\_\_  
CEO & President

\_\_\_\_\_  
Date

To accept this grant you must, **on or after** \_\_\_\_\_, access the T. Rowe Price Exchange Web site and select myTRP >Compensation, Payroll & Stock>Employee Stock Transactions – TRPG Stock>Equity Awards>Equity Award Information (Express Desktop) or go to <https://home2.troweprice.com/tssso/tssoweb/SSOServlet>. After signing in using your T. Rowe Price network logon and password, you will be in Express Desktop. Click on Grant History under the type of award you received and accept the appropriate award(s) by selecting the Pending link in the Status column. **You must accept this grant by no later than** \_\_\_\_\_.

By accepting the grant online, you acknowledge that you have been provided, have read and agree to be bound by the terms of the Statement of Additional Terms under which this grant has been made and the prospectus for the [2004 Stock][2012 Long-Term] Incentive Plan, both of which are available on the Express Desktop. You also consent to the electronic delivery, via email, posting on Price Group's Web site, Express Desktop or the Web site of any third party vendor that provides stock plan administrative services to Price Group, of this Notice, the Statement of Additional Terms and all future notices or other information with respect to this grant, the [2004 Stock][2012 Long-Term] Incentive Plan, and the common shares of Price Group. 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.

**Notice of Grant of  
Restricted Stock Units Award**

**T. Rowe Price Group, Inc.**

ID: 52-2264646

100 E. Pratt Street

Baltimore, MD 21202 USA

**NAME  
ADDRESS**

**Award Number:  
ID:  
Plan:**

On \_\_\_\_\_, 20\_\_\_\_ (the Grant Date), T. Rowe Price Group, Inc. (Price Group) granted you \_\_\_\_\_ restricted stock units pertaining to Price Group common stock (the Stock Units) as a service-based restricted stock units award under Price Group's [2004 Stock][2012 Long-Term] Incentive Plan. The closing price of Price Group common stock on the Grant Date was \$ \_\_\_\_\_ per share. The Stock Units, upon vesting, convert to shares of Price Group common stock, as described in the Statement of Additional Terms Regarding Awards of Restricted Stock Units [(version 1A)] [(version 1B)] (the Statement of Additional Terms) which sets forth the terms and conditions of this grant.

Vesting Schedule:

Except as otherwise provided in the Statement of Additional Terms, so long as your employment with Price Group and/or its affiliates is continuous from the Grant Date through the applicable date upon which vesting is scheduled to occur, the Stock Units will become vested and will be converted to shares of Price Group common stock in installments on the vesting dates set forth in the vesting schedule below.

<u># of Stock Units</u>	<u>Vesting Date</u>
_____	12/ /20
_____	12/ /20
_____	12/ /20
_____	12/ /20
_____	12/ /20

The Statement of Additional Terms describes additional circumstances under which you may earn the Stock Units.

Your participation in our stock-based compensation program recognizes that you play a key role in the long-term success of Price Group and affords you the opportunity to participate alongside our other stockholders in that success.

\_\_\_\_\_  
CEO & President

\_\_\_\_\_  
Date

To accept this grant you must, **on or after** \_\_\_\_\_, access the T. Rowe Price Exchange Web site and select myTRP >Compensation, Payroll & Stock>Employee Stock Transactions – TRPG Stock>Equity Awards>Equity Award Information (Express Desktop) or go to <https://home2.troweprice.com/tssso/tssoweb/SSOServlet>. After signing in using your T. Rowe Price network logon and password, you will be in Express Desktop. Click on Grant History under the type of award you received and accept the appropriate award(s) by selecting the Pending link in the Status column. **You must accept this grant by no later than** \_\_\_\_\_.

By accepting the grant online, you acknowledge that you have been provided, have read and agree to be bound by the terms of the Statement of Additional Terms under which this grant has been made and the prospectus for the [2004 Stock][2012 Long-Term] Incentive Plan, both of which are available on the Express Desktop. You also consent to the electronic delivery, via email, posting on Price Group's Web site, Express Desktop or the Web site of any third party vendor that provides stock plan administrative services to Price Group, of this Notice, the Statement of Additional Terms and all future notices or other information with respect to this grant, the [2004 Stock][2012 Long-Term] Incentive Plan, and the common shares of Price Group. 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.

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STATEMENT OF ADDITIONAL TERMS  
REGARDING AWARDS OF RESTRICTED STOCK UNITS

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(version 1A)

This Statement of Additional Terms Regarding Awards of Restricted Stock Units (the “**Terms**”) and all of the provisions of the T. Rowe Price Group, Inc. [2004 Stock][2012 Long-Term] Incentive Plan (the “**Plan**”) are incorporated into your stock units award, the specifics of which are described on the “Notice of Grant of Restricted Stock Units Award” (the “**Notice**”) that you received. Once you have accepted the Notice in accordance with the instructions set forth thereon, the Terms, the Plan and the Notice, together, constitute a binding and enforceable contract respecting your restricted stock units award. That contract is referred to in this document as the “**Agreement**.”

1. Terminology. 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 Stock Units are nonvested and forfeitable as of the Grant Date. Your Stock Units will become vested for purposes of this Agreement only on the applicable vesting dates under the vesting schedule set forth on the correlating Notice or on the dates specified in Section 2(d), Section 2(e), or Section 9, as applicable, notwithstanding the fact that, prior to any such date, subsequent vesting ceases to be conditioned upon your continued employment with the Company or any other substantial risk of forfeiture ceases to exist. A vested Stock Unit remains subject to the terms, conditions and forfeiture provisions provided for in the 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 and all other conditions for earning the Stock Units as set forth in the Notice have been satisfied, the Stock Units will become vested and nonforfeitable on the vesting dates set forth in the correlating Notice. If the Notice indicates that your restricted stock units award is a Qualified Performance-Based Award, then in no event will vesting under this Section 2(b) occur before the Executive Compensation Committee has certified in writing the extent to which the applicable Performance Threshold has been satisfied. If the Notice reflects that your restricted stock award is subject to satisfaction of a Performance Threshold then, to the extent that satisfaction of the Performance Threshold is determined based on information reported by a Peer Company in financial statements filed with the Securities and Exchange Commission or information otherwise disclosed by a Peer Company in a press release, such a determination shall be final and conclusive and no adjustment thereafter shall be made to the number of Stock Units eligible to vest in the event that a Peer Company thereafter files or discloses restated or updated financial information. To the extent that satisfaction of the Performance Threshold is to be determined based on information reported by Peer Companies, any Peer Company that has not filed

financial statements with the Securities and Exchange Commission or otherwise disclosed in a press release the relevant financial information for the Performance Period within 45 days after the end of the Performance Period in question, will not be considered a Peer Company for purposes of the determination. To the extent that satisfaction of the Performance Threshold is to be determined based on financial information reported for a specified period ending on the close of a calendar quarter and a Peer Company reports its relevant financial information over a fiscal period that does not end on the close of a calendar quarter, the Committee shall use the financial information reported by such Peer Company that most closely correlates to the duration of the Performance Period as reported before the close of the Performance Period. For example, if the Performance Period is the 12-month period that ends December 31, 2012, and a Peer Company's fiscal year ends on October 31, 2012, then for purposes of calculating the Performance Threshold and the extent to which such Performance Threshold has been satisfied, the relevant financial information for the 12-month period that ends October 31, 2012 will be used for such Peer Company.

(c) Post-employment Vesting Continuation.

(i) If, as of the date on which your Termination of Service occurs, you have attained age 60 and have at least ten years of Service credit 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 Stock Units that have not been previously forfeited and which are scheduled to vest within the 36-month period immediately following your Termination of Service will become vested and nonforfeitable, notwithstanding the fact that your Service has terminated, on their scheduled vesting dates set forth in the correlating Notice provided that all other conditions for earning the Stock Units as set forth in the Notice are satisfied.

(ii) Notwithstanding the provisions of Section 2(c)(i) to the contrary, unless the Committee determines otherwise, your unvested Stock Units and all accrued dividend equivalents with respect to your unvested Stock Units 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 8.

(d) Vesting upon Death or Disability. All Stock Units that have not already vested or been previously forfeited will become vested and nonforfeitable 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 Stock Units that have not already vested or been previously forfeited or terminated in connection with the Change in Control will become vested and nonforfeitable upon such Termination of Service. **[Include the following for Stock Units granted under the 2004 Stock Incentive Plan:** The double-trigger vesting provisions set forth in this paragraph reflect the Committee's exercise of its discretion to limit accelerated vesting that may otherwise have been contemplated under the provisions of Section 7(c)(ii) of the Plan and the provisions of this paragraph shall apply to the Stock Units in lieu of the provisions of Section 7(c)(ii) of the Plan unless the Committee determines otherwise.]

### 3. Forfeitures Upon Termination of Service.

(a) Termination before Attaining Age 60 with 10 Years of Service. If your Service ceases for any reason before you have attained age 60 with at least ten years of Service credit with the Company (as determined by the Committee), including any successor to the Company, all Stock Units that are not then vested and nonforfeitable, after giving effect to the applicable provisions of Section 2 above, will be immediately forfeited upon such cessation for no consideration.

(b) Termination after Attaining Age 60 with 10 Years of Service. If, as of the date on which your Termination of Service occurs, you have attained age 60 and have at least ten years of Service credit with the Company (as determined by the Committee), including any successor to the Company, then Stock Units that are not then vested and nonforfeitable, after giving effect to the applicable provisions of Section 2 above, and which are scheduled to vest on the 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) and Section 8 will apply to the then-unvested Stock Units which are scheduled to vest within the 36-month period immediately following your Termination of Service.

(c) Forfeiture of Accrued Dividend Equivalents. Any accrued dividend equivalents attributable to forfeited Stock Units shall also be forfeited if and when the Stock Units are forfeited.

(d) Consequences of Forfeiture. You acknowledge and agree that upon the forfeiture of any unvested Stock Units, your right to receive dividend equivalents on, and all other rights, title or interest in, to or with respect to, the forfeited Stock Units and the shares into which they otherwise may have been converted shall automatically, without further act, terminate.

4. Restrictions on Transfer. Stock Units may not be assigned, transferred, pledged, hypothecated or disposed of in any way, whether by operation of law or otherwise, except by will or the laws of descent and distribution, and Stock Units may not be made subject to execution, attachment or similar process.

5. Dividend Equivalent Payments. On each dividend payment date for each regular cash dividend payable with respect to the Common Stock, the Company will pay to you in cash an amount equal to the product of (a) the per share cash dividend, multiplied by (b) the number of your Stock Units outstanding on the record date regardless of the vested or nonvested status of the Stock Units; provided, however, that if the Notice reflects that your restricted stock award is subject to satisfaction of a Performance Threshold then any regular cash dividends that become payable with respect to unvested Stock Units before the Performance Threshold has been determined to have been satisfied will be accrued and held by the Company or an escrow agent appointed by the Committee until a determination has been made by the Executive Compensation Committee as to whether and the extent to which the Performance Threshold has been satisfied. Any such accrued dividends will be paid to you, without interest, within 14 days after the date on which the Executive Compensation Committee determines that, and the extent to which, the Performance Threshold has been satisfied or will be forfeited to the Company if and when the Stock Units to which they relate are forfeited due to a failure to satisfy the Performance Threshold.

6. Settlement of Stock Units. Your Stock Units will be settled automatically, via the issuance of Common Stock as described herein, when or as soon as practicable, but in all events within 30 days, after they become vested and nonforfeitable in accordance with Section 2 or Section 9, as applicable. You may not, directly or indirectly, designate the calendar year in which such settlement will be made. You are not required to make any monetary payment (other than applicable tax withholding, if required) as a condition to settlement of the Stock Units. The Company will issue to you, in settlement of your Stock Units, the number of whole shares of Common Stock that equals the number of whole Stock Units that vested, and the vested Stock Units will cease to be outstanding upon the issuance of those shares. Unless 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 in uncertificated book entry form.

7. Tax Withholding.

(a) General Authority to Withhold. By accepting the Notice correlating with these Terms, you agree to make adequate provision for foreign (non-United States), federal, state and local taxes and social insurance contributions required by law to be withheld, if any, which arise in connection with the Stock Units. 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) the amount of any foreign (non-United States), federal, state or local taxes and social insurance contributions required by law to be withheld as a result of the vesting or settlement of the Stock Units, 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.

(b) Withholding Taxes Satisfied with Shares of Common Stock. The Company may, in its sole discretion, permit or require you to satisfy, in whole or in part, any tax withholding or social insurance contribution obligation which may arise in connection with the Stock Units either by having the Company withhold from the shares to be issued upon vesting that number of shares, or by delivering to the Company already-owned shares, in either case having a fair market value equal to no more than the amount necessary to satisfy the statutory minimum withholding amount due.

8. Restrictive Covenants.

(a) Termination of Vesting/No Extension of Exercise Period. Notwithstanding anything in Section 2 or Section 3 to the contrary, unless the Committee determines otherwise, upon the occurrence of any Prohibited Action set forth in Section 8(b), the following shall occur with respect to your Stock Units: (i) no further Stock Units will become vested and (ii) Stock Units that are not then vested and nonforfeitable will be immediately forfeited for no consideration.

(b) **Prohibited Actions.** The following actions are considered **Prohibited Actions** and subject to the consequences set forth in Section 8(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 8 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 outstanding unvested Stock Units, 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 upon request of the Committee in advance of the settlement of any Stock Unit you will provide to the Company information sufficient to confirm that you have not engaged in any Prohibited Actions.

#### 9. Adjustments for Corporate Transactions and Other Events.

(a) Stock Dividend, Stock Split and Reverse Stock Split. Upon a stock dividend of, or stock split or reverse stock split affecting, the Common Stock, the number of outstanding Stock Units and the number of Stock Units eligible to vest on each subsequent vesting date under the vesting schedule set forth on the Notice shall, without further action of the Committee, be adjusted to reflect such event; provided, however, that any fractional Stock Units resulting from any such adjustment shall be eliminated. Adjustments under this paragraph will be made by the Committee, whose determination regarding such adjustments will be final, binding and conclusive.

(b) Discretionary Adjustments. In the case of a merger, consolidation, stock rights offering, liquidation, statutory share exchange or similar event affecting Price Group, the Committee may make such other adjustments to outstanding Stock Units as it determines to be appropriate and desirable, which adjustments may include, without limitation, (i) the cancellation of outstanding Stock Units in exchange for payments of cash, securities or other property or a combination thereof having an aggregate value equal to the value of such Stock Units, as determined by the Committee in its sole discretion, (ii) the substitution of securities or other property (including, without limitation, cash or other securities of Price Group and securities of entities other than Price Group) for the shares of Common Stock subject to outstanding Stock Units, and (iii) the substitution of equivalent awards, as determined in the sole discretion of the Committee, of the surviving or successor entity or a parent thereof; provided, however, that all adjustments shall be made in compliance with the requirements of Section 409A of the Code and provided further that the Committee shall not have the authority to make adjustments pursuant to this paragraph to the extent that the existence of such authority would cause the Stock Units to fail to comply with Section 409A of the Code.

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

(d) Change in Control. Notwithstanding anything in this Agreement or the Plan to the contrary, in the event that a Change in Control occurs, outstanding Stock Units will terminate upon the effective time of such Change in Control unless provision is made in connection with the transaction for the continuation or assumption of such Stock Units by, or for the substitution of equivalent units, as determined in the sole discretion of the Committee, of,

the surviving or successor entity or a parent thereof. In the event of such termination, (i) the outstanding Stock Units 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 vested, and (ii) the Committee may take any of the actions set forth in Section 9(b) with respect to any or all of the Stock Units. Implementation of the provisions of the immediately foregoing sentence shall be conditioned upon consummation of the Change in Control.

10. Non-Guarantee of Employment. Nothing in the 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 Stock Units or any other adverse effect on your interests under the Plan.

11. Rights as Stockholder. Except as otherwise provided in this Agreement with respect to dividend equivalent payments, neither you nor any other person claiming through you shall have any rights with respect to any shares of Common Stock subject to the Stock Units, including without limitation, any voting rights, unless and until such shares are duly issued and delivered to you.

12. The Company's Rights. The existence of the Stock Units will not affect in any way the right or power of the 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 or the Stock Units, any amendments to the Agreement, and any reports of the Company provided generally to the Company's stockholders. You may receive from the Company, at no cost to you, a paper copy of any electronically delivered documents by contacting the Payroll and Stock Transaction Group in the CFO-Finance Department 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 and the Stock Units 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 Stock Units if you on the Grant Date are or subsequently become an executive officer or other senior executive who is subject to the Recoupment Policy.

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 Stock Units 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 Stock Units awarded hereunder shall be void and ineffective for all purposes.

17. Amendment. Except as otherwise provided in the Plan, the Committee may unilaterally amend the terms of this Agreement, but no such amendment shall materially impair your rights with respect to your Stock Units 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 Plan and approved by the Committee.

18. Conformity with Plan. These Terms are intended to conform with, and are subject to all applicable provisions of, the Plan. In the event of any ambiguity in these Terms or any matters as to which these Terms are silent, the Plan shall govern. A copy of the Plan is available at <https://home2.troweprice.com/tso/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. No Funding. This Agreement constitutes an unfunded and unsecured promise by the Company to make payments and issue shares of Common Stock in the future in accordance with its terms. You have the status of a general unsecured creditor of the Company as a result of receiving the award of Stock Units. Any cash payment due under this Agreement with respect to dividend equivalent payments under Section 5 hereof will be paid from the general assets of the Company and nothing in this Agreement will be construed to give you or any other person rights to any specific assets of the Company.

20. 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.

21. 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.

22. 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.

23. 409A Savings Clause. This Agreement and the Stock Units awarded hereunder are intended to comply with, or otherwise be exempt from, Section 409A of the Code. This Agreement and the Stock Units shall be administered, interpreted and construed in a manner consistent with this intent. Should any provision of this Agreement or the Stock Units be found not to comply with, or otherwise be exempt from, the provisions of Section 409A of the Code, it shall be modified and given effect, in the sole discretion of the Committee and without requiring your consent, in such manner as the Committee determines to be necessary or appropriate to comply with, or to effectuate an exemption from, Section 409A of the Code. The preceding provisions shall not be construed as a guarantee or warranty by the Company of any particular tax effect of the Stock Units.

24. Service and Employment Acknowledgments. By accepting the Notice, you acknowledge and agree that: (i) the Plan is 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 or this Agreement; (ii) you are voluntarily participating in the Plan; (iii) the award of Stock Units is a one-time benefit which does not create any contractual or other right to receive future awards of Stock Units, or compensation or benefits in lieu of Stock Units, even if Stock Units 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 Stock Units shall be awarded or shall become vested or exercisable and the number of Stock Units subject to each award, will be at the sole discretion

of the Committee; (v) the value of the Stock Units is an extraordinary item of compensation which is outside the scope of your employment contract, if any; (vi) the value of the Stock Units 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 Stock Units 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 Stock Units 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 Stock Units 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 or your acquisition or sale of the Shares underlying the Stock Units; and (x) no claim or entitlement to compensation or damages arises if the value of the Stock Units or the underlying Shares decreases and in consideration for the grant of the Stock Units you irrevocably release the Company from any claim or entitlement to compensation or damages that does arise in connection with the Stock Units.

25. **Data Privacy Consent.** *For purposes of the implementation, administration and management of the Stock Units and the 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 Stock Units 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 Stock Units or the 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 Stock Units or 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 Stock Units or otherwise participate in the Plan.**

26. 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 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 of 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) “**Executive Compensation Committee**” means the Executive Compensation Committee of the Board of Directors of T. Rowe Price Group, Inc.

(k) “**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.

(l) “**Grant Date**” means the date set forth on the Notice indicating when the grant of Stock Units was approved by the Committee.

(m) “**Notice**” means the Notice of Grant of Restricted Stock Units Award which correlates with these Terms and sets forth the specifics of the applicable award of Stock Units.

(n) “**Peer Company**” or collectively “**Peer Companies**” means each of the entities listed on the correlating Notice and each Peer Company’s successor; so long as each

Peer Company has a class of common securities listed for public trade on a national securities exchange or market from the beginning through the end of the Performance Period or otherwise files financial statements with the Securities and Exchange Commission, as defined on the correlating Notice. The Peer Companies shall be changed as follows:

(i) In the event that, at any time during the Performance Period, a Peer Company is no longer included in the same Standard & Poor's Global Industry Classification Standard ("GICS") Sub-Industry as Price Group, such company shall no longer be a Peer Company.

(ii) In the event of a merger, acquisition or business combination transaction of a Peer Company with or by another Peer Company, the surviving entity shall remain a Peer Company, provided that the surviving entity is still in the same GICS Sub-Industry as Price Group.

(iii) In the event of a merger of a Peer Company with or by an entity that is not a Peer Company, or the acquisition or business combination transaction of a Peer Company with an entity that is not a Peer Company, in each case, where the Peer Company is the surviving entity, the surviving entity shall remain a Peer Company, provided that the surviving entity is still in the same GICS Sub-Industry as Price Group.

(iv) In the event of a merger or acquisition or business combination transaction of a Peer Company with or by an entity that is not a Peer Company, other form of "going private" transaction relating to any Peer Company or the liquidation of any Peer Company, where such Peer Company is not the surviving entity or is otherwise no longer publicly traded, the company shall no longer be a Peer Company.

(v) In the event of a bankruptcy of a Peer Company, such company shall remain a Peer Company.

(o) "**Performance Threshold**" means the performance objective(s) set forth on the Notice, if any, which must be satisfied in order for any Stock Units to become vested, except as otherwise provided in this Agreement.

(p) "**Plan**" means the T. Rowe Price Group, Inc. [2004 Stock][2012 Long-Term] Incentive Plan.

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

(r) "**Qualified Performance-Based Award**" means a grant that is intended by the Executive Compensation Committee to qualify for the exemption from the limitation on deductibility imposed by Section 162(m)(4)(C) of the Code.

(s) "**Service**" means your employment with the Company, inclusive of any period of credited service that may be allocated to you by the Company in writing for periods during which you were not employed 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) “**Stock Unit**” means a bookkeeping entry used by the Company to record and account for the grant of a restricted stock unit until such time as such restricted stock unit is settled, forfeited or terminated, as the case may be. Each Stock Unit represents a contractual obligation of the Company to deliver one share of Common Stock to the holder upon vesting of the Stock Unit.

(u) “**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.

(v) “**Terms**” mean this Statement of Additional Terms Regarding Awards of Restricted Stock Units.

(w) “**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.

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

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STATEMENT OF ADDITIONAL TERMS  
REGARDING AWARDS OF RESTRICTED STOCK UNITS

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(version 1B)

This Statement of Additional Terms Regarding Awards of Restricted Stock Units (the “**Terms**”) and all of the provisions of the T. Rowe Price Group, Inc. [2004 Stock][2012 Long-Term] Incentive Plan (the “**Plan**”) are incorporated into your stock units award, the specifics of which are described on the “Notice of Grant of Restricted Stock Units Award” (the “**Notice**”) that you received. Once you have accepted the Notice in accordance with the instructions set forth thereon, the Terms, the Plan and the Notice, together, constitute a binding and enforceable contract respecting your restricted stock units award. That contract is referred to in this document as the “**Agreement**.”

1. **Terminology.** 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 Stock Units are nonvested and forfeitable as of the Grant Date. Your Stock Units will become vested for purposes of this Agreement only on the applicable vesting dates under the vesting schedule set forth on the correlating Notice or on the dates specified in Section 2(d), Section 2(e), or Section 9, as applicable, notwithstanding the fact that, prior to any such date, subsequent vesting ceases to be conditioned upon your continued employment with the Company or any other substantial risk of forfeiture ceases to exist. A vested Stock Unit remains subject to the terms, conditions and forfeiture provisions provided for in the 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 and all other conditions for earning the Stock Units as set forth in the Notice have been satisfied, the Stock Units will become vested and nonforfeitable on the vesting dates set forth in the correlating Notice. If the Notice indicates that your restricted stock units award is a Qualified Performance-Based Award, then in no event will vesting under this Section 2(b) occur before the Executive Compensation Committee has certified in writing the extent to which the applicable Performance Threshold has been satisfied. If the Notice reflects that your restricted stock award is subject to satisfaction of a Performance Threshold then, to the extent that satisfaction of the Performance Threshold is determined based on information reported by a Peer Company in financial statements filed with the Securities and Exchange Commission or information otherwise disclosed by a Peer Company in a press release, such a determination shall be final and conclusive and no adjustment thereafter shall be made to the number of Stock Units eligible to vest in the event that a Peer Company thereafter files or discloses restated or updated financial information. To the extent that satisfaction of the Performance Threshold is to be determined based on information reported by Peer Companies, any Peer Company that has not filed

financial statements with the Securities and Exchange Commission or otherwise disclosed in a press release the relevant financial information for the Performance Period within 45 days after the end of the Performance Period in question, will not be considered a Peer Company for purposes of the determination. To the extent that satisfaction of the Performance Threshold is to be determined based on financial information reported for a specified period ending on the close of a calendar quarter and a Peer Company reports its relevant financial information over a fiscal period that does not end on the close of a calendar quarter, the Committee shall use the financial information reported by such Peer Company that most closely correlates to the duration of the Performance Period as reported before the close of the Performance Period. For example, if the Performance Period is the 12-month period that ends December 31, 2012, and a Peer Company's fiscal year ends on October 31, 2012, then for purposes of calculating the Performance Threshold and the extent to which such Performance Threshold has been satisfied, the relevant financial information for the 12-month period that ends October 31, 2012 will be used for such Peer Company.

(c) Post-employment Vesting Continuation.

(i) If, as of the date on which your Termination of Service occurs, you have at least 30 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 Stock Units that have not been previously forfeited and which are scheduled to vest within the 36-month period immediately following your Termination of Service will become vested and nonforfeitable, notwithstanding the fact that your Service has terminated, on their scheduled vesting dates set forth in the correlating Notice provided that all other conditions for earning the Stock Units as set forth in the Notice are satisfied.

(ii) Notwithstanding the provisions of Section 2(c)(i) to the contrary, unless the Committee determines otherwise, your unvested Stock Units and all accrued dividend equivalents with respect to your unvested Stock Units 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 8.

(d) Vesting upon Death or Disability. All Stock Units that have not already vested or been previously forfeited will become vested and nonforfeitable 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 Stock Units that have not already vested or been previously forfeited or terminated in connection with the Change in Control will become vested and nonforfeitable upon such Termination of Service. **[Include the following for Stock Units granted under the 2004 Stock Incentive Plan:** The double-trigger vesting provisions set forth in this paragraph reflect the Committee's exercise of its discretion to limit accelerated vesting that may otherwise have been contemplated under the provisions of Section 7(c)(ii) of the Plan and the provisions of this paragraph shall apply to the Stock Units in lieu of the provisions of Section 7(c)(ii) of the Plan unless the Committee determines otherwise.]

### 3. Forfeitures Upon Termination of Service.

(a) Termination before Accruing 30 Years of Credited Service with 10 Years of Service with the Company. If your Service ceases for any reason before you have at least 30 years of Credited Service with at least ten years of Credited Service that is attributable to Service with the Company (as determined by the Committee), including any successor to the Company, all Stock Units that are not then vested and nonforfeitable, 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 30 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 30 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 any successor to the Company, then Stock Units that are not then vested and nonforfeitable, after giving effect to the applicable provisions of Section 2 above, and which are scheduled to vest on the 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) and Section 8 will apply to the then-unvested Stock Units which are scheduled to vest within the 36-month period immediately following your Termination of Service.

(c) Forfeiture of Accrued Dividend Equivalents. Any accrued dividend equivalents attributable to forfeited Stock Units shall also be forfeited if and when the Stock Units are forfeited.

(d) Consequences of Forfeiture. You acknowledge and agree that upon the forfeiture of any unvested Stock Units, your right to receive dividend equivalents on, and all other rights, title or interest in, to or with respect to, the forfeited Stock Units and the shares into which they otherwise may have been converted shall automatically, without further act, terminate.

4. Restrictions on Transfer. Stock Units may not be assigned, transferred, pledged, hypothecated or disposed of in any way, whether by operation of law or otherwise, except by will or the laws of descent and distribution, and Stock Units may not be made subject to execution, attachment or similar process.

5. Dividend Equivalent Payments. On each dividend payment date for each regular cash dividend payable with respect to the Common Stock, the Company will pay to you in cash an amount equal to the product of (a) the per share cash dividend, multiplied by (b) the number of your Stock Units outstanding on the record date regardless of the vested or nonvested status of the Stock Units; provided, however, that if the Notice reflects that your restricted stock award is subject to satisfaction of a Performance Threshold then any regular cash dividends that become payable with respect to unvested Stock Units before the Performance Threshold has been determined to have been satisfied will be accrued and held by the Company or an escrow agent appointed by the Committee until a determination has been made by the Executive Compensation Committee as to whether and the extent to which the Performance Threshold has been satisfied. Any such accrued dividends will be paid to you, without interest, within 14 days after the date on which the Executive Compensation Committee determines that, and the

extent to which, the Performance Threshold has been satisfied or will be forfeited to the Company if and when the Stock Units to which they relate are forfeited due to a failure to satisfy the Performance Threshold.

6. Settlement of Stock Units. Your Stock Units will be settled automatically, via the issuance of Common Stock as described herein, when or as soon as practicable, but in all events within 30 days, after they become vested and nonforfeitable in accordance with Section 2 or Section 9, as applicable. You may not, directly or indirectly, designate the calendar year in which such settlement will be made. You are not required to make any monetary payment (other than applicable tax withholding, if required) as a condition to settlement of the Stock Units. The Company will issue to you, in settlement of your Stock Units, the number of whole shares of Common Stock that equals the number of whole Stock Units that vested, and the vested Stock Units will cease to be outstanding upon the issuance of those shares. Unless 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 in uncertificated book entry form.

7. Tax Withholding.

(a) General Authority to Withhold. By accepting the Notice correlating with these Terms, you agree to make adequate provision for foreign (non-United States), federal, state and local taxes and social insurance contributions required by law to be withheld, if any, which arise in connection with the Stock Units. 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) the amount of any foreign (non-United States), federal, state or local taxes and social insurance contributions required by law to be withheld as a result of the vesting or settlement of the Stock Units, 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.

(b) Withholding Taxes Satisfied with Shares of Common Stock. The Company may, in its sole discretion, permit or require you to satisfy, in whole or in part, any tax withholding or social insurance contribution obligation which may arise in connection with the Stock Units either by having the Company withhold from the shares to be issued upon vesting that number of shares, or by delivering to the Company already-owned shares, in either case having a fair market value equal to no more than the amount necessary to satisfy the statutory minimum withholding amount due.

8. Restrictive Covenants.

(a) Termination of Vesting/No Extension of Exercise Period. Notwithstanding anything in Section 2 or Section 3 to the contrary, unless the Committee determines otherwise, upon the occurrence of any Prohibited Action set forth in Section 8(b), the following shall occur with respect to your Stock Units: (i) no further Stock Units will become vested and (ii) Stock Units that are not then vested and nonforfeitable will be immediately forfeited for no consideration.

(b) **Prohibited Actions.** The following actions are considered **Prohibited Actions** and subject to the consequences set forth in Section 8(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 8 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 outstanding unvested Stock Units, 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 upon request of the Committee in advance of the settlement of any Stock Unit you will provide to the Company information sufficient to confirm that you have not engaged in any Prohibited Actions.

#### 9. Adjustments for Corporate Transactions and Other Events.

(a) Stock Dividend, Stock Split and Reverse Stock Split. Upon a stock dividend of, or stock split or reverse stock split affecting, the Common Stock, the number of outstanding Stock Units and the number of Stock Units eligible to vest on each subsequent vesting date under the vesting schedule set forth on the Notice shall, without further action of the Committee, be adjusted to reflect such event; provided, however, that any fractional Stock Units resulting from any such adjustment shall be eliminated. Adjustments under this paragraph will be made by the Committee, whose determination regarding such adjustments will be final, binding and conclusive.

(b) Discretionary Adjustments. In the case of a merger, consolidation, stock rights offering, liquidation, statutory share exchange or similar event affecting Price Group, the Committee may make such other adjustments to outstanding Stock Units as it determines to be appropriate and desirable, which adjustments may include, without limitation, (i) the cancellation of outstanding Stock Units in exchange for payments of cash, securities or other property or a combination thereof having an aggregate value equal to the value of such Stock Units, as determined by the Committee in its sole discretion, (ii) the substitution of securities or other property (including, without limitation, cash or other securities of Price Group and securities of entities other than Price Group) for the shares of Common Stock subject to outstanding Stock Units, and (iii) the substitution of equivalent awards, as determined in the sole discretion of the Committee, of the surviving or successor entity or a parent thereof; provided, however, that all adjustments shall be made in compliance with the requirements of Section 409A of the Code and provided further that the Committee shall not have the authority to make adjustments pursuant to this paragraph to the extent that the existence of such authority would cause the Stock Units to fail to comply with Section 409A of the Code.

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

(d) Change in Control. Notwithstanding anything in this Agreement or the Plan to the contrary, in the event that a Change in Control occurs, outstanding Stock Units will terminate upon the effective time of such Change in Control unless provision is made in connection with the transaction for the continuation or assumption of such Stock Units by, or for the substitution of equivalent units, as determined in the sole discretion of the Committee, of, the surviving or successor entity or a parent thereof. In the event of such termination, (i) the outstanding Stock Units 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 vested, and (ii) the Committee may take any of the actions set forth in Section 9(b) with respect to any or all of the Stock Units. Implementation of the provisions of the immediately foregoing sentence shall be conditioned upon consummation of the Change in Control.

10. Non-Guarantee of Employment. Nothing in the 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 Stock Units or any other adverse effect on your interests under the Plan.

11. Rights as Stockholder. Except as otherwise provided in this Agreement with respect to dividend equivalent payments, neither you nor any other person claiming through you shall have any rights with respect to any shares of Common Stock subject to the Stock Units, including without limitation, any voting rights, unless and until such shares are duly issued and delivered to you.

12. The Company's Rights. The existence of the Stock Units will not affect in any way the right or power of the 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 or the Stock Units, any amendments to the Agreement, and any reports of the Company provided generally to the Company's stockholders. You may receive from the Company, at no cost to you, a paper copy of any electronically delivered documents by contacting the Payroll and Stock Transaction Group in the CFO-Finance Department 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 and the Stock Units 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 Stock Units if you on the Grant Date are or subsequently become an executive officer or other senior executive who is subject to the Recoupment Policy.

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 Stock Units 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 Stock Units awarded hereunder shall be void and ineffective for all purposes.

17. Amendment. Except as otherwise provided in the Plan, the Committee may unilaterally amend the terms of this Agreement, but no such amendment shall materially impair your rights with respect to your Stock Units 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 Plan and approved by the Committee.

18. Conformity with Plan. These Terms are intended to conform with, and are subject to all applicable provisions of, the Plan. In the event of any ambiguity in these Terms or any matters as to which these Terms are silent, the Plan shall govern. A copy of the Plan is available at <https://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. No Funding. This Agreement constitutes an unfunded and unsecured promise by the Company to make payments and issue shares of Common Stock in the future in accordance with its terms. You have the status of a general unsecured creditor of the Company as a result of receiving the award of Stock Units. Any cash payment due under this Agreement with respect to dividend equivalent payments under Section 5 hereof will be paid from the general assets of the Company and nothing in this Agreement will be construed to give you or any other person rights to any specific assets of the Company.

20. 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.

21. 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.

22. 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.

23. 409A Savings Clause. This Agreement and the Stock Units awarded hereunder are intended to comply with, or otherwise be exempt from, Section 409A of the Code. This Agreement and the Stock Units shall be administered, interpreted and construed in a manner consistent with this intent. Should any provision of this Agreement or the Stock Units be found not to comply with, or otherwise be exempt from, the provisions of Section 409A of the Code, it shall be modified and given effect, in the sole discretion of the Committee and without requiring your consent, in such manner as the Committee determines to be necessary or appropriate to comply with, or to effectuate an exemption from, Section 409A of the Code. The preceding provisions shall not be construed as a guarantee or warranty by the Company of any particular tax effect of the Stock Units.

24. Service and Employment Acknowledgments. By accepting the Notice, you acknowledge and agree that: (i) the Plan is 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 or this Agreement; (ii) you are

voluntarily participating in the Plan; (iii) the award of Stock Units is a one-time benefit which does not create any contractual or other right to receive future awards of Stock Units, or compensation or benefits in lieu of Stock Units, even if Stock Units 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 Stock Units shall be awarded or shall become vested or exercisable and the number of Stock Units subject to each award, will be at the sole discretion of the Committee; (v) the value of the Stock Units is an extraordinary item of compensation which is outside the scope of your employment contract, if any; (vi) the value of the Stock Units 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 Stock Units 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 Stock Units 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 Stock Units 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 or your acquisition or sale of the Shares underlying the Stock Units; and (x) no claim or entitlement to compensation or damages arises if the value of the Stock Units or the underlying Shares decreases and in consideration for the grant of the Stock Units you irrevocably release the Company from any claim or entitlement to compensation or damages that does arise in connection with the Stock Units.

**25. Data Privacy Consent. For purposes of the implementation, administration and management of the Stock Units and the 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 Stock Units 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 Stock Units or the 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 Stock Units or 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 Stock Units or otherwise participate in the Plan.*

26. 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 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 of 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 plus any period of service that may be allocated to you by the Committee, in its sole discretion, in writing for periods during which you were not employed with the Company but you were engaged in activities through which you gained relevant industry experience, as determined in the Committee’s discretion.

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

(l) “**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.

(m) “**Grant Date**” means the date set forth on the Notice indicating when the grant of Stock Units was approved by the Committee.

(n) “**Notice**” means the Notice of Grant of Restricted Stock Units Award which correlates with these Terms and sets forth the specifics of the applicable award of Stock Units.

(o) “**Peer Company**” or collectively “**Peer Companies**” means each of the entities listed on the correlating Notice and each Peer Company’s successor; so long as each Peer Company has a class of common securities listed for public trade on a national securities exchange or market from the beginning through the end of the Performance Period or otherwise files financial statements with the Securities and Exchange Commission, as defined on the correlating Notice. The Peer Companies shall be changed as follows:

(i) In the event that, at any time during the Performance Period, a Peer Company is no longer included in the same Standard & Poor’s Global Industry Classification Standard (“GICS”) Sub-Industry as Price Group, such company shall no longer be a Peer Company.

(ii) In the event of a merger, acquisition or business combination transaction of a Peer Company with or by another Peer Company, the surviving entity shall remain a Peer Company, provided that the surviving entity is still in the same GICS Sub-Industry as Price Group.

(iii) In the event of a merger of a Peer Company with or by an entity that is not a Peer Company, or the acquisition or business combination transaction of a Peer Company with an entity that is not a Peer Company, in each case, where the Peer Company is the surviving entity, the surviving entity shall remain a Peer Company, provided that the surviving entity is still in the same GICS Sub-Industry as Price Group.

(iv) In the event of a merger or acquisition or business combination transaction of a Peer Company with or by an entity that is not a Peer Company, other form of “going private” transaction relating to any Peer Company or the liquidation of any Peer Company, where such Peer Company is not the surviving entity or is otherwise no longer publicly traded, the company shall no longer be a Peer Company.

(v) In the event of a bankruptcy of a Peer Company, such company shall remain a Peer Company.

(p) “**Performance Threshold**” means the performance objective(s) set forth on the Notice, if any, which must be satisfied in order for any Stock Units to become vested, except as otherwise provided in this Agreement.

(q) “**Plan**” means the T. Rowe Price Group, Inc. [2004 Stock][2012 Long-Term] Incentive Plan.

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

(s) “**Qualified Performance-Based Award**” means a grant that is intended by the Executive Compensation Committee to qualify for the exemption from the limitation on deductibility imposed by Section 162(m)(4)(C) of the Code.

(t) “**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.

(u) “**Stock Unit**” means a bookkeeping entry used by the Company to record and account for the grant of a restricted stock unit until such time as such restricted stock unit is settled, forfeited or terminated, as the case may be. Each Stock Unit represents a contractual obligation of the Company to deliver one share of Common Stock to the holder upon vesting of the Stock Unit.

(v) “**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.

(w) “**Terms**” mean this Statement of Additional Terms Regarding Awards of Restricted Stock Units.

(x) “**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.

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

{end of document}

**Notice of Grant of  
Restricted Stock Award**

**T. Rowe Price Group, Inc.**  
ID: 52-2264646  
100 E. Pratt Street  
Baltimore, MD 21202 USA

**NAME** **Award Number:**  
**ADDRESS** **ID:**  
**Plan:**

On \_\_\_\_\_, 20\_\_ (the Grant Date), T. Rowe Price Group, Inc. (Price Group) granted you \_\_\_\_\_ shares of Price Group common stock (the Award Shares) as a performance-based restricted stock award under Price Group’s [2004 Stock][2012 Long-Term] Incentive Plan. The closing price of Price Group common stock on the Grant Date was \$\_\_\_ per share. [This grant is intended to be a Qualified Performance-Based Award as defined in the plan.] Until they have been earned and vested, the Award Shares will be subject to restriction, as described in the Statement of Additional Terms Regarding Awards of Restricted Stock [(*version 1A*)] [(*version 1B*)] (the Statement of Additional Terms) which sets forth the terms and conditions of this grant. The Award Shares become earned and vested as follows, conditioned upon satisfaction of a performance threshold:

Performance Threshold: [*Insert performance threshold and performance period description*]

The Executive Compensation Committee of Price Group’s Board of Directors (ECC) will determine, within 60 days after the close of the Performance Period, the extent to which the Performance Threshold has been achieved.

- If the Performance Threshold is satisfied in full, all of the Award Shares will be eligible to be earned in accordance with the vesting schedule below.
- [*Insert description of the portion of the award that will be forfeited and the portion that will remain eligible to be earned in accordance with the vesting schedule below based on specified levels of performance less than 100% of the performance threshold*]

Vesting Schedule:

Except as otherwise provided in the Statement of Additional Terms, so long as your employment with Price Group and/or its affiliates is continuous from the Grant Date through the applicable date upon which vesting is scheduled to occur, the Award Shares that remain eligible to be earned after the ECC determines the extent to which the Performance Threshold has been achieved (Eligible Shares) will vest and become nonforfeitable in equal annual installments on the vesting dates set forth in the vesting schedule below.

% of Eligible Shares	Vesting Date
20%	12/__/20__
20%	12/__/20__
20%	12/__/20__
20%	12/__/20__
20%	12/__/20__

The Statement of Additional Terms describes additional circumstances under which you may earn the Award Shares.

Your participation in our stock-based compensation program recognizes that you play a key role in the long-term success of Price Group and affords you the opportunity to participate alongside our other stockholders in that success.

\_\_\_\_\_  
CEO & President

\_\_\_\_\_  
Date

To accept this grant you must, **on or after** \_\_\_\_\_, access the T. Rowe Price Exchange Web site and select myTRP >Compensation, Payroll & Stock>Employee Stock Transactions – TRPG Stock>Equity Awards>Equity

Award Information (Express Desktop) or go to <https://home2.troweprice.com/tssso/tssoweb/SSOServlet>. After signing in using your T. Rowe Price network logon and password, you will be in Express Desktop. Click on Grant History under the type of award you received and accept the appropriate award(s) by selecting the Pending link in the Status column. **You must accept this grant by no later than \_\_\_\_\_.**

By accepting the grant online, you acknowledge that you have been provided, have read and agree to be bound by the terms of the Statement of Additional Terms under which this grant has been made and the prospectus for the [2004 Stock][2012 Long-Term] Incentive Plan, both of which are available on the Express Desktop. You also consent to the electronic delivery, via email, posting on Price Group's Web site, Express Desktop or the Web site of any third party vendor that provides stock plan administrative services to Price Group, of this Notice, the Statement of Additional Terms and all future notices or other information with respect to this grant, the [2004 Stock][2012 Long-Term] Incentive Plan, and the common shares of Price Group. 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.

**Notice of Grant of  
Restricted Stock Award**

**T. Rowe Price Group, Inc.**  
ID: 52-2264646  
100 E. Pratt Street  
Baltimore, MD 21202 USA

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<b>NAME</b>	<b>Award Number:</b>
<b>ADDRESS</b>	<b>ID:</b>
	<b>Plan:</b>

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On \_\_\_\_\_, 20\_\_ (the Grant Date), T. Rowe Price Group, Inc. (Price Group) granted you \_\_\_\_\_ shares of Price Group common stock (the Award Shares) as a service-based restricted stock award under Price Group's [2004 Stock][2012 Long-Term] Incentive Plan. The closing price of Price Group common stock on the Grant Date was \$\_\_\_ per share. Until they have been earned and vested, the Award Shares will be subject to restriction, as described in the Statement of Additional Terms Regarding Awards of Restricted Stock (*version 1A*) (the Statement of Additional Terms) which sets forth the terms and conditions of this grant.

Vesting Schedule:

Except as otherwise provided in the Statement of Additional Terms, so long as your employment with Price Group and/or its affiliates is continuous from the Grant Date through the applicable date upon which vesting is scheduled to occur, the Award Shares will vest and become nonforfeitable in installments on the vesting dates set forth in the vesting schedule below.

<u># of Award Shares</u>	<u>Vesting Date</u>
	12/__/20__
	12/__/20__
	12/__/20__
	12/__/20__
	12/__/20__

The Statement of Additional Terms describes additional circumstances under which you may earn the Award Shares.

Your participation in our stock-based compensation program recognizes that you play a key role in the long-term success of Price Group and affords you the opportunity to participate alongside our other stockholders in that success.

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CEO & President

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Date

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To accept this grant you must, **on or after** \_\_\_\_\_, access the T. Rowe Price Exchange Web site and select myTRP >Compensation, Payroll & Stock>Employee Stock Transactions – TRPG Stock>Equity Awards>Equity Award Information (Express Desktop) or go to <https://home2.troweprice.com/tso/tssoweb/SSOServlet>. After signing in using your T. Rowe Price network logon and password, you will be in Express Desktop. Click on Grant History under the type of award you received and accept the appropriate award(s) by selecting the Pending link in the Status column. **You must accept this grant by no later than** \_\_\_\_\_.

By accepting the grant online, you acknowledge that you have been provided, have read and agree to be bound by the terms of the Statement of Additional Terms under which this grant has been made and the prospectus for the [2004 Stock][2012 Long-Term] Incentive Plan, both of which are available on the Express Desktop. You also consent to the electronic delivery, via email, posting on Price Group's Web site, Express Desktop or the Web site of any third party vendor that provides stock plan administrative services to Price Group, of this Notice, the Statement of Additional Terms and all future notices or other information with respect to this grant, the [2004 Stock][2012 Long-Term] Incentive Plan, and the common shares of Price Group. 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.

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STATEMENT OF ADDITIONAL TERMS  
REGARDING AWARDS OF RESTRICTED STOCK

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(version 1A)

This Statement of Additional Terms Regarding Awards of Restricted Stock (the “**Terms**”) and all of the provisions of the T. Rowe Price Group, Inc. [2004 Stock][2012 Long-Term] Incentive Plan (the “**Plan**”) are incorporated into your restricted stock award, the specifics of which are described on the “Notice of Grant of Restricted Stock Award” (the “**Notice**”) that you received. Once you have accepted the Notice in accordance with the instructions set forth thereon, the Terms, the Plan and the Notice, together, constitute a binding and enforceable contract respecting your restricted stock award. That contract is referred to in this document as the “**Agreement**.”

1. Terminology. 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 Award Shares are nonvested and forfeitable as of the Grant Date. For clarity, as used in this Agreement, the term “vest” means that the transfer restrictions on, and risks of forfeiture of, the Award Share lapse and no longer apply to such Award Share (other than as provided under Section 14 – Recoupment).

(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 and all other conditions for earning the Award Shares as set forth in the Notice have been satisfied, the Award Shares will become vested and nonforfeitable on the vesting dates set forth in the correlating Notice. If the Notice indicates that your restricted stock award is a Qualified Performance-Based Award, then in no event will vesting under this Section 2(b) occur before the Executive Compensation Committee has certified in writing the extent to which the applicable Performance Threshold has been satisfied. If the Notice reflects that your restricted stock award is subject to satisfaction of a Performance Threshold then, to the extent that satisfaction of the Performance Threshold is determined based on information reported by a Peer Company in financial statements filed with the Securities and Exchange Commission or information otherwise disclosed by a Peer Company in a press release, such a determination shall be final and conclusive and no adjustment thereafter shall be made to the number of Award Shares eligible to vest in the event that a Peer Company thereafter files or discloses restated or updated financial information. To the extent that satisfaction of the Performance Threshold is to be determined based on information reported by Peer Companies, any Peer Company that has not filed financial statements with the Securities and Exchange Commission or otherwise disclosed in a press release the relevant financial information for the Performance Period within 45 days after the end of the Performance Period in question, will not be considered a Peer Company for purposes of the determination. To the extent that satisfaction

of the Performance Threshold is to be determined based on financial information reported for a specified period ending on the close of a calendar quarter and a Peer Company reports its relevant financial information over a fiscal period that does not end on the close of a calendar quarter, the Committee shall use the financial information reported by such Peer Company that most closely correlates to the duration of the Performance Period as reported before the close of the Performance Period. For example, if the Performance Period is the 12-month period that ends December 31, 2012, and a Peer Company's fiscal year ends on October 31, 2012, then for purposes of calculating the Performance Threshold and the extent to which such Performance Threshold has been satisfied, the relevant financial information for the 12-month period that ends October 31, 2012 will be used for such Peer Company.

(c) Vesting upon Death or Disability. All Award Shares that have not already vested or been previously forfeited will become vested and nonforfeitable upon your death or Termination of Service due to your Total and Permanent Disability.

(d) 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 Award Shares that have not already vested or been previously forfeited or cancelled in connection with the Change in Control will become vested and nonforfeitable upon such Termination of Service. ***[Include the following for Award Shares granted under the 2004 Stock Incentive Plan: The double-trigger vesting provisions set forth in this paragraph reflect the Committee's exercise of its discretion to limit accelerated vesting that may otherwise have been contemplated under the provisions of Section 7(c)(ii) of the Plan and the provisions of this paragraph shall apply to the Award Shares in lieu of the provisions of Section 7(c)(ii) of the Plan unless the Committee determines otherwise.]***

### 3. Forfeitures Upon Termination of Service.

(a) Termination of Service. If your Service ceases for any reason, all Award Shares that are not then vested and nonforfeitable, after giving effect to the applicable provisions of Section 2 above, will be immediately forfeited to the Company upon such cessation for no consideration.

(b) Forfeiture of Accrued Dividends. Any accrued dividends attributable to forfeited Award Shares shall also be forfeited if and when the Award Shares are forfeited.

(c) Consequences of Forfeiture. You acknowledge and agree that upon the forfeiture of any unvested Award Shares, (i) your right to vote and to receive cash dividends on, and all other rights, title or interest in, to or with respect to, the forfeited Award Shares shall automatically, without further act, terminate and (ii) the forfeited Award Shares shall be returned to the Company. You hereby irrevocably appoint (which appointment is coupled with an interest) the Committee as your agent and attorney-in-fact to take any necessary or appropriate action to cause the forfeited Award Shares to be returned to the Company, including without limitation executing and delivering stock powers and instruments of transfer, making endorsements and/or making, initiating or issuing instructions or entitlement orders, all in your name and on your behalf. You hereby ratify and approve all acts done by the Committee as such attorney-in-fact. Without limiting the foregoing, you expressly acknowledge and agree that any transfer agent for the Common Stock of the Company is fully authorized and protected in

relying on, and shall incur no liability in acting on, any documents, instruments, endorsements, instructions, orders or communications from the Committee in connection with the forfeited Award Shares or the transfer thereof, and that any such transfer agent is a third party beneficiary of this Agreement.

4. Restrictions on Transfer. Until an Award Share becomes vested and nonforfeitable, it may not be assigned, transferred, pledged, hypothecated or disposed of in any way (whether by operation of law or otherwise) other than by your last will and testament or the laws of descent and distribution, and shall not be made subject to execution, attachment or similar process. Any attempt to dispose of any such Award Shares in contravention of the restrictions set forth in this paragraph shall be null and void and without effect. The Company shall not be required to (a) transfer on its books any Award Shares that have been sold or transferred in contravention of this Agreement or (b) treat as the owner of Award Shares, or otherwise accord voting, dividend or liquidation rights to, any transferee to whom Award Shares have been transferred in contravention of this Agreement.

5. Stock Certificates. You are reflected as the owner of record of the Award Shares as of the Grant Date on the Company's books. The Company will hold the share certificates for safekeeping, or otherwise retain the Award Shares in uncertificated book entry form, until the Award Shares become vested and nonforfeitable. Until the Award Shares become vested and nonforfeitable, any share certificates representing such shares will include a legend to the effect that you may not sell, assign, transfer, pledge, or hypothecate the Award Shares. Unless 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 Award Shares in uncertificated book entry form after they become vested.

6. Cash Dividends on Award Shares. All regular cash dividends payable on the Award Shares will be paid directly to you on the dividend payment date regardless of the vested or nonvested status of the Award Shares; provided, however, that if the Notice reflects that your restricted stock award is subject to satisfaction of a Performance Threshold then any regular cash dividends that become payable with respect to unvested Award Shares before the Performance Threshold has been determined to have been satisfied will be accrued and held by the Company or an escrow agent appointed by the Committee until a determination has been made by the Executive Compensation Committee as to whether and the extent to which the Performance Threshold has been satisfied. Any such accrued dividends will be paid to you within 14 days after the date on which the Executive Compensation Committee determines that, and the extent to which, the Performance Threshold has been satisfied or will be forfeited to the Company if and when the Award Shares to which they relate are forfeited due to a failure to satisfy the Performance Threshold.

7. Tax Election and Tax Withholding.

(a) General Authority to Withhold. By accepting the Notice correlating with these Terms, you agree to make adequate provision for foreign (non-United States), federal, state and local taxes and social insurance contributions required by law to be withheld, if any, which arise in connection with the grant or vesting of the Award Shares. 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 or redeeming Award Shares) the amount of any foreign (non-United States), federal, state or local taxes and social

insurance contributions required by law to be withheld as a result of the grant or vesting of the Award Shares; 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 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.

(b) Withholding Taxes Satisfied with Shares of Common Stock. The Company may, in its sole discretion, permit or require you to satisfy, in whole or in part, any tax withholding or social insurance contribution obligation which may arise in connection with the Award Shares either by having the Company withhold from the shares to be released upon vesting that number of shares, or by delivering to the Company already-owned shares, in either case having a fair market value equal to no more than the amount necessary to satisfy the statutory minimum withholding amount due.

(c) Section 83(b) Election Right. You hereby acknowledge that you have been advised by the Company to seek independent tax advice from your own advisors regarding the availability and advisability of making an election under Section 83(b) of the Code, and that any such election, if made, must be made within 30 days of the Grant Date. You expressly acknowledge that you are solely responsible for filing any such Section 83(b) election with the appropriate governmental authorities, irrespective of the fact that such election is also delivered to the Company.

#### 8. Adjustments for Corporate Transactions and Other Events.

(a) Stock Dividend, Stock Split and Reverse Stock Split. Upon a stock dividend of, or stock split or reverse stock split affecting, the Common Stock, (i) the number of Award Shares, (ii) the number of such Award Shares that are then nonvested and forfeitable, and (iii) the number of Award Shares eligible to vest on each subsequent vesting date under the vesting schedule set forth on the Notice shall, without further action of the Committee, be adjusted to reflect such event. The Committee may make adjustments, in its discretion, to address the treatment of fractional shares with respect to the Award Shares as a result of the stock dividend, stock split or reverse stock split; provided that such adjustments do not result in the issuance of fractional Award Shares. Adjustments under this paragraph will be made by the Committee, whose determination regarding such adjustments will be final, binding and conclusive.

(b) Binding Nature of Agreement. The terms and conditions of this Agreement shall apply with equal force to any additional and/or substitute securities received by you in exchange for, or by virtue of your ownership of, the Award Shares, whether as a result of any spin-off, stock split-up, stock dividend, stock distribution, other reclassification of the Common Stock, or similar event, except as otherwise determined by the Committee. If the Award Shares are converted into or exchanged for, or stockholders of the Company receive by reason of any distribution in total or partial liquidation or pursuant to any merger of the Company or acquisition of its assets, securities of another entity, or other property (including cash), then the rights of the Company under this Agreement shall inure to the benefit of the Company's successor, and this Agreement shall apply to the securities or other property (including cash)

received upon such conversion, exchange or distribution in the same manner and to the same extent as the Award Shares.

9. Non-Guarantee of Employment. Nothing in the 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 Award Shares or any other adverse effect on your interests under the Plan.

10. Rights as Stockholder. Except as otherwise provided in this Agreement with respect to the nonvested and forfeitable Award Shares and the payment of regular cash dividends thereon, you are entitled to all rights of a stockholder of the Company, including the right to vote the Award Shares.

11. The Company's Rights. The existence of the Award Shares will not affect in any way the right or power of the Company or its stockholders to make or authorize any or all adjustments, recapitalizations, reorganizations or other changes in the Company's capital structure or its business, or any merger or consolidation of the Company, or any issue of bonds, debentures, preferred or other stocks with preference ahead of or convertible into, or otherwise affecting the 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.

12. 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.

13. Electronic Delivery of Documents.

(a) Method 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 or the Award Shares, any amendments to the Agreement, and any reports of the Company provided generally to the Company's stockholders. You may receive from the Company, at no cost to you, a paper copy of any electronically delivered documents by contacting the Payroll and Stock Transaction Group in the CFO-Finance Department 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 and the Award Shares 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.

14. 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 award of restricted stock if you on the Grant Date are or subsequently become an executive officer or other senior executive who is subject to the Recoupment Policy.

15. 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 Award Shares 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 Award Shares awarded hereunder shall be void and ineffective for all purposes.

16. Amendment. Except as otherwise provided in the Plan, the Committee may unilaterally amend the terms of this Agreement, but no such amendment shall materially impair your rights with respect to your Award Shares 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 Plan and approved by the Committee.

17. Conformity with Plan. These Terms are intended to conform with, and are subject to all applicable provisions of, the Plan. In the event of any ambiguity in these Terms or any matters as to which these Terms are silent, the Plan shall govern. A copy of the Plan is available at <https://home2.troweprice.com/tssso/tssoweb/SSOServlet> or in hard copy upon request to 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.

18. 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.

19. **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.

20. **Service and Employment Acknowledgments.** By accepting the Notice, you acknowledge and agree that: (i) the Plan is 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 or this Agreement; (ii) you are voluntarily participating in the Plan; (iii) the award of Award Shares is a one-time benefit which does not create any contractual or other right to receive future awards of Award Shares, or compensation or benefits in lieu of Award Shares, even if Award Shares 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 Award Shares shall be awarded or shall become vested or exercisable and the number of Award Shares subject to each award, will be at the sole discretion of the Committee; (v) the value of the Award Shares is an extraordinary item of compensation which is outside the scope of your employment contract, if any; (vi) the value of the Award Shares 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 Award Shares 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 Award 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 Award Shares 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 or your acquisition or sale of the Award Shares; and (x) no claim or entitlement to compensation or damages arises if the value of the Award Shares decreases and in consideration for the grant of the Award Shares you irrevocably release the Company from any claim or entitlement to compensation or damages that does arise in connection with the Award Shares.

21. **Data Privacy Consent.** *For purposes of the implementation, administration and management of the Award Shares and the 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 Award Shares 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 Award Shares or the 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 Award Shares or 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 Award Shares or otherwise participate in the Plan.

22. Consideration for Award Shares. To ensure compliance with applicable state corporate law, the Company may require you to furnish consideration in the form of cash or cash equivalents equal to the par value of the Award Shares and you hereby authorize the Company to withhold such amount from remuneration otherwise due you from the Company.

23. 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 and the Plan.

(c) “**Award Shares**” means the shares of Common Stock awarded to you as set forth on the Notice.

(d) “**Board**” means the Board of Directors of T. Rowe Price Group, Inc.

(e) “**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.

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

(g) “**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.

(h) “**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.

(i) “**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.

(j) “**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.

(k) “**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.

(l) “**Executive Compensation Committee**” means the Executive Compensation Committee of the Board of Directors of T. Rowe Price Group, Inc.

(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 Award Shares was approved by the Committee.

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

(p) “**Peer Company**” or collectively “**Peer Companies**” means each of the entities listed on the correlating Notice and each Peer Company’s successor; so long as each Peer Company has a class of common securities listed for public trade on a national securities exchange or market from the beginning through the end of the Performance Period or otherwise files financial statements with the Securities and Exchange Commission, as defined on the correlating Notice. The Peer Companies shall be changed as follows:

(i) In the event that, at any time during the Performance Period, a Peer Company is no longer included in the same Standard & Poor’s Global Industry Classification Standard (“GICS”) Sub-Industry as Price Group, such company shall no longer be a Peer Company.

(ii) In the event of a merger, acquisition or business combination transaction of a Peer Company with or by another Peer Company, the surviving entity shall remain a Peer Company, provided that the surviving entity is still in the same GICS Sub-Industry as Price Group.

(iii) In the event of a merger of a Peer Company with or by an entity that is not a Peer Company, or the acquisition or business combination transaction of a Peer Company with an entity that is not a Peer Company, in each case, where the Peer Company is the surviving entity, the surviving entity shall remain a Peer Company, provided that the surviving entity is still in the same GICS Sub-Industry as Price Group.

(iv) In the event of a merger or acquisition or business combination transaction of a Peer Company with or by an entity that is not a Peer Company, other form of “going private” transaction relating to any Peer Company or the liquidation of any Peer Company, where such Peer Company is not the surviving entity or is otherwise no longer publicly traded, the company shall no longer be a Peer Company.

(v) In the event of a bankruptcy of a Peer Company, such company shall remain a Peer Company.

(q) “**Performance Threshold**” means the performance objective(s) set forth on the Notice, if any, which must be satisfied in order for any Award Shares to become vested, except as otherwise provided in this Agreement.

(r) “**Plan**” means the T. Rowe Price Group, Inc. [2004 Stock][2012 Long-Term] Incentive Plan.

(s) “**Price Group**” means T. Rowe Price Group, Inc.

(t) “**Qualified Performance-Based Award**” means a grant that is intended by the Executive Compensation Committee to qualify for the exemption from the limitation on deductibility imposed by Section 162(m)(4)(C) of the Code.

(u) “**Service**” means your employment with the Company, inclusive of any period of credited service that may be allocated to you by the Company in writing for periods during which you were not employed 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.

(v) “**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.

(w) “**Terms**” mean this Statement of Additional Terms Regarding Awards of Restricted Stock.

(x) “**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.

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

{end of document}

<u>Subsidiary companies and place of incorporation</u>	<u>Ownership</u>
T. Rowe Price Advisory Services, Inc. (Maryland)	100%
T. Rowe Price Associates, Inc. (Maryland)	100%
T. Rowe Price (Canada), Inc. (Maryland)	100%
T. Rowe Price Investment Services, Inc. (Maryland)	100%
T. Rowe Price Retirement Plan Services, Inc. (Maryland)	100%
T. Rowe Price Savings Bank (Maryland)	100%
T. Rowe Price Services, Inc. (Maryland)	100%
TRP Suburban Second, Inc. (Maryland)	100%
T. Rowe Price International Ltd (United Kingdom)	100%
T. Rowe Price Hong Kong Limited (Hong Kong)	100%
T. Rowe Price Singapore Private Ltd. (Singapore)	100%

Other subsidiaries have been omitted because, when considered in the aggregate, they do not constitute a significant subsidiary.

## Consent of Independent Registered Public Accounting Firm

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

We consent to the incorporation by reference in the registration statements on Form S-8 (No. 33-7012, No. 33-72568, No. 333-20333, No. 333-90967, No. 333-59714, No. 333-120882, No. 333-120883, No. 333-167317, and No. 333-142092) of T. Rowe Price Group, Inc. of our reports dated February 3, 2012, with respect to the consolidated balance sheets of T. Rowe Price Group, Inc. and subsidiaries as of December 31, 2011 and 2010, and the related consolidated statements of income, stockholders' equity and cash flows for each of the years in the three-year period ended December 31, 2011, and the effectiveness of internal control over financial reporting as of December 31, 2011, which reports appear in the December 31, 2011 Annual Report on Form 10-K of T. Rowe Price Group, Inc.

/s/ KPMG LLP

Baltimore, Maryland  
February 3, 2012

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

1. I have reviewed this Form 10-K Annual Report for the fiscal year ended December 31, 2011 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.

February 3, 2012

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

I, Kenneth V. Moreland, certify that:

1. I have reviewed this Form 10-K Annual Report for the fiscal year ended December 31, 2011 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.

February 3, 2012

/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-K Annual Report for the fiscal year ended December 31, 2011 of T. Rowe Price Group, Inc., that:

- (1) The Form 10-K Annual 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-K Annual Report fairly presents, in all material respects, the financial condition and results of operations of T. Rowe Price Group, Inc.

February 3, 2012

/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.