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

# FORM 10-Q

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

**For the quarterly period ended March 31, 2008**

**Commission File Number: 000-32191**

# T. ROWE PRICE GROUP, INC.

(Exact name of registrant as specified in its charter)

| **Maryland** | **52-2264646** |
|---|---|
| (State of incorporation) | (I.R.S. Employer Identification No.) |

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

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

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

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

| | | | |
|---|---|---|---|
| **Large accelerated filer ☑** | Accelerated filer o | Non-accelerated filer o<br>(Do not check if a smaller reporting company) | Smaller reporting company o |

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

The number of shares outstanding of the issuer's common stock ($.20 par value), as of the latest practicable date, April 22, 2008, is **259,699,654.**

The exhibit index is at Item 6 on page 15.

## PART I — FINANCIAL INFORMATION

**Item 1. Financial Statements.**

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

| | 12/31/2007 | 3/31/2008 |
|---|---|---|
| ASSETS | | |
| Cash and cash equivalents | $ 785.1 | $ 610.2 |
| Accounts receivable and accrued revenue | 265.3 | 259.1 |
| Investments in sponsored mutual funds | 773.0 | 725.1 |
| Debt securities held by savings bank subsidiary | 126.9 | 130.4 |
| Other investments | 102.3 | 103.8 |
| Property and equipment | 358.3 | 371.2 |
| Goodwill and other intangible assets | 668.8 | 668.6 |
| Other assets | 97.6 | 81.0 |
| Total assets | $ 3,177.3 | $ 2,949.4 |
| | | |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Liabilities | | |
| Accounts payable and accrued expenses | $ 99.5 | $ 98.7 |
| Accrued compensation and related costs | 81.1 | 86.7 |
| Income taxes payable | 41.7 | 68.1 |
| Dividends payable | 63.6 | — |
| Customer deposits at savings bank subsidiary | 114.3 | 117.6 |
| Total liabilities | 400.2 | 371.1 |
| | | |
| Commitments and contingent liabilities | | |
| | | |
| Stockholders' equity | | |
| Preferred stock, undesignated, $.20 par value - authorized and unissued 20,000,000 shares | — | — |
| Common stock, $.20 par value — authorized 500,000,000 shares (increased to 750,000,000 shares on April 10, 2008); issued 264,605,000 shares in 2007 and 259,575,000 shares in 2008 | 52.9 | 51.9 |
| Additional capital in excess of par value | 295.8 | 304.8 |
| Retained earnings | 2,333.4 | 2,157.6 |
| Accumulated other comprehensive income | 95.0 | 64.0 |
| Total stockholders' equity | 2,777.1 | 2,578.3 |
| | $ 3,177.3 | $ 2,949.4 |

The accompanying notes are an integral part of these statements.

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

| | Three months ended | |
|---|---|---|
| | 3/31/2007 | 3/31/2008 |
| Revenues | | |
| Investment advisory fees | $ 425.0 | $ 470.1 |
| Administrative fees | 83.1 | 88.8 |
| Investment income of savings bank subsidiary | 1.5 | 1.5 |
| Total revenues | 509.6 | 560.4 |
| Interest expense on savings bank deposits | 1.2 | 1.3 |
| Net revenues | 508.4 | 559.1 |
| Operating expenses | | |
| Compensation and related costs | 184.2 | 207.4 |
| Advertising and promotion | 31.8 | 36.5 |
| Depreciation and amortization of property and equipment | 13.7 | 15.0 |
| Occupancy and facility costs | 21.4 | 25.1 |
| Other operating expenses | 38.4 | 45.0 |
| | 289.5 | 329.0 |
| Net operating income | 218.9 | 230.1 |
| Non-operating investment income | 11.8 | 14.3 |
| Income before income taxes | 230.7 | 244.4 |
| Provision for income taxes | 87.8 | 92.9 |
| Net income | $ 142.9 | $ 151.5 |
| Earnings per share | | |
| Basic | $ .54 | $ .58 |
| Diluted | $ .51 | $ .55 |
| Dividends declared per share | $ .17 | $ .24 |
| Weighted average shares | | |
| Outstanding | 265.4 | 261.7 |
| Outstanding assuming dilution | 279.8 | 273.5 |

The accompanying notes are an integral part of these statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)

| | Three months ended 3/31/2007 | Three months ended 3/31/2008 |
|---|---|---|
| Cash flows from operating activities | | |
| Net income | $ 142.9 | $ 151.5 |
| Adjustments to reconcile net income to net cash provided by operating activities | | |
| Depreciation and amortization of property and equipment | 13.7 | 15.0 |
| Stock-based compensation expense | 16.8 | 18.4 |
| Intangible asset amortization | 0.1 | 0.2 |
| Other changes in assets and liabilities | 68.2 | 73.5 |
| Net cash provided by operating activities | 241.7 | 258.6 |
| Cash flows from investing activities | | |
| Investments in sponsored mutual funds | (29.5) | (2.2) |
| Additions to property and equipment | (26.9) | (29.9) |
| Other investing activity | (4.4) | (2.0) |
| Net cash used in investing activities | (60.8) | (34.1) |
| Cash flows from financing activities | | |
| Repurchases of common stock | (23.2) | (294.9) |
| Common share issuances under stock-based compensation plans | 26.8 | 18.3 |
| Dividends paid to stockholders | (45.1) | (126.1) |
| Change in savings bank subsidiary deposits | (1.3) | 3.3 |
| Net cash used in financing activities | (42.8) | (399.4) |
| Cash and cash equivalents | | |
| Net change during period | 138.1 | (174.9) |
| At beginning of year | 773.0 | 785.1 |
| At end of period | $ 911.1 | $ 610.2 |

The accompanying notes are an integral part of these statements.

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

| | Common shares outstanding | Common stock | Additional capital in excess of par value | Retained earnings | Accumulated other comprehensive income | Total stockholders' equity |
|---|---|---|---|---|---|---|
| Balances at December 31, 2007 | 264,605 | $ 52.9 | $ 295.8 | $ 2,333.4 | $ 95.0 | $ 2,777.1 |
| Common stock-based compensation plans activity | | | | | | |
| Shares issued upon option exercises | 870 | .2 | 18.8 | | | 19.0 |
| Shares issued upon vesting of restricted stock units | 2 | .0 | (.1) | | | (.1) |
| Restricted shares issued | 3 | .0 | .0 | | | .0 |
| Restricted shares forfeited | (3) | .0 | .0 | .0 | | .0 |
| Stock-based compensation expense | | | 18.4 | | | 18.4 |
| Common shares repurchased | (5,902) | (1.2) | (28.1) | (264.8) | | (294.1) |
| Comprehensive income | | | | | | |
| Net income | | | | 151.5 | | |
| Change in unrealized security holding gains, net of taxes | | | | | (31.0) | |
| Total comprehensive income | | | | | | 120.5 |
| Dividends declared and related tax benefits | | | .0 | (62.5) | | (62.5) |
| Balances at March 31, 2008 | 259,575 | $ 51.9 | $ 304.8 | $ 2,157.6 | $ 64.0 | $ 2,578.3 |

The accompanying notes are an integral part of these statements.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 — THE COMPANY AND BASIS OF PREPARATION.

T. Rowe Price Group derives its consolidated revenues and net income primarily from investment advisory services that its subsidiaries provide to individual and institutional investors in the sponsored T. Rowe Price mutual funds and other investment portfolios. We also provide our investment advisory clients with related administrative services, including mutual fund transfer agent, accounting and shareholder services; participant recordkeeping and transfer agent services for defined contribution retirement plans; discount brokerage; and trust services. While investors that we serve are primarily domiciled in the United States of America, investment advisory clients outside the United States account for nearly 10% of our assets under management at March 31, 2008.

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

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

The unaudited interim financial information contained in these condensed consolidated financial statements should be read in conjunction with the consolidated financial statements contained in our 2007 Annual Report.

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

Accounts receivable from our sponsored mutual funds for advisory fees and advisory-related administrative services aggregate $144.6 million at December 31, 2007, and $134.5 million at March 31, 2008.

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

| | Three months ended | |
|---|---|---|
| | 3/31/2007 | 3/31/2008 |
| Sponsored mutual funds in the U.S. | | |
| Stock and blended asset | $ 263.2 | $ 282.4 |
| Bond and money market | 42.6 | 51.2 |
| | 305.8 | 333.6 |
| Other portfolios | 119.2 | 136.5 |
| Total investment advisory fees | $ 425.0 | $ 470.1 |

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

| | Average during the first quarter | | | |
|---|---|---|---|---|
| | 2007 | 2008 | 12/31/2007 | 3/31/2008 |
| Sponsored mutual funds in the U.S. | | | | |
| Stock and blended asset | $ 174.6 | $ 184.7 | $ 200.6 | $ 182.8 |
| Bond and money market | 39.0 | 46.5 | 45.4 | 47.7 |
| | 213.6 | 231.2 | 246.0 | 230.5 |
| Other portfolios | 130.0 | 147.7 | 154.0 | 148.1 |
| | $ 343.6 | $ 378.9 | $ 400.0 | $ 378.6 |

Fees for advisory-related administrative services provided to our sponsored mutual funds during the first quarter were $66.0 million in 2007 and $72.0 million in 2008.

NOTE 3 — FAIR VALUE MEASUREMENTS.

The following disclosures are made in conjunction with the initial application of Statement of Financial Accounting Standards (SFAS) No. 157, *Fair Value Measurements*, in 2008.

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.

Our investments in marketable debt securities, including mortgage- and other asset-backed securities held by our savings bank subsidiary, are reported at fair value. These debt securities are generally traded in the over-the-counter (OTC) market. Securities with original maturities of one year or more 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 original maturities of less than one year generally use amortized cost to approximate fair value; however, if amortized cost is deemed not to reflect fair value, such securities are valued by us based on prices furnished by dealers who make markets in such securities or by an independent pricing service.

We determine the fair value of our investments using three broad levels of inputs:

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 have any investments valued using Level 3 inputs.

These levels are not necessarily an indication of the risk or liquidity associated with the investments. The following table summarizes our investments (in millions) at March 31, 2008, that are recognized in our balance sheet using fair value measurements determined based on the differing levels of inputs.

| | Level 1 | Level 2 |
|---|---|---|
| Cash equivalents | $ 557.0 | |
| Investments in sponsored mutual funds | 725.1 | |
| Debt securities held by savings bank subsidiary | — | $ 130.4 |
| Other investments in marketable equity securities | .1 | — |
| | $ 1,282.2 | $ 130.4 |

We have not applied the provisions of SFAS No. 157 related to disclosures surrounding nonfinancial assets, such as goodwill, and nonfinancial liabilities. In February 2008, the FASB deferred the required implementation of these disclosures until 2009.

NOTE 4 — COMMON STOCK.

Authorized shares.

At our annual meeting on April 10, 2008, our stockholders approved a charter amendment increasing our authorized common shares ($.20 par value) from 500,000,000 to 750,000,000. Our board of directors had duly approved and advised the amendment at their meeting on February 14, 2008.

Unsettled liability for common shares repurchased.

Accounts payable and accrued expenses includes $8.6 million at December 31, 2007, and $7.8 million at March 31, 2008, representing the unsettled liability for common stock repurchases made on the last three business days before month end.

Stock options.

The following table summarizes the status of and changes in our stock option grants during the first quarter of 2008.

| | Options | Weighted-average exercise price |
|---|---|---|
| Outstanding at beginning of 2008 | 41,030,175 | $31.16 |
| New hire grants | 1,000 | $58.81 |
| Reload grants | 95,612 | $49.24 |
| Exercised | (1,127,229) | $20.03 |
| Forfeited or cancelled | (314,200) | $39.30 |
| Outstanding at March 31, 2008 | 39,685,358 | $31.46 |
| Exercisable at March 31, 2008 | 23,264,518 | $24.92 |

Stock awards.

The following table summarizes the status of and changes in our nonvested restricted shares and restricted stock units during the first quarter of 2008.

| | Restricted shares | Restricted stock units | Weighted-average grant-date fair value |
|---|---|---|---|
| Nonvested at beginning of 2008 | 319,300 | 140,250 | $50.23 |
| Granted to employees | 2,500 | 3,000 | $54.80 |
| Dividend equivalents granted to directors | — | 69 | $50.42 |
| Vested | — | (3,569) | $48.30 |
| Forfeited | (3,000) | (2,500) | $49.67 |
| Nonvested at March 31, 2008 | 318,800 | 137,250 | $50.30 |

Future stock-based compensation expense.

The following table presents the compensation expense (in millions) to be recognized over the separate vesting periods of the 16,420,840 nonvested options and 456,050 restricted shares and restricted stock units outstanding at March 31, 2008. Estimated future compensation expense will change to reflect future option grants, including reloads; future awards of unrestricted shares, restricted shares, and restricted stock units; changes in estimated forfeitures; and adjustments for actual forfeitures.

| | |
|---|---|
| Second quarter 2008 | $ 17.7 |
| Third quarter 2008 | 17.3 |
| Fourth quarter 2008 | 12.7 |
| 2009 through 2013 | 67.9 |
| Total | $ 115.6 |

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have reviewed the condensed consolidated balance sheet of T. Rowe Price Group, Inc. and subsidiaries as of March 31, 2008, the related condensed consolidated statements of income and cash flows for the three-month periods ended March 31, 2007 and 2008, and the related condensed consolidated statement of stockholders' equity for the three-month period ended March 31, 2008. These condensed consolidated financial statements are the responsibility of the Company's management.

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

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

We have previously audited, in accordance with standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of T. Rowe Price Group, Inc. and subsidiaries as of December 31, 2007, and the related consolidated statements of income, cash flows, and stockholders' equity for the year then ended (not presented herein); and in our report dated February 6, 2008, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2007, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ KPMG LLP

Baltimore, Maryland
April 23, 2008

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

GENERAL.

Our revenues and net income are derived primarily from investment advisory services provided to individual and institutional investors in our sponsored mutual funds and other managed investment portfolios. Investment advisory clients outside the United States account for nearly 10% of our assets under management at March 31, 2008.

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

The aftermath of the subprime mortgage market implosion in 2007 and the recent credit crisis continued to impact the financial markets into 2008. Equities around the world declined dramatically in the early weeks of January. Weaker-than-expected economic data, particularly on U.S. employment and retail spending, and the restraining effect of bank capital write-downs on credit availability combined to raise the downside risk in the near-term economic outlook. The Federal Reserve acted quickly with a forceful easing of U.S. monetary policy that reduced the federal funds rate by 200 basis points during the quarter to 2.25% at the end of March. Further help in the form of a fiscal stimulus package from the U.S. Congress and President became law on February 13. Market turmoil continued into March when the near collapse of an investment bank and securities trading firm was averted and the Federal Reserve began to make available lending to securities dealers in order to increase liquidity. Despite these aggressive actions, investor sentiment deteriorated as the continuing housing market downturn, rising energy and other commodity prices, weakness in the manufacturing and service sectors, and sluggish job growth raised concerns that the U.S. economy was slipping into a recession.

In this troubled environment, major U.S. stock indexes fell sharply in the first quarter of 2008 but closed above their worst levels. The broad S&P 500 Index of large-cap companies in leading industries of the U.S. economy produced a negative 9.45% return in the first quarter while the NASDAQ Composite Index, which is heavily weighted with technology companies, fared even worse, down 14.1% (excluding dividends).

Stocks outside the United States also slumped, even though a sharply weaker U.S. dollar reduced the magnitude of losses in dollar terms. Emerging markets performed worst, led by shares in Asia; in particular, the Shanghai Stock Exchange Composite was down 43% at March 31, 2008, from its peak in October 2007. Developed markets also declined, with European markets underperforming Japanese shares. The MSCI EAFE Index, which measures the performance of mostly large-cap stocks in Europe, Australasia, and the Far East, produced a negative 8.8% return.

The yield on 10-year U.S. Treasuries was 3.45% at March 31, 2008, down 59 basis points from the end of 2007. Short-term interest rates fell more than long-term rates during the quarter, resulting in a steeper Treasury yield curve at quarter end. U.S. Treasury bonds produced strong returns, though returns on debt securities overall were mixed as the credit crunch continued with investors favoring securities of the highest credit quality and liquidity. The Lehman Brothers U.S. Aggregate Index for bonds returned 2.17% for the quarter, while the Credit Suisse High Yield index had a negative 2.90% return. High-yield corporate bonds fared worst as investors anticipated that the weakening economy and tighter credit conditions would lead to higher defaults from riskier issuers. Global bonds, as measured by the Lehman Brothers Global Aggregate ex-US Dollar Bond Index, had a positive 9.32% return for the quarter, driven largely by the weaker U.S. dollar.

In the unsettled financial environment of early 2008, investors entrusted record quarterly net inflows of $9.7 billion to our management. Total assets under our management ended the quarter at $378.6 billion, down 5.4% from the end of 2007. The change (in billions) during the first quarter of 2008 occurred as follows.

| | |
|---|---|
| Assets under management at December 31, 2007 | $ 400.0 |
| Net cash inflows | |
| Sponsored mutual funds in the U.S. | 3.7 |
| Other portfolios | 6.0 |
| | 9.7 |
| Market valuation decreases, net of income | (31.1) |
| Decrease during the first quarter | (21.4) |
| Assets under management at March 31, 2008 | $ 378.6 |

Assets under management at March 31, 2008, include $297.3 billion in equity and blended asset investment portfolios and $81.3 billion in fixed income investment portfolios. The investment portfolios that we manage consist of $230.5 billion in the T. Rowe Price mutual funds distributed in the United States and $148.1 billion in other investment portfolios, including separately managed accounts, sub-advised funds, and other sponsored investment funds offered to investors outside the U.S. and through variable annuity life insurance plans.

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

RESULTS OF OPERATIONS — First quarter 2008 versus first quarter 2007.

Investment advisory revenues were up almost 11%, or $45.1 million, to $470.1 million as average assets under our management increased $35.3 billion to $378.9 billion. The average annualized fee rate earned on our assets under management was 49.9 basis points during the first quarter of 2008, virtually unchanged from the 50.2 basis points earned in 2007.

Net revenues increased 10%, or $50.7 million, to $559.1 million. Operating expenses were $329.0 million in the first quarter of 2008, up almost 14% or $39.5 million from the 2007 quarter. Overall, net operating income for the first quarter of 2008 increased $11.2 million, or 5%, to $230.1 million. Higher operating expenses and decreases in market valuations, which reduced our assets under management and advisory revenues, resulted in our operating margin declining to 41.2% in the first quarter of 2008 from 43.1% in the first quarter of 2007. Net income increased $8.6 million, or 6%, to $151.5 million for the first three months of 2008 and diluted earnings per share increased to $.55, up $.04 or nearly 8% as our weighted average shares outstanding have decreased due to our common share repurchases during the last twelve months.

Investment advisory revenues earned from the T. Rowe Price mutual funds distributed in the United States increased 9%, or $27.8 million, to $333.6 million. Average mutual fund assets were $231.2 billion in the first quarter of 2008, an increase of 8% from the average for the comparable 2007 quarter. Mutual fund assets at March 31, 2008 were $230.5 billion, down $15.5 billion or 6% from the end of 2007.

Net inflows to the mutual funds were $3.7 billion during the first quarter of 2008. Our international and global stock funds had net inflows of $1.7 billion, our bond funds added $1.2 billion and the money funds added $.8 billion. While U.S. domestic stock funds were flat overall, the Growth Stock fund attracted $.8 billion of net inflows during the first quarter of 2008. Lower market valuations, net of the funds’ income, decreased our assets under management by $19.2 billion. During the 2008 quarter, net fund inflows of $2.8 billion originated in our target-date Retirement Funds, which in turn invest in other T. Rowe Price funds.

Investment advisory revenues earned on the other investment portfolios that we manage increased $17.3 million, or 14.5%, to $136.5 million. Average assets in these portfolios were $147.7 billion during the first quarter of 2008, up $17.7 billion or nearly 14% from the first quarter of 2007. Lower market valuations also negatively impacted these portfolios during the first quarter of 2008, decreasing them by $11.9 billion. Net inflows of $6.0 billion from U.S. and international institutional investors and third-party financial intermediaries only partially offset the market losses.

Administrative fees increased $5.7 million to $88.8 million. The change in these revenues includes $.7 million from 12b-1 distribution fees recognized on greater assets under management in the Advisor and R classes of our sponsored mutual fund shares. The balance of the increase is primarily attributable to our mutual fund servicing activities 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 distribute the Advisor and R class fund shares through third party financial intermediaries and to provide services to the funds and their investors.

Our largest expense, compensation and related costs, increased $23.2 million, or nearly 13% versus the first quarter of 2007. This increase includes $10.1 million in salaries resulting from a 9.8% increase in our average staff count and an increase of our associates’ base salaries at the beginning of the year. At March 31, 2008, we employed 5,203 associates, up 2.4% from the end of 2007, primarily to handle increased volume-related activities and other growth. The increased compensation costs also include a $6.7 million increase in our annual bonus accrual, which is based on our operating results and considers our relative and risk-adjusted investment performance, our growth in assets under management and net investor inflows, and the high quality of our investor services. Lastly, the first quarter 2008 costs also include $6.4 million for higher employee benefits and employment expenses, including an increase of $1.6 million in non-cash stock-based compensation.

Advertising and promotion expenditures increased $4.7 million compared to the first quarter of 2007 and only $.7 million from the fourth quarter of last year. Uncertain market conditions have caused us to decrease our planned spending in this area. We now expect spending on advertising and promotion will be up about 5% in the second quarter from the comparable 2007 quarter and about 7% for the full year versus 2007. We vary our level of spending based on market conditions and investor demand as well as our efforts to expand our investor base in the United States and abroad.

Occupancy and facility costs together with depreciation expense increased $5.0 million. We are expanding and renovating our facilities to accommodate additional associates to meet greater business demands.

Other operating expenses were up $6.6 million, or 17%, including $.7 million of higher distribution expenses recognized on greater assets under management sourced from financial intermediaries that distribute our Advisor and R classes of mutual fund shares. These distribution costs are offset by the equal increase in our administrative revenues recognized from the 12b-1 fees discussed above. Additionally, consulting and professional fees, travel, information services, and other costs have risen to meet increased business demands.

Our non-operating investment income, which includes interest income as well as the recognition of investment gains and losses, increased $2.5 million. A $3.6 million decrease in interest income due to smaller cash positions and lower interest rates was more than offset by gains from other investments and foreign currency exchange rate fluctuations.

The first quarter 2008 provision for income taxes as a percentage of pretax income has been recognized at a rate of 38.0%, up from 37.7% for the year 2007. We currently estimate that our effective tax rate will be about 38.2% for the year 2008 reflecting changes in state income tax rates and regulations.

CAPITAL RESOURCES AND LIQUIDITY.

Operating activities during the first quarter of 2008 provided cash flows of $258.6 million, up $16.9 million from the 2007 period, including increased net income of $8.6 million and non-cash depreciation, amortization and stock-based compensation expense of $3.0 million. Increased timing differences in the cash settlements of our assets and liabilities added $5.3 million. Our interim operating cash outflows do not include bonus compensation that is accrued throughout the year before being substantially paid out in December of each year.

Net cash used in investing activities totaled $34.1 million, down $26.7 million from the 2007 period. In the first quarter of 2007, we invested $27.3 million more in our sponsored mutual funds. Over the course of 2006 and 2007, we increased our fund holdings from our available cash balances by investing more than $457 million into our portfolio of mutual fund investments.

Net cash used in financing activities was $399.4 million in the first quarter of 2008, up $356.6 million from the 2007 period. We increased our expenditures for common stock repurchases by $271.7 million as the repurchase program begun in the first quarter of 2007 has continued into 2008. Our cash outflows for dividends paid increased $81.0 million. During the first quarter of 2008, we changed our policy regarding the timing of dividend payments such that our quarterly dividends are now declared and paid in the same quarter. As such, our first quarter 2008 includes both the payout of the fourth quarter 2007 and first quarter 2008 dividends. Additionally, we increased the quarterly dividend payment from $.17 per share made in each of the four 2007 quarters to $.24 per share beginning with the payment made in January 2008.

Our cash and cash equivalents, investments in sponsored mutual funds, and other investments in U.S. Treasury notes total $1.4 billion at March 31, 2008. Given the availability of these balances, we have not had any available external source of liquidity since the second quarter of 2006 when we voluntarily terminated our $300 million bank-syndicated credit facility.

We have lowered our anticipated property and equipment expenditures for the year 2008, including those for the build-out of an expansion of our operating facilities, to about $180 million. We expect to fund these capital expenditures from our cash balances.

NEWLY ADOPTED ACCOUNTING STANDARD.

See Note 3 to our unaudited condensed consolidated financial statements in Part I of this Form 10-Q report for disclosures made in conjunction with our adoption of SFAS No. 157, *Fair Value Measurements,* during the first quarter.

FORWARD-LOOKING INFORMATION.

From time to time, information or statements provided by or on behalf of T. Rowe Price, including those within this report, may contain certain forward-looking information, including information or anticipated information relating to changes in our revenues and net income, changes in the amount and composition of our assets under management, our expense levels, our estimated effective income tax rate, and our expectations regarding financial markets and other conditions. Readers are cautioned that any forward-looking information provided by or on behalf of T. Rowe Price is not a guarantee of future performance. Actual results may differ materially from those in forward-looking information because of various factors including, but not limited to, those discussed below and in Item 1A, Risk Factors, of our Form 10-K Annual Report for 2007. Further, forward-looking statements speak only as of the date on which they are made, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which it is made or to reflect the occurrence of unanticipated events.

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

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

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

**Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

There has been no material change in the information provided in Item 7A of the Form 10-K Annual Report for 2007.

**Item 4. Controls and Procedures.**

Our management, including our principal executive and principal financial officers, has evaluated the effectiveness of our disclosure controls and procedures as of March 31, 2008. Based on that evaluation, our principal executive and principal financial officers have concluded that our disclosure controls and procedures as of March 31, 2008, are effective at the reasonable assurance level to ensure that the information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934, including this Form 10-Q quarterly report, is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission’s rules and forms, and to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Our management, including our principal executive and principal financial officers, has evaluated any change in our internal control over financial reporting that occurred during the first quarter of 2008, and has concluded that there was no change during the first quarter of 2008 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## PART II — OTHER INFORMATION

**Item 1. Legal Proceedings.**

In September 2003, a purported class action (T.K. Parthasarathy, et al., including Woodbury, v. T. Rowe Price International Funds, Inc., et al.) was filed in the Circuit Court, Third Judicial Circuit, Madison County, Illinois, against T. Rowe Price International and the T. Rowe Price International Funds with respect to the T. Rowe Price International Stock Fund. The basic allegations in the case were that the T. Rowe Price defendants did not make appropriate price adjustments to the foreign securities owned by the T. Rowe Price International Stock Fund prior to calculating the Fund’s daily share prices, thereby allegedly enabling market timing traders to trade the Fund’s shares in such a way as to disadvantage long-term investors. Following years of procedural litigation in State and Federal courts, the case was remanded to the State Court and, in February 2008, resolved and dismissed with prejudice without a material adverse effect on our financial position or results of operations.

**Item 1A. Risk Factors.**

There has been no material change in the information provided in Item 1A of our Form 10-K Annual Report for 2007.

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

(c) Repurchase activity during the first quarter of 2008 conducted pursuant to the Board of Directors’ authorization of February 15, 2007, follows.

| Month | Total Number of Shares Purchased | Average Price Paid per Share | Total Number of Shares Purchased as Part of Publicly Announced Program | Maximum Number of Shares that May Yet Be Purchased Under the Program |
|---|---|---|---|---|
| January | 1,159,400 | $ 51.97 | 1,159,400 | 11,468,067 |
| February | 3,473,334 | 49.95 | 3,473,334 | 7,994,733 |
| March | 1,269,068 | 47.58 | 1,269,068 | 6,725,665 |
| Total | 5,901,802 | $ 49.84 | 5,901,802 | |

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

The annual meeting of our stockholders was held on April 10, 2008. The proxy statement and solicitation pertaining to this meeting were previously filed with the Commission. Shares eligible to vote were 262,591,366 at the record date of February 11, 2008. The nine nominees for the Board of Directors were elected to hold office until the next annual meeting of stockholders and until their respective successors are elected and qualify. The tabulation of votes was:

| Nominee | For | Against | Abstain |
|---|---|---|---|
| Edward C. Bernard | 230,474,011 | 6,537,820 | 2,159,365 |
| James T. Brady | 233,143,311 | 3,634,991 | 2,392,895 |
| J. Alfred Broaddus, Jr. | 234,784,839 | 2,161,263 | 2,225,094 |
| Donald B. Hebb, Jr. | 228,637,049 | 8,239,524 | 2,294,622 |
| James A.C. Kennedy | 230,949,351 | 6,096,217 | 2,125,628 |
| Brian C. Rogers | 230,511,769 | 6,500,717 | 2,158,710 |
| Dr. Alfred Sommer | 234,711,790 | 2,203,057 | 2,256,349 |
| Dwight S. Taylor | 234,813,290 | 2,100,445 | 2,257,461 |
| Anne Marie Whittemore | 230,994,308 | 5,833,095 | 2,343,793 |

The charter amendment increasing the authorized shares of common stock from 500,000,000 to 750,000,000 was approved by a vote of 227,780,786 for; 9,246,432 against; and 2,143,978 abstentions. The appointment of KPMG LLP as the company’s independent registered public accounting firm for 2008 was ratified by a vote of 233,528,748 for; 3,573,150 against; and 2,069,298 abstentions.

**Item 5. Other Information.**

On April 24, 2008, we issued a press release reporting our results of operations for the first quarter of 2008. A copy of that press release is furnished herewith as Exhibit 99. The information in this Item 5 and in Exhibit 99 shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933.

**Item 6. Exhibits.**

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

| | |
|---|---|
| 3(i).1 | Charter of T. Rowe Price Group, Inc., as Amended by Articles of Amendment dated April 10, 2008. |
| 3(i).2 | Form of Articles of Amendment to Charter of T. Rowe Price Group, Inc. as submitted to stockholders and approved at their annual meeting on April 10, 2008. (Incorporated by reference from Form DEF 14A dated February 29, 2008; Accession No. 0000950133-08-000882.) |
| 3(ii) | Amended and Restated By-Laws of T. Rowe Price Group, Inc. as of December 13, 2007. (Incorporated by reference from Form 8-K Current Report as of December 13, 2007; Accession No. 0000950133-07-005002.) |
| 15 | Letter from KPMG LLP, independent registered public accounting firm, re unaudited interim financial information. |
| 31(i).1 | Rule 13a-14(a) Certification of Principal Executive Officer. |
| 31(i).2 | Rule 13a-14(a) Certification of Principal Financial Officer. |
| 32 | Section 1350 Certifications. |
| 99 | Press release issued April 24, 2008, reporting our results of operations for the first quarter of 2008. |

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized on April 24, 2008.

T. Rowe Price Group, Inc.
by: /s/ Kenneth V. Moreland
Vice President and Chief Financial Officer

Charter of T. Rowe Price Group, Inc.,
as amended by Articles of Amendment
dated April 10, 2008

Exhibit 3(i).1

FIRST: THE UNDERSIGNED, Robye Shaw Margolius, whose address is 6225 Smith Avenue, Baltimore, Maryland 21209, being at least eighteen years of age, acting as incorporator, does hereby form a corporation under the General Laws of the State of Maryland.

SECOND: The name of the corporation (which is hereinafter called the "Corporation") is:

T. Rowe Price Group, Inc.

THIRD: (a) The purposes for which and any of which the Corporation is formed and the business and objects to be carried on and promoted by it are:

(1) To engage in any one or more businesses or transactions, or to acquire all or any portion of any entity engaged in any one or more businesses or transactions which the Board of Directors may from time to time authorize or approve, whether or not related to the business described elsewhere in this Article or to any other business at the time or theretofore engaged in by the Corporation.

The foregoing enumerated purposes and objects shall be in no way limited or restricted by reference to, or inference from, the terms of any other clause of this or any other Article of the charter of the Corporation, and each shall be regarded as independent; and they are intended to be and shall be construed as powers as well as purposes and objects of the Corporation and shall be in addition to and not in limitation of the general powers of corporations under the General Laws of the State of Maryland.

FOURTH: The present address of the principal office of the Corporation is 100 East Pratt Street, Baltimore, Maryland 21202.

FIFTH: The name and address of the resident agent of the Corporation in this State are Barbara A. Van Horn, 100 East Pratt Street, Baltimore, Maryland 21202. Said resident agent is a citizen of the State of Maryland who resides there.

SIXTH: (a) The total number of shares of stock of all classes which the Corporation has authority to issue is 770,000,000 shares of capital stock (par value $.20 per share) amounting in aggregate par value to $154,000,000, of which 750,000,000 shares (par value $.20 per share) amounting in aggregate par value to $150,000,000 are classified as "Common Stock" and 20,000,000 shares (par value $.20 per share) amounting in aggregate par value to $4,000,000 are classified as "Preferred Stock."

(b) The following is a description of the preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends, qualifications and terms and conditions of redemption of the Common Stock and the Preferred Stock of the Corporation:

COMMON STOCK

(1) The Common Stock shall not be subject to classification or

reclassification by the Board of Directors, and shall have the rights and terms hereinafter specified, subject to the terms of any other stock provided in the charter pursuant to classification or reclassification by the Board of Directors or otherwise in accordance with law.

(2) Subject to the provisions of Article EIGHTH, Section (3) of the charter of the Corporation, each share of Common Stock shall have one vote, and, except as otherwise provided in respect of any Preferred Stock, the exclusive voting power for all purposes shall be vested in the holders of the Common Stock.

(3) Subject to the provisions of law and any preferences of any Preferred Stock, dividends, including dividends payable in shares of another class of the Corporation's stock, may be paid on the Common Stock of the Corporation at such time and in such amounts as the Board of Directors may deem advisable.

(4) In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, the holders of the Common Stock shall be entitled, after payment or provision for payment of the debts and other liabilities of the Corporation and the amount to which the holders of any Preferred Stock shall be entitled, to share ratably in the remaining net assets of the Corporation.

PREFERRED STOCK

(5) The Board of Directors shall have authority to classify and reclassify any unissued shares of Preferred Stock by fixing or altering in any one or more respects from time to time before issuance the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends, qualifications or terms or conditions of redemption of such shares of stock; provided, that the Board of Directors shall not classify or reclassify any of such shares into shares of the Common Stock, or into any class or series of stock (i) which is not prior to the Common Stock either as to dividends or upon liquidation and (ii) which is not limited in some respect either as to dividends or upon liquidation. Subject to the foregoing, the power of the Board of Directors to classify and reclassify any of the shares of Preferred Stock shall include, without limitation, subject to the provisions of the charter, authority to classify or reclassify any unissued shares of such stock into a class or classes of preferred stock, preference stock, special stock or other stock, and to divide and classify shares of any class into one or more series of such class, by determining, fixing, or altering one or more of the following:

(a) The distinctive designation of such class or series and the number of shares to constitute such class or series; provided that, unless otherwise prohibited by the terms of such or any other class or series, the number of shares of any class or series may be decreased by the Board of Directors in connection with any classification or reclassification of unissued shares and the number of shares of such class or series may be increased by the Board of Directors in connection with any such classification or reclassification, and any shares of any class or series which have been redeemed, purchased, otherwise acquired or converted into shares of Common Stock or any other class or series shall become part of the authorized capital stock and be subject to classification and reclassification as provided in this Section.

(b) Whether or not and, if so, the rates, amounts and times at which, and the conditions under which, dividends shall be payable on shares of such class or series, whether any such dividends shall rank senior or junior to or on a parity with the dividends payable on any other class or series of Preferred Stock, and the status of any such dividends as cumulative, cumulative to a limited extent or non-cumulative and as participating or non-participating.

(c) Whether or not shares of such class or series shall have voting rights, in addition to any voting rights provided by law and, if so, the terms of such voting rights.

(d) Whether or not shares of such class or series shall have conversion or exchange privileges and, if so, the terms and conditions thereof, including provision for adjustment of the conversion or exchange rate in such events or at such times as the Board of Directors shall determine.

(e) Whether or not shares of such class or series shall be subject to redemption and, if so, the terms and conditions of such redemption, including the date or dates upon or after which they shall be redeemable and the amount per share payable in case of redemption, which amount may vary under different conditions and at different redemption dates; and whether or not there shall be any sinking fund or purchase account in respect thereof, and if so, the terms thereof.

(f) The rights of the holders of shares of such class or series upon the liquidation, dissolution or winding up of the affairs of, or upon any distribution of the assets of, the Corporation, which rights may vary depending upon whether such liquidation, dissolution or winding up is voluntary or involuntary and, if voluntary, may vary at different dates, and whether such rights shall rank senior or junior to or on a parity with such rights of any other class or series of stock.

(g) Whether or not there shall be any limitations applicable, while shares of such class or series are outstanding, upon the payment of dividends or making of distributions on, or the acquisition of, or the use of moneys for purchase or redemption of, any stock of the Corporation, or upon any other action of the Corporation, including action under this Section, and, if so, the terms and conditions thereof.

(h) Any other preferences, rights, restrictions, including restrictions on transferability, and qualifications of shares of such class or series, not inconsistent with law and the charter of the Corporation.

(6) For the purposes hereof and of any articles supplementary to the charter providing for the classification or reclassification of any shares of Preferred Stock or of any other charter document of the Corporation (unless otherwise provided in any such articles or document), any class or series of stock of the Corporation shall be deemed to rank:

(a) prior to another class or series either as to dividends or upon liquidation, if the holders of such class or series shall be entitled to the receipt of dividends or of amounts distributable on liquidation, dissolution or winding up, as the case may be, in preference or priority to holders of such other class or series;

(b) on a parity with another class or series either as to dividends or upon liquidation, whether or not the dividend rates, dividend payment dates or redemption or liquidation price per share thereof be different from those of such others, if the holders of such class or series of stock shall be entitled to receipt of dividends or amounts distributable upon liquidation, dissolution or winding up, as the case may be, in proportion to their respective dividend rates or redemption or liquidation prices, without preference or priority over the holders of such other class or series; and

(c) junior to another class or series either as to dividends or upon liquidation, if the rights of the holders of such class or series shall be subject or subordinate to the rights of the holders of such other class or series in respect of the receipt of dividends or the amounts distributable upon liquidation, dissolution or winding up, as the case may be.

SEVENTH: The number of directors of the Corporation shall be 15, which number may be increased or decreased pursuant to the By-Laws of the Corporation, but shall never be less than the minimum number permitted by the General Laws of the State of Maryland now or hereafter in force. The names of the directors who will serve until the first annual meeting of stockholders of the Corporation and until their successors are elected and qualify are as follows:

Edward C. Bernard
James E. Halbkat, Jr.
Donald B. Hebb, Jr.
Henry H. Hopkins
James A.C. Kennedy
John H. Laporte
Richard L. Menschel
William T. Reynolds
James S. Riepe
George A. Roche
Brian C. Rogers
Robert L. Strickland
M. David Testa
Martin G. Wade
Anne Marie Whittemore

EIGHTH: The following provisions are hereby adopted for the purpose of defining, limiting, and regulating the powers of the Corporation and of the directors and stockholders:

(1) The Board of Directors is hereby empowered to authorize the issuance from time to time of shares of its stock of any class, whether now or hereafter authorized, or securities convertible into shares of its stock of any class or classes, whether now or hereafter authorized, for such consideration as may be deemed advisable by the Board of Directors and without any action by the stockholders.

(2) No holder of any stock or any other securities of the Corporation, whether now or hereafter authorized, shall have any preemptive right to subscribe for or purchase any stock or any other securities of the Corporation other than such, if any, as the Board of Directors, in its sole discretion, may determine and at such price or prices and upon such other terms as the Board of Directors, in its sole discretion, may fix; and any stock or other securities which the Board of Directors may determine to offer for subscription may, as the Board of Directors in its sole discretion shall determine, be offered to the holders of any class, series or type of stock or other securities at the time outstanding to the exclusion of the holders of any or all other classes, series, or types of stock or other securities at the time outstanding.

(3)(a) For purposes of this Paragraph (3), the following words have the meanings indicated:

(i) "Affiliate", including the term "affiliated person", means a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, a specified person.

(ii) "Associate", when used to indicate a relationship with any person, means:

(A) Any corporation or organization, other than the Corporation or a subsidiary of the Corporation, of which such person is an officer, director, or partner or is, directly or indirectly, the beneficial owner of 10% or more of any class of equity securities;

(B) Any trust or other estate in which such person has a substantial beneficial interest or as to which such person serves as trustee or in a similar fiduciary capacity;

(C) Any relative or spouse of such person, or any relative of such spouse, who has the same home as such person; and

(D) Any relative or spouse of such person, or any relative of such spouse who is a director or officer of the Corporation or any of its affiliates.

(iii) "Beneficial Owner", when used with respect to any Voting Stock, means a person:

(A) That is the beneficial owner of Voting Stock, directly or indirectly;

(B) The Affiliate or Associate of which is the beneficial owner of Voting Stock, directly or indirectly;

(C) That has, or whose Affiliate or Associate has,

(I) The right to acquire Voting Stock (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement, or understanding or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise; or

(II) The right to vote Voting Stock pursuant to any agreement, arrangement, or understanding; or

(III) Any agreement, arrangement, or understanding for the purpose of acquiring, holding, voting, or disposing of Voting Stock with any other person that beneficially owns, or whose Affiliates or Associates beneficially own, directly or indirectly, such shares of Voting Stock; provided, that directors, officers, and employees of the Corporation shall not be deemed to have any such agreement, arrangement, or understanding on the basis of their status, or actions taken in their capacities, as directors, officers, or employees of the Corporation or any subsidiaries of the Corporation or as general or limited partners of partnerships formed to make investments or on the basis of their Voting Stock with respect to management proposals.

(D) For purposes of subparagraph (a) (iii) of this Paragraph (3), (I) the solicitation of revocable proxies and the voting thereof by proxy holders in connection with annual or special meetings of stockholders prior to the time the Corporation is subject to the proxy rules under the Securities Exchange Act of 1934 or thereafter in accordance with such proxy rules, and (II) statements of recommendations on matters to be submitted for stockholder approval or intentions to vote Voting Stock of which such persons are the Beneficial Owners prior to the time the Corporation is subject to the proxy rules under the Securities Exchange Act of 1934 or thereafter in accordance with such proxy rules shall not constitute agreements, arrangements, or understandings for the purpose of acquiring, holding, voting, or disposing of Voting Stock.

(iv) "Control", including the terms "controlling", "controlled by", and "under common control with", means the possession, directly or indirectly, of the power to vote or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract, or otherwise, and the beneficial ownership of 10% or more of the votes entitled to be cast by a corporation's voting stock creates a presumption of control.

(v) "Group", when used to indicate those additional persons whose Voting Stock is Beneficially Owned by a person, shall include:

(A) the person,

(B) the Affiliates and Associates of the person; and

(C) any additional person whose stock is Beneficially Owned by the person or an Affiliate or Associate of the person;

and shall include all persons that jointly file a statement of beneficial ownership pursuant to Section 13(d) of the Securities Exchange Act of 1934, irrespective of any disclaimers of beneficial ownership.

(vi) "Voting Stock" means shares of capital stock of the Corporation entitled to vote generally in the election of directors.

(b) A person or Group that is the Beneficial Owner of more than 15% of any class of Voting Stock shall have the right to vote not more than 15% of the shares of such class, and the remaining shares Beneficially Owned by such person or Group shall be deducted from the total number of shares of Voting Stock of such class for purposes of determining the proportion of Voting Stock required to approve a matter submitted for stockholder approval. In the case of a Group, the votes of individual members of a Group shall be reduced on a pro rata basis for purposes of determining which shares of such class of Voting Stock shall be voted so that the Group shall have in the aggregate the right to vote not more than 15% of the shares of such class of Voting Stock. A person that is a member of more than one Group shall vote the least number of shares of a class of voting stock that he may vote as a member of any such Group.

(c) The operation of this Paragraph (3) shall not create any presumptions of control for purposes of the Investment Company Act of 1940.

(4) The Board of Directors shall have power from time to time and in its sole discretion to determine in accordance with sound accounting practice, what constitutes annual or other net profits, earnings, surplus, or net assets in excess of capital; to fix and vary from time to time the amount to be reserved as working capital, or determine that retained earnings or surplus shall remain in the hands of the Corporation; to set apart out of any funds of the Corporation such reserve or reserves in such amount or amounts and for such proper purpose or purposes as it shall determine and to abolish any such reserve or any part thereof; to distribute and pay distributions or dividends in stock, cash or other securities or property, out of surplus or any other funds or amounts legally available therefor, at such times and to the stockholders of record on such dates as it may, from time to time, determine; and to determine whether and to what extent and at what times and places and under what conditions and regulations the books, accounts and documents of the Corporation, or any of them, shall be open to the inspection of stockholders, except as otherwise provided by statute or by the By-Laws, and, except as so provided, no stockholder shall have any right to inspect any book, account, or document of the Corporation unless authorized so to do by resolution of the Board of Directors.

(5) Notwithstanding any provision of law requiring the authorization of any action by a greater proportion than a majority of the total number of shares of all classes of capital stock, such action shall be valid and effective if authorized by the affirmative vote of the holders of a majority

of the total number of shares of all classes outstanding and entitled to vote thereon, except that the affirmative vote of the holders of two-thirds of the total number of shares of all classes outstanding and entitled to vote thereon shall be required to amend, repeal, or adopt any provision inconsistent with Article EIGHTH, Section (3).

(6) The Corporation shall indemnify (a) its directors to the full extent provided by the general laws of the State of Maryland now or hereafter in force, including the advance of expenses under the procedures provided by such laws; (b) its officers to the same extent it shall indemnify its directors; and (c) its officers who are not directors to such further extent as shall be authorized by the Board of Directors and be consistent with law. The foregoing shall not limit the authority of the Corporation to indemnify other employees and agents consistent with law.

(7) To the fullest extent permitted by Maryland statutory or decisional law, as amended or interpreted, no director or officer of this Corporation shall be personally liable to the Corporation or its stockholders for money damages. No amendment of the charter of the Corporation or repeal of any of its provisions shall limit or eliminate the benefits provided to directors and officers under this provision with respect to any act or omission which occurred prior to such amendment or repeal.

(8) The Corporation reserves the right from time to time to make any amendments of its charter which may now or hereafter be authorized by law, including any amendments changing the terms or contract rights, as expressly set forth in its charter, of any of its outstanding stock by classification, reclassification, or otherwise, but no such amendment which changes such terms or contract rights of any of its outstanding stock shall be valid unless such amendment shall have been authorized by not less than a majority of the aggregate number of the votes entitled to be cast thereon. by a vote at a meeting or in writing with or without a meeting.

The enumeration and definition of particular powers of the Board of Directors included in the foregoing shall in no way be limited or restricted by reference to or inference from the terms of any other clause of this or any other Article of the charter of the Corporation, or construed as or deemed by inference or otherwise in any manner to exclude or limit any powers conferred upon the Board of Directors under the General Laws of the State of Maryland now or hereafter in force.

NINTH: The duration of the Corporation shall be perpetual.

IN WITNESS WHEREOF, I have signed these Articles of Incorporation, acknowledging the same to be my act, on February 4, 2000.

/s/ Robye Shaw Margolius

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

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

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

With respect to the subject registration statements, we acknowledge our awareness of the use therein of our report dated April 23, 2008 related to our review of interim financial information.

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

/s/ KPMG LLP

Baltimore, Maryland
April 23, 2008

**Exhibit 31(i).1 Rule 13a-14(a) Certification of Principal Executive Officer**

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

1. I have reviewed this Form 10-Q Quarterly Report for the quarterly period ended March 31, 2008, of T. Rowe Price Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

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

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

   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

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

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

April 23, 2008

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

**Exhibit 31(i).2 Rule 13a-14(a) Certification of Principal Financial Officer**

I, Kenneth V. Moreland, certify that:

1. I have reviewed this Form 10-Q Quarterly Report for the quarterly period ended March 31, 2008, of T. Rowe Price Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

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

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

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

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

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

April 23, 2008

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

**Exhibit 32** **Section 1350 Certifications**

We certify, to the best of our knowledge, based upon a review of the Form 10-Q Quarterly Report for the quarterly period ended March 31, 2008, of T. Rowe Price Group, Inc., that:

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

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

April 23, 2008

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

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

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

**Exhibit 99**

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

Contacts: **Steven Norwitz** 410.345.2124 **Brian Lewbart** 410.345.2242 **Robert Benjamin** 410.345.2205

# T. ROWE PRICE GROUP REPORTS FIRST QUARTER 2008 RESULTS

BALTIMORE (April 24, 2008) – T. Rowe Price Group, Inc. (NASDAQ-GS: TROW) today reported its first quarter 2008 results, including net revenues of $559 million, net income of $151.5 million, and diluted earnings per share of $.55, an increase of 8% from $.51 per share in the comparable 2007 quarter. Net revenues in the first quarter of 2007 were $508 million, and net income was $143 million.

Investment advisory revenues were up almost 11%, or $45 million, from the comparable 2007 quarter. Assets under management declined 5.4% from $400 billion at December 31, 2007, to $378.6 billion at March 31, 2008. Record quarterly net cash inflows from investors totaled $9.7 billion during the first quarter of 2008. Lower market valuations, net of income, reduced assets under management by $31.1 billion.

## Financial Highlights

Investment advisory revenues earned from the T. Rowe Price mutual funds distributed in the United States increased 9%, or $27.8 million, to $333.6 million in the first quarter of 2008. Average mutual fund assets were $231.2 billion in the 2008 quarter, an increase of 8% from the average for the 2007 first quarter. Mutual fund assets at March 31, 2008 were $230.5 billion, down $15.5 billion or 6% from the end of 2007.

Net inflows to the mutual funds were $3.7 billion during the first quarter of 2008. International and global stock funds had net inflows of $1.7 billion, bond funds added $1.2 billion, and the money funds added $.8 billion. While U.S. domestic stock funds were flat overall, the Growth Stock fund attracted $.8 billion of net inflows during the first quarter of 2008. Lower market valuations, net of the funds' income, decreased mutual fund assets under management by $19.2 billion during the first quarter of 2008.

The series of target-date Retirement Funds, which provide fund shareholders with single, diversified portfolios that invest in underlying T. Rowe Price funds and automatically adjust fund asset allocations as investors age, continues to be a significant source of mutual fund assets and, at March 31, 2008, total $30.7 billion or 13% of mutual fund assets under management. During the 2008 quarter, net fund inflows of $2.8 billion originated in the target-date Retirement Funds.

Investment advisory revenues earned from other managed investment portfolios, consisting of institutional separate accounts, sub-advised funds, sponsored investment funds which are offered to investors outside the U.S., and variable insurance portfolios, were $136.5 million in the 2008 quarter, an increase of $17.3 million from the comparable period last year. Ending assets in these portfolios were $148.1 billion, down $5.9 billion since the beginning of the year. Strong net cash inflows during the first quarter of $6.0 billion were more than offset by lower market valuations that reduced assets $11.9 billion during the quarter. Investors outside the United States now account for nearly 10% of assets under management.

Operating expenses were $329 million in the first quarter of 2008, up $39.5 million from the 2007 first quarter, but down $6.2 million from last year’s fourth quarter. The largest expense, compensation and related costs, increased $23.2 million, or 13%, over the comparable 2007 quarter, primarily due to increased staff size, higher salaries, and the accrual for annual bonus expense. The firm has increased its staff to handle increased volume-related activities and other business opportunities, and at March 31, 2008, employed 5,203 associates.

Advertising and promotion expenditures vary period-to-period in response to investor interest and in the first quarter were up $4.7 million from the 2007 quarter. Market conditions have caused the firm to reduce its planned spending on advertising and promotion over the balance of 2008 such that spending is now expected to be up about 5% in the second quarter from the comparable 2007 quarter, and about 7% for the full year versus 2007. The firm varies its level of spending based on market conditions and investor demand as well as its efforts to expand the investor base in the United States and abroad.

Other operating expenses in the first quarter were up $6.6 million over the 2007 quarter. Consulting and professional fees, travel, information services, and other costs have risen this year to meet increased business demands.

The first quarter 2008 provision for income taxes as a percentage of pretax income has been recognized at a rate of 38.0%, up from 37.7% for the year 2007. The estimated effective tax rate will be about 38.2% for the year 2008 reflecting changes in state income tax rates and regulations.

**Management Commentary**

James A.C. Kennedy, the company’s Chief Executive Officer and President, commented: “The firm’s investment advisory results relative to our peers remain strong, with 80% of the T. Rowe Price funds across their share classes surpassing their comparable Lipper averages on a total return basis for the three- and five-year periods ended March 31, 2008, 76% surpassing their comparable Lipper averages for the 10-year period, and 68% outperforming the average for the one-year period. In addition, 80 of the T. Rowe Price stock and bond funds across their share classes, which account for 72% of stock and bond fund assets under management, ended the first quarter with an overall rating of four or five stars from Morningstar. These four- and five-star rated investments represent 57.6% of our rated funds and share classes, compared with 32.5% for the overall industry.

“In spite of a very difficult market environment so far this year, we continue to be encouraged by our solid investment management results and the strong pace of net cash inflows across our multiple distribution channels. While we have been tapping on the brakes of expenses, our strong capital position enables us to continue to invest in our business for the future and gives us substantial financial flexibility to weather the inevitable ups and downs in the market and to fund appropriate business opportunities.

“We expect to fund about $180 million of capital expenditures this year and have already expended $294 million in 2008 to repurchase 5.9 million of our common shares. These outlays, together with last year’s capital expenditures of $146 million and share repurchases of

$320 million, were all made from our available cash positions. We remain debt-free with substantial liquidity, including cash and investment holdings of $1.4 billion.

“The start to 2008 in the financial markets has been anything but upbeat,” Mr. Kennedy said. “Global GDP has slowed, liquidity is scarce as the financial system deleverages, most market participants throughout the world are risk averse, and weak economic data suggest that the U.S. will be hard-pressed to avoid a recession. Even with significant monetary and fiscal stimulus in the U.S., domestic economic growth will likely remain weak for some time as problems in the financial system are resolved and consumer confidence is restored.

“Nevertheless, while the duration and magnitude of the global economic slowdown is difficult to predict, and there are likely bumps left in the road ahead, valuations among many high-quality companies have become more attractive. Our portfolio managers and analysts are finding buying opportunities for our clients’ investment portfolios. By the end of the year, many of the investment issues we worry about now on a daily basis are likely to recede and investor sentiment should improve.”

In closing, Mr. Kennedy said: “Despite the short-term market uncertainties, the road ahead for T. Rowe Price continues to be promising. We have outstanding associates who are focused on our clients, a very healthy balance sheet, and globally diversified investment and distribution expertise. We remain committed to investing in our business in both the U.S. and overseas – to service and expand our diverse base of customers and investment offerings – and are optimistic that these efforts and an eventual market turnaround will positively affect our future revenues and earnings.”

**Other Matters**

The financial results presented in this release are unaudited. The company expects that it will file its Form 10-Q Quarterly Report for the first quarter of 2008 with the U.S. Securities and Exchange Commission later today. The Form 10-Q will include more information on the company’s unaudited financial results.

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

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

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

| | 2007 | 2008 |
|---|---|---|
| Revenues | | |
| Investment advisory fees | $ 425.0 | $ 470.1 |
| Administrative fees | 83.1 | 88.8 |
| Investment income of savings bank subsidiary | 1.5 | 1.5 |
| Total revenues | 509.6 | 560.4 |
| Interest expense on savings bank deposits | 1.2 | 1.3 |
| Net revenues | 508.4 | 559.1 |
| | | |
| Operating expenses | | |
| Compensation and related costs | 184.2 | 207.4 |
| Advertising and promotion | 31.8 | 36.5 |
| Depreciation and amortization of property and equipment | 13.7 | 15.0 |
| Occupancy and facility costs | 21.4 | 25.1 |
| Other operating expenses | 38.4 | 45.0 |
| | 289.5 | 329.0 |
| | | |
| Net operating income | 218.9 | 230.1 |
| Non-operating investment income | 11.8 | 14.3 |
| Income before income taxes | 230.7 | 244.4 |
| Provision for income taxes | 87.8 | 92.9 |
| Net income | $ 142.9 | $ 151.5 |
| | | |
| Earnings per share | | |
| Basic | $ 0.54 | $ 0.58 |
| Diluted | $ 0.51 | $ 0.55 |
| | | |
| Dividends declared per share | $ 0.17 | $ 0.24 |
| | | |
| Weighted average shares | | |
| Outstanding | 265.4 | 261.7 |
| Outstanding assuming dilution | 279.8 | 273.5 |

**Investment Advisory Revenues (in millions)**

| | Three months ended | |
|---|---|---|
| | 3/31/2007 | 3/31/2008 |
| Sponsored mutual funds in the U.S. | | |
| Stock and blended asset | $ 263.2 | $ 282.4 |
| Bond and money market | 42.6 | 51.2 |
| | 305.8 | 333.6 |
| Other portfolios | 119.2 | 136.5 |
| Total investment advisory fees | $ 425.0 | $ 470.1 |

**Assets Under Management (in billions)**

| | Average during the first quarter | | | |
|---|---|---|---|---|
| | 2007 | 2008 | 12/31/2007 | 3/31/2008 |
| Sponsored mutual funds in the U.S. | | | | |
| Stock and blended asset | $ 174.6 | $ 184.7 | $ 200.6 | $ 182.8 |
| Bond and money market | 39.0 | 46.5 | 45.4 | 47.7 |
| | 213.6 | 231.2 | 246.0 | 230.5 |
| Other portfolios | 130.0 | 147.7 | 154.0 | 148.1 |
| | $ 343.6 | $ 378.9 | $ 400.0 | $ 378.6 |
| Equity securities | | | $ 321.6 | $ 297.3 |
| Debt securities | | | 78.4 | 81.3 |
| | | | $ 400.0 | $ 378.6 |

**Condensed Consolidated Cash Flows Information (in millions)**

| | Three months ended | |
|---|---|---|
| | 3/31/2007 | 3/31/2008 |
| Cash provided by operating activities | $ 241.7 | $ 258.6 |
| Cash used in investing activities, including ($29.9) for additions to property and equipment in 2008 | (60.8) | (34.1) |
| Cash used in financing activities, including common stock repurchases of ($294.9) and dividends paid of ($126.1) in 2008 | (42.8) | (399.4) |
| Net change in cash during the period | $ 138.1 | $ (174.9) |

**Condensed Consolidated Balance Sheet Information (in millions)**

| | 12/31/2007 | 3/31/2008 |
|---|---|---|
| Cash and cash equivalents | $ 785.1 | $ 610.2 |
| Investments in sponsored mutual funds | 773.0 | 725.1 |
| Property and equipment | 358.3 | 371.2 |
| Goodwill and other intangible assets | 668.8 | 668.6 |
| Accounts receivable and other assets | 592.1 | 574.3 |
| Total assets | 3,177.3 | 2,949.4 |
| Total liabilities | 400.2 | 371.1 |
| Stockholders’ equity, 259.6 common shares outstanding in 2008, including net unrealized holding gains of $64.0 in 2008 | $ 2,777.1 | $ 2,578.3 |