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 June 30, 2007

Commission File Number: 000-32191

T. ROWE PRICE GROUP, INC.

(Exact name of registrant as specified in its charter)

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

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

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

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

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

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

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

The number of shares outstanding of the issuer's common stock ($.20 par value), as of the latest practicable date, July 23, 2007, is **265,131,331.**

The exhibit index is at Item 6 on page 14.

PART I — FINANCIAL INFORMATION

Item 1. Financial Statements.

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

	12/31/2006	6/30/2007
ASSETS		
Cash and cash equivalents	$ 773.0	$ 895.2
Accounts receivable and accrued revenue	223.5	248.8
Investments in sponsored mutual funds	554.4	681.0
Debt securities held by savings bank subsidiary	126.2	119.1
Other investments	81.8	98.2
Property and equipment	264.9	298.6
Goodwill and other intangible assets	669.4	669.1
Other assets	72.1	66.5
Total assets	$ 2,765.3	$ 3,076.5
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Accounts payable and accrued expenses	$ 77.2	$ 98.9
Accrued compensation and related costs	67.5	144.0
Income taxes payable	33.9	42.2
Dividends payable	45.1	45.1
Customer deposits at savings bank subsidiary	114.7	108.0
Total liabilities	338.4	438.2
Commitments and contingent liabilities		
Stockholders' equity		
Preferred stock, undesignated, $.20 par value - authorized and unissued 20,000,000 shares	—	—
Common stock, $.20 par value — authorized 500,000,000 shares; issued 264,959,903 shares in 2006 and 265,166,058 shares in 2007	53.0	53.0
Additional capital in excess of par value	247.5	237.4
Retained earnings	2,057.1	2,250.8
Accumulated other comprehensive income	69.3	97.1
Total stockholders' equity	2,426.9	2,638.3
	$ 2,765.3	$ 3,076.5

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		Six months ended	
	6/30/2006	6/30/2007	6/30/2006	6/30/2007
Revenues				
Investment advisory fees	$ 369.7	$ 464.1	$ 723.6	$ 889.1
Administrative fees	76.0	86.7	151.2	169.8
Investment income of savings bank subsidiary	1.3	1.5	2.5	3.0
Total revenues	447.0	552.3	877.3	1,061.9
Interest expense on savings bank deposits	1.0	1.2	2.0	2.4
Net revenues	446.0	551.1	875.3	1,059.5
Operating expenses				
Compensation and related costs	165.7	197.0	325.7	381.2
Advertising and promotion	21.1	21.9	49.1	53.7
Depreciation and amortization of property and equipment	11.0	14.0	22.1	27.7
Occupancy and facility costs	20.3	22.7	39.9	44.1
Other operating expenses	35.0	44.4	67.1	82.8
	253.1	300.0	503.9	589.5
Net operating income	192.9	251.1	371.4	470.0
Other investment income	23.7	11.7	31.4	23.5
Credit facility expenses	0.2	—	0.3	—
Net non-operating income	23.5	11.7	31.1	23.5
Income before income taxes	216.4	262.8	402.5	493.5
Provision for income taxes	80.7	100.6	150.1	188.4
Net income	$ 135.7	$ 162.2	$ 252.4	$ 305.1
Earnings per share				
Basic	$ .51	$ .61	$ .95	$ 1.15
Diluted	$ .49	$ .58	$ .91	$ 1.09
Dividends declared per share	$ .14	$ .17	$ .28	$ .34
Weighted average shares				
Outstanding	264.8	265.4	264.4	265.5
Outstanding assuming dilution	279.7	280.0	278.8	280.0

The accompanying notes are an integral part of these statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)

	Six months ended	
	6/30/2006	6/30/2007
Cash flows from operating activities		
Net income	$ 252.4	$ 305.1
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization of property and equipment	22.1	27.7
Stock-based compensation expense	29.5	36.2
Intangible asset amortization	0.1	0.3
Other changes in assets and liabilities	52.0	52.5
Net cash provided by operating activities	356.1	421.8
Cash flows from investing activities		
Investments in sponsored mutual funds	(116.6)	(81.7)
Additions to property and equipment	(45.0)	(58.8)
Other investing activity	(38.3)	(1.5)
Net cash used in investing activities	(199.9)	(142.0)
Cash flows from financing activities		
Repurchases of common stock	(125.0)	(99.2)
Stock options exercised	50.0	38.6
Dividends paid to stockholders	(73.9)	(90.3)
Change in savings bank subsidiary deposits	3.6	(6.7)
Net cash used in financing activities	(145.3)	(157.6)
Cash and cash equivalents		
Net increase during period	10.9	122.2
At beginning of year	803.6	773.0
At end of period	$ 814.5	$ 895.2

The accompanying notes are an integral part of these statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(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, 2006	264,959,903	$ 53.0	$ 247.5	$ 2,057.1	$ 69.3	$ 2,426.9
Comprehensive income						
Net income				305.1		
Change in unrealized security holding gains, net of taxes, including $21.6 in the second quarter					27.8	
Total comprehensive income						332.9
Common stock-based compensation plans activity						
Shares issued upon option exercises	2,325,237	.4	39.2			39.6
Restricted shares issued	28,400	.0	.0			.0
Restricted shares forfeited	(4,000)	.0	.0	.0		.0
Compensation expense			36.2			36.2
Common shares repurchased	(2,143,482)	(.4)	(85.5)	(21.1)		(107.0)
Dividends declared				(90.3)		(90.3)
Balances at June 30, 2007	265,166,058	$ 53.0	$ 237.4	$ 2,250.8	$ 97.1	$ 2,638.3

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 8% of our assets under management at June 30, 2007.

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

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

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

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

Accounts receivable from our sponsored mutual funds for advisory fees and advisory-related administrative services aggregate $122.9 million at December 31, 2006 and $135.0 million at June 30, 2007.

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

	Three months ended		Six months ended	
	6/30/2006	6/30/2007	6/30/2006	6/30/2007
Sponsored mutual funds in the U.S.				
Stock and blended asset	$ 232.2	$ 290.6	$ 455.0	$ 553.7
Bond and money market	38.0	45.3	74.3	88.0
	270.2	335.9	529.3	641.7
Other portfolios	99.5	128.2	194.3	247.4
Total investment advisory fees	$ 369.7	$ 464.1	$ 723.6	$ 889.1

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

	Average during the second quarter		Average during the first half	
	2006	2007	2006	2007
Sponsored mutual funds in the U.S.				
Stock and blended asset	$ 150.4	$ 191.1	$ 148.4	$ 182.9
Bond and money market	34.3	40.9	33.7	40.0
	184.7	232.0	182.1	222.9
Other portfolios	109.4	138.9	106.0	134.4
	$ 294.1	$ 370.9	$ 288.1	$ 357.3

	12/31/2006	6/30/2007
Sponsored mutual funds in the U.S.		
Stock and blended asset	$ 168.5	$ 195.7
Bond and money market	38.0	41.6
	206.5	237.3
Other portfolios	128.2	142.5
	$ 334.7	$ 379.8

Fees for advisory-related administrative services provided to our sponsored mutual funds during the first half of the year were $117.5 million in 2006 and $134.1 million in 2007. Fees for these services during the second quarter were $59.0 million in 2006 and $68.1 million in 2007.

NOTE 3 — STOCK-BASED COMPENSATION.

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

	Options	Weighted-average exercise price
Outstanding at beginning of 2007	43,770,758	$25.97
New hire grants	32,000	$47.19
Reload grants	619,443	$49.78
Exercised	(3,802,199)	$19.97
Forfeited or cancelled	(384,200)	$32.26
Outstanding at June 30, 2007	40,235,802	$26.86
Exercisable at June 30, 2007	22,723,682	$21.54

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

	Restricted shares	Restricted stock units	Weighted-average grant-date fair value
Nonvested at beginning of 2007	104,500	36,000	$43.01
Granted	28,400	28,600	$48.96
Forfeited	(4,000)	—	$42.80
Nonvested at June 30, 2007	128,900	64,600	$44.77

The following table (in millions) presents the compensation expense to be recognized over the separate vesting periods of the 17,512,120 nonvested options and 193,500 restricted shares and restricted stock units outstanding at June 30, 2007. Estimated future compensation expense will change to reflect future option grants, including reloads; future awards of unrestricted shares, restricted shares, and restricted stock units; changes in estimated forfeitures; and adjustments for actual forfeitures.

Third quarter 2007	$ 16.0
Fourth quarter 2007	11.9
2008 through 2011	62.1
Total	$ 90.0

NOTE 4 — INCOME TAXES.

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

NOTE 5 — COMMON SHARE REPURCHASES AND INVESTMENT TRANSACTIONS.

At June 30, 2007, accounts payable and accrued expenses includes $17.8 million representing the unsettled liability for securities transactions, including $7.8 million for our common stock repurchases and $10.0 million for investments in U.S. Treasury Notes that subsequently settled the first week of July.

During the first five business days of July 2007, we repurchased 250,000 common shares for $13.3 million.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have reviewed the condensed consolidated balance sheet of T. Rowe Price Group, Inc. and subsidiaries as of June 30, 2007, the related condensed consolidated statements of income for the three- and six- month periods ended June 30, 2006 and 2007, the related condensed consolidated statements of cash flows for the six-month periods ended June 30, 2006 and 2007, and the related condensed consolidated statement of stockholders' equity for the six-month period ended June 30, 2007. These condensed consolidated financial statements are the responsibility of the Company's management.

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

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

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

/s/ KPMG LLP

Baltimore, Maryland
July 24, 2007

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

GENERAL.

Our revenues and net income are derived primarily from investment advisory services provided to individual and institutional investors in our sponsored mutual funds and other managed investment portfolios. Investment advisory clients outside the United States account for 8% of our assets under management at June 30, 2007.

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

The equity markets in the United States began 2007 on an upward trend that started in August 2006 when the Federal Reserve discontinued its series of interest rate increases. In February, weak economic data and a sharp decline in the values of Chinese equities turned 2007's early market gains to losses. The financial markets then rebounded slightly before falling off again at the end of March. April and May brought a market resurgence with the S&P 500 Index recording a new high. Stocks peaked the first week of June and then, similar to the first quarter experience, fell back slightly to end the second quarter.

Inflation concerns arising from strong economic growth around the world along with uncertainties in the U.S. economy — including high energy costs, the housing market downturn, sub-prime mortgage defaults, and large hedge fund losses — led investors to be more cautious about near-term financial market prospects. Several foreign central banks raised their policy rates during the second quarter and expectations of a near-term easing of the Federal Reserve's monetary policy diminished. In spite of these financial market conditions, U.S. equities produced strong returns for the second quarter, including 7.5% (excluding dividends) for the NASDAQ and 6.3% for the S&P 500. These second quarter results lifted comparable returns for these indexes for the first six months of 2007 to 7.8% and 7.0%, respectively.

Emerging markets led the world financial markets higher in the second quarter. China, India and Brazil were notably strong while Japan underperformed. Aided by rising commodity prices, natural resource-rich Latin America was the best-performing region for the quarter. On a broad basis, the MSCI EAFE (Europe, Australasia and Far East) Index returned 6.7% for the second quarter and 11.1% for the first six months of 2007.

The yield for 10-year U.S. Treasuries was 5.03% at the end of the second quarter of 2007, up from 4.71% at the end of 2006 and 4.65% at March 31, 2007. The yield curve normalized somewhat from its inverted position at the end of March, with the six-month and one-year maturities at June 30 yielding 10 and 12 basis points less, respectively, than the 10-year Treasuries. The Federal Reserve target federal funds rate of 5.25% has remained unchanged since June 2006.

In this financial environment, total assets under our management ended the second quarter of 2007 at a record $379.8 billion, up 8.5% or $29.9 billion during the quarter, and $45.1 billion or 13.5% for the first half of 2007. Our strong relative investment performance and brand awareness contributed significantly to investors entrusting net inflows of more than $7.9 billion during the second quarter and $17.5 billion year-to-date in 2007. Higher market valuations and income added $22.0 billion during the quarter and $27.6 billion in the first six months of 2007. Assets under management have increased across each of our four distribution channels, with the largest increase sourced from third-party financial intermediaries.

Assets under management at June 30, 2007, include $307.2 billion in equity and blended asset investment portfolios and $72.6 billion in fixed income investment portfolios. The underlying investment portfolios consist of $237.3 billion in the T. Rowe Price mutual funds distributed in the United States and $142.5 billion in other investment portfolios that we manage, including separately managed accounts, sub-advised funds, and other sponsored investment funds offered to investors outside the U.S. and through variable annuity life insurance plans.

RESULTS OF OPERATIONS – Three months ended June 30, 2007 versus 2006.

Investment advisory revenues were up more than 25%, or $94.4 million, to $464.1 million because average assets under our management increased $76.8 billion to $370.9 billion. The average fee rate earned on our assets under management was 50.2 basis points in the 2007 quarter, virtually unchanged from the 50.3 basis points earned during the year 2006. Assets under our management are $379.8 billion at June 30, 2007, up 2.4% from the average during the 2007 second quarter.

Net revenues increased about 24%, or $105.1 million, to $551.1 million. Operating expenses were $300.0 million in the second quarter of 2007, up $46.9 million from the 2006 second quarter. Overall, net operating income for the second quarter of 2007 increased $58.2 million, or 30%, to $251.1 million.

Net income increased $26.5 million, or 19.5%, to $162.2 million for the 2007 quarter, boosting diluted earnings per share 18% from $.49 to $.58.

Investment advisory revenues earned from the T. Rowe Price mutual funds distributed in the United States increased 24%, or $65.7 million, to $335.9 million. Average mutual fund assets were $232.0 billion in the second quarter of 2007, an increase of nearly 26% over the comparable 2006 quarterly average. Mutual fund assets at June 30, 2007 were $237.3 billion, up $18.5 billion during the second quarter of 2007.

Net inflows to the mutual funds were more than $4.5 billion during the second quarter of 2007, including $2.3 billion that originated in our target-date Retirement Funds. Our U.S. stock and blended asset funds had net inflows of $2.5 billion, our bond and money funds added $1.4 billion, and our international and global stock funds added $.6 billion. The Growth Stock Fund added $1.3 billion of net investments while the New Income, Overseas Stock, Equity Index 500, Capital Appreciation, and Value funds combined to account for net inflows of $2.6 billion. Each of these funds added more than $375 million. Higher market valuations and income increased fund assets by $14.0 billion.

Investment advisory revenues earned on the other investment portfolios that we manage increased $28.7 million, or 29%, to $128.2 million. Average assets in these portfolios were $138.9 billion in the second quarter of 2007, up 27% from the comparable 2006 quarterly average. Quarter-end assets totaled $142.5 billion, an increase of $11.4 billion during the second quarter of 2007. Net inflows, primarily from U.S. and international institutional investors, were $3.4 billion and market gains and income added $8.0 billion.

Administrative fees increased $10.7 million to $86.7 million. The change in these revenues includes $2.7 million from 12b-1 distribution fees received on greater assets under management in the Advisor and R classes of our sponsored mutual fund shares. The balance of the increase is primarily attributable to our mutual fund servicing activities and defined contribution plan recordkeeping services for the mutual funds and their investors. 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 $31.3 million or 19% from the comparable 2006 quarter. The largest part of the increase is attributable to an $11.7 million increase to our interim bonus compensation accrual, which is based on projected operating results for 2007 that consider our strong relative and risk-adjusted investment performance, our growth in assets under management including new investor inflows, and the high quality of our investor services. The 2007 quarterly results also include an increase of $8.8 million in salaries that result from an increase in our average staff size by more than 8% coupled with an increase of our associates' base salaries at the start of the year. At June 30, 2007, we employed 4,887 associates, up 6.1% from the beginning of 2007, primarily to handle increased volume-related activities and other growth. Other employee benefits and employment expenses, including $4.7 million of higher stock-based compensation, account for the remainder of the increase in our compensation and related costs in the 2007 quarter.

Occupancy and facility costs together with depreciation expense increased $5.4 million. Our operating costs for technology and other equipment, maintenance and other rented facility costs have increased along with our staff size and business needs.

Other operating expenses were up $9.4 million, including $2.7 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 an equal increase in our administrative revenues recognized from the 12b-1 fees discussed above. Additionally, consulting and professional fees, travel and other costs have risen this year to meet increased business demands.

Our net non-operating income, which includes interest income as well as the recognition of investment gains and losses, decreased $11.8 million to $11.7 million. In the 2006 period, we realized a gain of $11.5 million upon the liquidation of a sponsored collateralized bond obligation.

The second quarter 2007 provision for income taxes as a percentage of pretax income has been recognized using a rate of 38.3% in order that the provision for the first half of 2007 reflect a 38.2% rate. This new estimate of our 2007 annual effective rate is down slightly from the 38.3% rate for the year 2006.

RESULTS OF OPERATIONS – Six months ended June 30, 2007 versus 2006.

Investment advisory revenues were up 23%, or $165.5 million, to $889.1 million because average assets under our management increased $69.2 billion to $357.3 billion. The average fee rate earned on our assets under management was 50.2 basis points in the first half of 2007, virtually unchanged from the 50.3 basis points earned during the year 2006.

Net revenues increased 21%, or $184.2 million, to nearly $1.1 billion. Operating expenses were $589.5 million in the first half of 2007, up 17% or $85.6 million from the 2006 period. Overall, net operating income for the first half of 2007 increased $98.6 million, or 26.5%, to $470.0 million. Our operating margin was 44.4%, up from 43.4% for the 2006 year. Net income increased $52.7 million, or 21%, to $305.1 million for the first six months, boosting diluted earnings per share up 20% from $.91 to $1.09.

Investment advisory revenues earned from the T. Rowe Price mutual funds distributed in the United States increased 21%, or $112.4 million, to $641.7 million. Average mutual fund assets were $222.9 billion in the first half of 2007, an increase of more than 22% over the average for the 2006 period. Mutual fund assets increased $30.8 billion during the first half of 2007.

Net inflows to the mutual funds were $12.9 billion during the first half of 2007, including $5.1 billion that originated in our target-date Retirement Funds. Our U.S. stock and blended asset funds had net inflows of $8.1 billion, our bond funds added $2.5 billion, our international and global stock funds added $1.7 billion, and our money market funds added $.6 billion. The Growth Stock Fund added $3.7 billion of net investments while the New Income, Value, Overseas Stock, Equity Index 500, and Capital Appreciation funds combined to account for net inflows of $5.2 billion. Each of these funds added more than $900 million. Higher market valuations and income increased fund assets by $17.9 billion.

Investment advisory revenues earned on the other investment portfolios that we manage increased $53.1 million, or 27%, to $247.4 million. Average assets in these portfolios were $134.4 billion the first half of 2007, up 27% from the average in the comparable 2006 period. Assets increased $14.3 billion during the first half, including $4.6 billion of net inflows, primarily from U.S. and international institutional investors, and $9.7 billion from market gains and income.

Administrative fees increased $18.6 million to $169.8 million. The change in these revenues includes $4.6 million from 12b-1 distribution fees received on greater assets under management in the Advisor and R classes of our sponsored mutual fund shares. The balance of the increase is primarily attributable to our mutual fund servicing activities and defined contribution plan recordkeeping services for the mutual funds and their investors.

Our largest expense, compensation and related costs, increased $55.5 million or 17% over the comparable 2006 period. The largest part of the increase is attributable to a $19.7 million increase to our interim bonus compensation accrual and an increase of $17.5 million in salaries. Our average number of associates has increased 7.6% from the comparable 2006 period. Other employee benefits and employment expenses, including $6.7 million of higher stock-based compensation, account for the remainder of the increase in our compensation and related costs.

Advertising and promotion expenditures increased $4.6 million in response to investor interest. We expect our advertising and promotion expenditures to be up 12-15% for the third quarter and full year versus spending in the comparable 2006 periods.

Occupancy and facility costs together with depreciation expense increased $9.8 million. Our operating costs for technology and other equipment, maintenance and other rented facility costs have increased along with our staff size and business needs.

Other operating expenses were up $15.7 million, including $4.6 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. Additionally, consulting and professional fees, travel and other costs have risen this year to meet increased business demands.

Our net non-operating income, which includes interest income as well as the recognition of investment gains and losses, decreased $7.6 million. While larger investments in U.S. Treasuries as well as greater holdings in our sponsored money market and other mutual funds have increased our investment income, the 2006 period included a gain of $11.5 million upon the liquidation of a sponsored collateralized bond obligation that did not recur.

CAPITAL RESOURCES AND LIQUIDITY.

Operating activities during the first half of 2007 provided cash flows of $421.8 million, up $65.7 million from the 2006 period, including increased net income of $52.7 million, and increases in non-cash expenses of $5.8 million for depreciation and amortization and $6.7 million of stock-based compensation expense.

Net cash used in investing activities totaled $142.0 million, down $57.9 million from the 2006 period. We made greater investments in mutual funds and other holdings of $71.7 million in the 2006 period while capital spending for property and equipment was increased $13.8 million in the 2007 period. Our anticipated capital expenditures for property and equipment in 2007 are expected to be about $145 million, down from the estimate of $170 million made in our 2006 annual report, but up $50 million from 2006.

Net cash used in financing activities was $157.6 million in the 2007 first half, up $12.3 million from the comparable 2006 period. During the 2007 period, we expended $25.8 million less for common stock repurchases but received $11.4 million less in proceeds from option exercises. Dividends paid increased $16.4 million. Changes in savings bank deposit activity resulted in a $10.3 million increase in cash used.

FORWARD-LOOKING INFORMATION.

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

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

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

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

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

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

Item 4. Controls and Procedures.

Our management, including our principal executive and principal financial officers, has evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2007. Based on that evaluation, our principal executive and principal financial officers have concluded that our disclosure controls and procedures as of June 30, 2007, are effective at the reasonable assurance level to ensure that the information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934, including this Form 10-Q report, is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms, and to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

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

PART II — OTHER INFORMATION

Item 1. Legal Proceedings.

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

Item 1A. Risk Factors.

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

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

(c) Repurchase activity during the second quarter of 2007 conducted pursuant to the Board of Directors' 2003 and 2007 authorizations follows.

2007 Month	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Programs	Maximum Number of Shares that May Yet Be Purchased Under the Programs
April	150,000	$ 48.50	150,000	18,087,386
May	500,000	49.77	500,000	17,587,386
June	940,000	52.00	940,000	16,647,386
Total	1,590,000	$ 50.97	1,590,000	

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

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

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

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

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

Item 5. Other Information.

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

Item 6. Exhibits.

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

3(i)	Amended and Restated Charter of T. Rowe Price Group, Inc. as of March 9, 2001. (Incorporated by reference from Form 10-K for 2000; Accession No. 0001113169-01-000003.)
3(ii)	Amended and Restated By-Laws of T. Rowe Price Group, Inc. as of December 12, 2002. (Incorporated by reference from Form 10-K for 2002; Accession No. 0000950133-03-000699.)
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 July 25, 2007 reporting our results of operations for the second quarter and first six months of 2007.

SIGNATURES

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

T. Rowe Price Group, Inc.

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

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 July 24, 2007 related to our review of interim financial information.

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

/s/ KPMG LLP

Baltimore, Maryland
July 24, 2007

Exhibit 31(i).1

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

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

1. I have reviewed this Form 10-Q Quarterly Report for the quarterly period ended June 30, 2007 of T. Rowe Price Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

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

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

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

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

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

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

July 24, 2007

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

Exhibit 31(i).2

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

I, Kenneth V. Moreland, certify that:

1. I have reviewed this Form 10-Q Quarterly Report for the quarterly period ended June 30, 2007 of T. Rowe Price Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

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

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

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

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

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

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

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

July 24, 2007

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

Exhibit 32

Section 1350 Certifications

We certify, to the best of our knowledge, based upon a review of the Form 10-Q Quarterly Report for the quarterly period ended June 30, 2007 of T. Rowe Price Group, Inc., that:

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

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

July 24, 2007

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

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

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

Exhibit 99.1

T.RowePrice INVEST WITH CONFIDENCE WWW.TROWEPRICE.COM

News Release

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

Contacts: Steven Norwitz 410.345.2124 Brian Lewbart 410.345.2242 Robert Benjamin 410.345.2205

T. ROWE PRICE GROUP REPORTS RECORD QUARTERLY RESULTS

Assets Under Management at June 30 Reach Record $379.8 Billion

BALTIMORE (July 25, 2007) — T. Rowe Price Group, Inc. (NASDAQ-GS: TROW) today reported record quarterly results for its second quarter of 2007, including net revenues of $551 million, net income of $162 million, and diluted earnings per share of $.58, an increase of 18% from $.49 per share in the comparable 2006 quarter. Net revenues in the second quarter of 2006 were $446 million, and net income was $136 million.

Investment advisory revenues were up more than 25%, or $94 million, from the 2006 second quarter. Record assets under management of $379.8 billion at June 30 are up 8.5% from March 31, 2007. Net cash inflows from investors totaled $7.9 billion while net market appreciation and income added $22.0 billion to assets under management.

For the first half of 2007, results include net revenues of nearly $1.1 billion, net income of $305 million and diluted earnings per share of $1.09, an increase of 20% from $.91 per share for the comparable interim period in 2006. For the first six months of 2007, assets under management have increased 13.5%, including net cash inflows from investors of $17.5 billion and net market appreciation and income of $27.6 billion.

Financial Highlights

Investment advisory revenues earned from the T. Rowe Price mutual funds distributed in the United States increased to $336 million for the second quarter of 2007, up almost $66 million from the 2006 second quarter. Mutual fund assets increased $18.5 billion during the second quarter of 2007, and ended the quarter at $237.3 billion. Investors added net inflows of more than $4.5 billion to the mutual funds during the quarter while market appreciation and income added $14.0 billion. Net cash inflows were spread among the funds, with the U.S. stock and blended asset funds adding $2.5 billion, the bond and money market funds adding $1.4 billion, and the international and global stock funds adding $.6 billion. Investors added $1.3 billion to the Growth Stock Fund during the quarter.

The series of target-date Retirement Funds, which provide fund shareholders with single, diversified portfolios that invest in underlying T. Rowe Price funds and automatically adjust fund asset allocations as investors age, continue to be a significant source of mutual fund asset growth, increasing 18.5% during the second quarter and totaled $24.3 billion at June 30, 2007. Mutual fund net inflows of $2.3 billion originated in the Retirement Funds during the second quarter of 2007.

Investment advisory revenues earned from other managed investment portfolios, consisting of institutional separate accounts, sub-advised funds, sponsored mutual funds which are offered to investors outside the U.S., and variable insurance portfolios, were $128 million in the 2007 quarter, an increase of nearly $29 million from the 2006 second quarter. Ending assets in these portfolios were $142.5 billion, up $11.4 billion since March 31. Higher market valuations added $8.0 billion and net cash inflows were $3.4 billion during the second quarter. Investors outside the United States now account for 8% of assets under management.

Administrative fees increased $10.7 million to $86.7 million. The change in these revenues includes $2.7 million from 12b-1 distribution fees received on greater assets under management in the Advisor and R classes of T. Rowe Price mutual fund shares. The balance of the increase is primarily attributable to mutual fund servicing activities and defined contribution plan 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 distribute the Advisor and R class fund shares through third party financial intermediaries and to provide services to the funds and their investors.

Operating expenses were $300 million in the second quarter of 2007, up $47 million from the 2006 second quarter. The largest expense, compensation and related costs, increased $31 million or 19% over the comparable 2006 quarter, primarily due to higher salaries, bonus compensation accruals and stock-based compensation expense. The firm has increased its staff by 6% since the beginning of 2007, primarily to handle increased volume-related activities and other growth. At June 30, the firm employed 4,887 associates.

Advertising and promotion expenditures vary period-to-period in response to investor interest. The firm expects such expenditures for the third quarter and full year 2007 to be up about 12-15% versus the comparable 2006 periods.

Other operating expenses were up $9.4 million, including $2.7 million of higher distribution expenses recognized on greater mutual fund assets under management sourced from financial intermediaries. These costs offset the same increase in administrative revenues recognized from the 12b-1 fees.

Net non-operating income decreased $11.8 million from the 2006 quarter to $11.7 million. The higher amount for the prior year quarter was due primarily to a gain of $11.5 million that was recognized upon the liquidation of a sponsored collateralized bond obligation in 2006.

The year-to-date 2007 provision for income taxes as a percentage of pretax income has been recognized using the current estimate of 38.2% for the firm's 2007 annual effective tax rate.

Management Commentary

James A.C. Kennedy, the company's Chief Executive Officer and President, commented: "The firm's investment advisory results relative to our peers remain strong, with at least 74% of the T. Rowe Price funds across their share classes surpassing their comparable Lipper averages on a total return basis for the one-, three-, five-, and 10-year periods ended June 30, 2007. In addition, 80 of the T. Rowe Price stock and bond funds across their share classes, which account for two-thirds of stock and bond fund assets under management, ended the second quarter with an overall rating of four or five stars from Morningstar. These four- and five-star rated investments represent 65.6% of our rated funds and share classes, compared with 32.5% for the overall industry. Reflecting our favorable portfolio performance, we continue to receive strong net cash inflows from clients. In the second quarter, this totaled $7.9 billion, up slightly from the $7.7 billion of a year ago, but down from the $9.6 billion in this year's first quarter when the firm realized record quarterly inflows.

“Our strong second quarter performance was achieved during a period in which global equity markets produced strong gains while bond returns were mostly negative. Shares were boosted by better-than-expected first-quarter earnings, especially among multinational firms, signs of sustained global economic growth, and substantial merger and acquisition activity. Although stocks continued to be volatile and pulled back slightly at the end of June following earlier peaks, they have remained extremely resilient, with several major indexes, including the S&P 500, reaching new all-time highs in July.

“Looking ahead, the U.S. economy continues to grow moderately, and global economic growth is likely to remain favorable in the near term. This should be supportive of good corporate earnings growth. Equities should also continue to benefit from vigorous merger and leveraged buyout activity, and stock buyback programs.

“T. Rowe Price’s strong capital position gives us substantial financial flexibility,” Mr. Kennedy added. “In the second quarter, we used our strong cash position to repurchase nearly 1.6 million shares. Including the first quarter and the first week of July, we have now repurchased almost 2.4 million shares this year. T. Rowe Price Group remains debt free and we have cash and corporate investment holdings of nearly $1.7 billion at June 30, 2007.”

In closing, Mr. Kennedy said: “Our talented and dedicated associates are focused on delivering investment management excellence and world-class service to our growing global client base. And although the financial markets heavily influence our results over the short term, our healthy balance sheet, disciplined investment approach, and diversified business model have us well positioned for growth in the months and years ahead.”

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 second quarter of 2007 with the U.S. Securities and Exchange Commission later today. The Form 10-Q will include more complete information on the company's unaudited financial results.

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

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

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

	Three months ended		Six months ended	
	6/30/2006	6/30/2007	6/30/2006	6/30/2007
Revenues				
Investment advisory fees	$ 369.7	$ 464.1	$ 723.6	$ 889.1
Administrative fees	76.0	86.7	151.2	169.8
Investment income of savings bank subsidiary	1.3	1.5	2.5	3.0
Total revenues	447.0	552.3	877.3	1,061.9
Interest expense on savings bank deposits	1.0	1.2	2.0	2.4
Net revenues	446.0	551.1	875.3	1,059.5
Operating expenses				
Compensation and related costs	165.7	197.0	325.7	381.2
Advertising and promotion	21.1	21.9	49.1	53.7
Depreciation and amortization of property and equipment	11.0	14.0	22.1	27.7
Occupancy and facility costs	20.3	22.7	39.9	44.1
Other operating expenses	35.0	44.4	67.1	82.8
	253.1	300.0	503.9	589.5
Net operating income	192.9	251.1	371.4	470.0
Other investment income	23.7	11.7	31.4	23.5
Credit facility expenses	0.2	—	0.3	—
Net non-operating income	23.5	11.7	31.1	23.5
Income before income taxes	216.4	262.8	402.5	493.5
Provision for income taxes	80.7	100.6	150.1	188.4
Net income	$ 135.7	$ 162.2	$ 252.4	$ 305.1
Earnings per share				
Basic	$ .51	$ .61	$ .95	$ 1.15
Diluted	$ .49	$ .58	$ .91	$ 1.09
Dividends declared per share	$ .14	$ .17	$ .28	$ .34
Weighted average shares outstanding	264.8	265.4	264.4	265.5
Weighted average shares outstanding assuming dilution	279.7	280.0	278.8	280.0

Investment Advisory Revenues (in millions)

	Three months ended		Six months ended	
	6/30/2006	6/30/2007	6/30/2006	6/30/2007
Sponsored mutual funds in the U.S.				
Stock and blended asset	$ 232.2	$ 290.6	$ 455.0	$ 553.7
Bond and money market	38.0	45.3	74.3	88.0
	270.2	335.9	529.3	641.7
Other portfolios	99.5	128.2	194.3	247.4
	$ 369.7	$ 464.1	$ 723.6	$ 889.1
Average Assets Under Management (in billions)				
Sponsored mutual funds in the U.S.				
Stock and blended asset	$ 150.4	$ 191.1	$ 148.4	$ 182.9
Bond and money market	34.3	40.9	33.7	40.0
	184.7	232.0	182.1	222.9
Other portfolios	109.4	138.9	106.0	134.4
	$ 294.1	$ 370.9	$ 288.1	$ 357.3

Assets Under Management (in billions)

	12/31/2006	6/30/2007
Sponsored mutual funds in the U.S.		
Stock and blended asset	$ 168.5	$ 195.7
Bond and money market	38.0	41.6
	206.5	237.3
Other portfolios	128.2	142.5
	$ 334.7	$ 379.8
Stock and blended asset portfolios	$ 267.0	$ 307.2
Fixed income portfolios	67.7	72.6
	$ 334.7	$ 379.8

Condensed Consolidated Cash Flows Information (in millions)

	Six months ended	
	6/30/2006	6/30/2007
Cash provided by operating activities	$ 356.1	$ 421.8
Cash used in investing activities, including ($58.8) for additions to property and equipment and ($81.7) for investments in sponsored mutual funds in 2007	(199.9)	(142.0)
Cash used in financing activities, including common stock repurchases of ($99.2) and dividends paid of ($90.3) in 2007	(145.3)	(157.6)
Net increase in cash during the period	$ 10.9	$ 122.2

Condensed Consolidated Balance Sheet Information (in millions)

	12/31/2006	6/30/2007
Cash and cash equivalents	$ 773.0	$ 895.2
Investments in sponsored mutual funds	554.4	681.0
Property and equipment	264.9	298.6
Goodwill and other intangible assets	669.4	669.1
Accounts receivable and other assets	503.6	532.6
Total assets	2,765.3	3,076.5
Total liabilities	338.4	438.2
Stockholders’ equity, 265.2 common shares outstanding in 2007, including net unrealized holding gains of $97.1 in 2007	$ 2,426.9	$ 2,638.3