AGENDA

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<td>2:00 p.m.–3:15 p.m.</td>
<td>Opening and T. Rowe Price Overview</td>
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<td>William J. Stromberg, President and CEO</td>
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<td>Robert Sharps, Group CIO and Head of Investments</td>
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<td>Robert C.T. Higginbotham, Head of Global Investment Management Services</td>
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<td>3:15 p.m.–4:00 p.m.</td>
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<td>Conclusion</td>
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SCOTT B. DAVID

**Head of Individual & Retirement Plan Services**

Scott David is the head of Individual & Retirement Plan Services (IRPS) at T. Rowe Price. He is also a member of the firm’s Management Committee. Prior to his current role, Mr. David led the U.S. intermediary business for the firm. Before joining T. Rowe Price in 2011, Mr. David was president of Fidelity Institutional Retirement Services, where he was responsible for the unit’s strategic direction, financial performance, client satisfaction, quality improvement, and employee engagement across multiple sites. Mr. David earned a B.S. in business administration from Miami University in Oxford, Ohio. He is a Series 6, 7, 24, and 65 registered representative.

CÉLINE DUFÉTEL

**Chief Financial Officer**

Céline Dufétel is the chief financial officer of T. Rowe Price Group, Inc. She is also a member of the firm’s Management Committee. Her key areas of management responsibility include global oversight for Finance, Treasury, Tax, Risk, Audit, Corporate Strategy, Investor Relations, and Corporate Real Estate & Workplace Services. Prior to joining the firm in 2017, Ms. Dufétel was a managing director and global head of marketing, product management, and client service at Neuberger Berman, and prior to that, she was a partner and head of the North American Asset Management practice with McKinsey & Company. Ms. Dufétel earned bachelor’s and master’s degrees in applied mathematics and economics from École Polytechnique and a master’s degree in finance from Princeton University. She currently serves as a Board and Executive Committee member of City Harvest in New York.

ROBERT C.T. HIGGINBOTHAM

**Head of Global Investment Management Services**

Robert Higginbotham is head of Global Investment Management Services¹ for T. Rowe Price, the organization responsible for the firm’s institutional and intermediary business worldwide. He is a member of the firm’s Management Committee. Before joining the firm in 2012, Mr. Higginbotham was CEO for the Europe, Middle East, and Africa and Latin America regions of Fidelity Worldwide Investment, where he had responsibility for the asset management business, including investment globally and distribution for the Europe, Middle East, and Latin America regions, as well as the global operations and technology platforms. Prior to joining Fidelity Worldwide Investment, Mr. Higginbotham served in a variety of leadership roles at Schroder Investment Management, including global head of product and global marketing director. He began his career in 1990 as a graduate marketing trainee with Prudential PLC. He holds a B.A. (honors) from Sheffield University and a master’s degree in business from Imperial College London.

¹Effective March 1, 2018; currently Head of Global Investment Services.
SPEAKERS

ROB SHARPS, CFA

Group CIO and Head of Investments

Rob Sharps is a vice president of T. Rowe Price Group, Inc., and T. Rowe Price Associates, Inc. He is head of Investments and group chief investment officer. Mr. Sharps serves on the firm’s Management Committee, International Steering Committee, Equity Steering Committee, Fixed Income Steering Committee, Multi-Asset Committee, and Product Strategy Committee. Prior to joining the firm in 1997, Mr. Sharps was a senior consultant at KPMG Peat Marwick. He earned a B.S., summa cum laude, in accounting from Towson University and an M.B.A. in finance from The Wharton School, University of Pennsylvania. Mr. Sharps also has earned the Chartered Financial Analyst designation.

WILLIAM J. STROMBERG, CFA

President and CEO

Bill Stromberg is president and CEO of T. Rowe Price Group, Inc., and is a member of its Board of Directors. He is the chairman of the firm’s Management Committee and Management Compensation Committee. Mr. Stromberg served as the head of Equity from 2009 to 2015 and the head of U.S. Equity from 2006 to 2009. He also served as a director of Equity Research from 1996 to 2006, as a portfolio manager of the Capital Opportunity Fund (2000 to 2007) and the Dividend Growth Fund (1992 to 2000), and as an equity investment analyst from 1987 to 1992. Prior to joining the firm in 1987, Mr. Stromberg was employed by Westinghouse Defense as a systems engineer. He earned a B.A. from Johns Hopkins University and an M.B.A. from the Tuck School of Business at Dartmouth. Mr. Stromberg also has earned the Chartered Financial Analyst designation. He currently serves on the Johns Hopkins University Board of Trustees and the Hopkins Whiting School of Engineering Advisory Council. Mr. Stromberg previously served nine years on the Catholic Charities Board of Trustees, with two years as Board president.

¹Effective March 1, 2018; currently co-head of Global Equity and group chief investment officer.
Good afternoon everyone – and welcome!

I am Bill Stromberg, CEO of T. Rowe Price – and my colleagues and I are pleased to be here to host our second annual Investor Day. We will provide an update on the firm's strategic priorities and our execution against them.
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We caution investors not to rely unduly on any forward-looking statements and urge you to carefully consider the risks described in our most recent Form 10-K and subsequent Forms 10-Q, filed with the Securities and Exchange Commission.

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T. Rowe Price Investor Day • February 21, 2018
Here is our specific agenda for today…

After I offer some overview remarks on the company, Rob Sharps, our Group Chief Investment Officer, and recently appointed Head of Investments, will update you on our investment capabilities and performance.

Robert Higginbotham, Head of Global Investment Management Services, will review our progress in distributing through global institutions and global intermediaries.

Scott David, Head of Individual & Retirement Plan Services, will discuss the transformation underway in these businesses.

Céline Duféot, Chief Financial Officer, will talk about progress on key value drivers for our company and our stock. She will also have a few thoughts on expense guidance for 2018.
T. Rowe Price IPO was on April 2, 1986, nearly 32 years ago—and the company's financial performance has been strong and consistent since then.

On the left, we show the growth of EPS and DPS over the last 30 years. With this month's 23% dividend increase, which we announced last week, the firm has now increased its dividend for 32 consecutive years.

On the right, you can see the compound annual growth rates for revenues, GAAP EPS, DPS, and total shareholder return over the last 5, 10, 20, and 30 year periods.

No matter what time period you choose, TROW has delivered fairly consistent and attractive results.

We continue to manage the business with a long-term horizon in pursuit of consistent financial results.

We are pleased that we have been able to deliver strong and consistent results over a long time period.
Our vision, as presented at our 2017 Investor Day, largely remains the same.

- Maintain our position as a premier active asset manager, delivering durable value to clients.
- Become an ever more integrated investment solutions provider, leveraging firmwide investment capabilities to meet changing client needs.
- Build T. Rowe Price into a more globally diversified asset manager.
- Become a more recognized global partner for retirement-oriented investors.
- Remain a destination of choice for top talent, with a culture of accountability, empowerment, and rigor.
- Become a more agile company that stays ahead of and capitalizes on disruption.
- Deliver attractive financial results and balance sheet strength for our stockholders over the long term.
We are investing in:

- products and investment strategies that drive alpha.
- ways to help us find and better serve clients.
- technology and transformation to improve client experiences and drive operating efficiency.
We feel good about our execution in 2017.

- Delivered strong investment performance across our active strategies.
- Achieved solid, well-diversified organic growth.
- Outpaced industry growth across most of our core businesses.
- Executed strategic priorities to extend beyond our core businesses, with some early signs of success.
- Continued to attract top talent, especially across investments, distribution and technology.
Investment performance is critical to our success.

- In 2017, we continued to deliver strong results for our clients in our U.S. mutual funds—relative to peers and to benchmarks.
- Results for our institutionally oriented portfolios are substantially similar to those for our funds.

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Strong investment performance, combined with a growing distribution reach, helped us to extend our leadership positions in a number of core businesses, and further diversify our business by asset class and geography.
We extended our leadership position across our core businesses and into new growth segments.

T. Rowe Price’s flows are shown in blue, and the active mutual fund industry flows—re-weighted to T. Rowe Price’s asset mix between equity and fixed income—are shown in grey.

The light blue line shows that our actual flows are trending above the weighed industry line.
The diversity of our AUM helps sustain a strong core business; however, we know that future growth will depend not only on maintaining the core of our past success but also expanding into new opportunities for revenue growth.
We executed on a number of priorities to extend beyond our core, with some early and encouraging signs of success.

<table>
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<tr>
<th>Products</th>
<th>Distribution</th>
<th>Technology</th>
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<tbody>
<tr>
<td>Multi-asset—Custom solutions, managed volatility</td>
<td>Global intermediaries expansion</td>
<td>Investments—Advanced analytics to augment our fundamental capabilities</td>
</tr>
<tr>
<td>Fixed Income—New U.S. High Yield team</td>
<td>New institutional client relationships globally</td>
<td>Client Experience—Digital transformation of core client processes</td>
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<tr>
<td>Non-U.S. vehicles—OEICs, AUTs, CPPFs, and growing our SICAV</td>
<td>New U.S. platform relationships</td>
<td>Operating Scale—Lean/agile deployment to increase the efficiency of our processes</td>
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<tr>
<td>Seed Capital—$200m in new products</td>
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We also executed on a number of priorities to extend beyond our core, with some early and encouraging signs of success.
We made a significant number of hires in 2017—especially across our multi-asset class investment teams, U.S. and international distribution teams, and technology—three areas at the center of our strategic priorities.
We see multiple points of pressure for the business in 2018 and beyond, and we are proactively addressing them:

- We will continue to approach pricing from a strategic and long-term perspective.
- We have worked to extend our available investment strategies in multiple vehicle types where we continue to see client demand.
- We are making substantial investments to digitize key client processes.
- We are devoting substantial resources to meet new regulatory requirements.
- Passive and alternative investments are here to stay, but our long-term active track record compares favorably with passive products, and the vast majority are priced very competitively.
2018 Priorities

- Deliver excellent investment results
- Increase market share within our core
- Continue to diversify beyond the core
- Broaden our use of technology and lean/agile capabilities to strengthen execution
- Optimize our spend to reinvest in the business

Consistent, strong financial results and return to stockholders over the long term

We have a focused plan to grow and diversify our business over time while driving efficiency throughout the organization.
Investment performance is our top priority.

T. Rowe Price has demonstrated truly unique investment excellence versus peers and benchmarks:

- Over long-term time horizons
- Across asset classes
- Around the globe

Our outperformance is enabled by our investments in people, process, and culture and our deliberate and singular focus on active management capabilities.

Active management is our primary focus. We do not take strong investment performance for granted; it is anchored in everything we do to enable a culture and environment where great investors can thrive.
With investors focusing on passive, we understand the importance of delivering net-of-fee returns that exceed market benchmarks.

In a T. Rowe Price study of 18 diversified active U.S. equity mutual funds over 20 years, or since inception for newer funds:

- The majority of funds generated positive excess returns, net of fees, over the benchmarks across most time periods.
- Both the frequency of outperformance and the magnitude of excess returns increased over longer time periods.
- The study covered U.S. equity investment strategies within large-cap, mid-cap, and small-cap.

*We believe skilled active management, underpinned by in-depth research and a culture of collaboration, can create value for clients over the long term.*
T. Rowe Price uses an active approach in our target date portfolios that includes tactical asset allocation, strategic portfolio design, and active security selection.

A T. Rowe Price study of 11 Retirement Funds that has at least a 10-year track record found that these portfolios outperformed their passive benchmarks in 100% of the rolling 10-year periods from inception through December 31, 2017.
We have purposefully built our global investment team over time. While we continue to invest in talent, we do so through a long-term lens and have maintained our high standards. This puts us in the position to be able to offer a suite of investment strategies to investors around the globe in vehicles that meet their needs.
Our global investment platform puts us in position to deliver a broad range of investment capabilities in vehicles that best meet client demand.
We have developed and launched a number of investment strategies that are performing well and have potential to scale.

- Last year, we highlighted the Global Focused Growth Strategy, which continued to deliver excellent returns in 2017 and has had inflows of over $1.5 billion over the last two years.
- Our Australia Equity Strategy has reached the five-year mark, with a solid track record over that time, and has attracted a number of mandates in 2017.

<table>
<thead>
<tr>
<th>Investment Strategy</th>
<th>Assets Under Management ($ Millions)</th>
<th>3-Year Excess Returns (bps)</th>
<th>3-Year eVestment Percentile Rank</th>
<th>5-Year Excess Returns (bps)</th>
<th>5-Year eVestment Percentile Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Focused Growth Equity</td>
<td>$7,244</td>
<td>562</td>
<td>7</td>
<td>586</td>
<td>9</td>
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<tr>
<td>Global Growth Equity</td>
<td>$6,236</td>
<td>258</td>
<td>30</td>
<td>215</td>
<td>36</td>
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<tr>
<td>Global Value Equity</td>
<td>$64</td>
<td>-28</td>
<td>36</td>
<td>136</td>
<td>12</td>
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<tr>
<td>International Concentrated Equity</td>
<td>$642</td>
<td>105</td>
<td>62</td>
<td>135</td>
<td>43</td>
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<tr>
<td>Japan Equity</td>
<td>$1,444</td>
<td>640</td>
<td>19</td>
<td>385</td>
<td>43</td>
</tr>
<tr>
<td>Australia Equity</td>
<td>$963</td>
<td>280</td>
<td>30</td>
<td>147</td>
<td>58</td>
</tr>
<tr>
<td>Global Multi-Sector Bond</td>
<td>$1,424</td>
<td>237</td>
<td>37</td>
<td>131</td>
<td>54</td>
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<tr>
<td>U.S. High Yield</td>
<td>$123</td>
<td>203</td>
<td>4</td>
<td>N/A</td>
<td>N/A</td>
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<tr>
<td>Emerging Markets Corporate</td>
<td>$307</td>
<td>135</td>
<td>27</td>
<td>72</td>
<td>38</td>
</tr>
<tr>
<td>Global Allocation</td>
<td>$356</td>
<td>137</td>
<td>10</td>
<td>N/A</td>
<td>N/A</td>
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</table>

Ranking data was obtained from eVestment. These percentile rankings are based on gross of fees composite returns and reflect where those returns fall within the appropriate eVestment universe. These rankings are independently prepared, and we believe them to be objective and statistically valid. Other similar manager rankings may produce different results. eVestment collects information directly from investment management firms and other sources believed to be reliable. eVestment does not guarantee or warrant the accuracy, timeliness, or completeness of the information provided and are not responsible for any errors or omissions.
We have a long runway of opportunity with additional strategies and capabilities that are building track records.
Our global product offerings are being expanded to meet the unique needs of our clients and the broader marketplace.

- We are committed to bringing our best investment thinking forward and to making changes in the investment lineup.
- We have significantly expanded our multi-asset research team, including adding investment staff dedicated to our research around target date funds.
- Lastly, our solutions team is focused on understanding client needs. This is a global team with the ability to do custom or off-the-shelf solutions for clients.
Sustaining investment excellence at scale.

We have deepened our global leadership team over the past several years, including the formation of our CIO group who help promote investment thought leadership across our global platform.

We actively manage the capacity of our key strategies to perform at scale, with a focus on protecting the interests of the existing shareholders, while preserving the ability to accomplish our strategic growth priorities.

Our sector-specific expertise helps diversified portfolio managers leverage the best ideas across the platform.

Talent management is critical to our long-term success.

We are building new tools and capabilities and making investments in technology to help improve our investment process.

We are making investments to sharpen our focus on active management and to further improve our ability to perform well for our clients at significant scale.
Global Intermediary and Institutional Distribution

T. Rowe Price

- U.S. Direct
- U.S. Plan Sponsors
- U.S. Financial Intermediaries
- EMEA and APAC Financial Intermediaries
- Global Institutions

Individual Investors
T. Rowe Price’s global distribution footprint: Built with discipline over 25 years.

- Unique institutional approach to both global institutional and intermediary distribution.
- Long-term track record of above-market active management asset growth.
- Well aligned to capture the growth in fiduciary markets—advisory, institutional, and retirement.
- Disciplined distribution expansion strategies.
- 2017 marked a very strong year in terms of gross sales, net flows, and asset growth.
Delivering solid, diversified results.

- Strong positive active management net flows across all major asset classes.
- Active equity turned positive, with U.S. equity mitigated by strong global equity net flows.
- Net flows by channel in line with AUM base, acceleration diversified across client segments.
- Very strong ex-U.S. net flow momentum relative to AUM base…
- …demonstrating significant traction in our international growth/expansion strategy.
We are well positioned to execute against areas of market demand and future growth.

- Leading market share in U.S. intermediary market segments, U.S. platform No Transaction Fee (NTF) momentum.
- Retirement leader across intermediary and institutional channels in the U.S.
- Leveraging scale and leadership to grow in global retirement markets.
- Completed buildout of initial operating model for Tier 1 and Tier 2 EMEA and APAC markets.
- Continue to deepen U.S. broker-dealer engagement model with financial advisors.

Note: Strategic Insight rankings include active mutual fund AUM or Subadvisory AUM which excludes passive/index/affiliated fund of funds AUM. Morningstar rankings include active mutual fund and active CIT AUM. Pensions & Investments rankings include total AUM active and passive.

3Pensions & Investments. Data as of 12/31/2016.
Strategic importance of vehicle and coverage expansion strategies.

- Critical to be global, deliver and execute local.
- Key requirement to balance and diversify our global distribution net flows.
- Ensures our ability to remain a preferred partner with our key global financial institutions clients.
- Leverages scale of T. Rowe Price—balance sheet, seed capital, export U.S. intermediary expertise.
- Must remain responsive and agile to the changing global regulatory landscape.

Significant product and coverage enhancements in 2017 enabled growth and expansion.

- Launched core suite of eight SMA franchise strategies in the U.S., added 30 initial platform placements in less than one year.
- Reduced minimums for CIT vehicles to meet retirement client needs and preferences.
- Launched UK OEIC range and new SICAV “clean share” classes.
- Launched custom target date and managed volatility strategies with key intermediary partners.
- Continued development of Canadian PPFs and Japan Investment Trusts.
We believe that winners will:

- Balance cost of sales and create distribution “operating leverage.”
- Have leading professional buyer coverage strength, depth, and preferred placement.
- Foster a fiduciary culture.
- Intelligently deploy intermediary and financial advisor coverage models.
- Deliver highly credible multi-asset and solutions investments excellence.
- Leverage disciplined, digital, and data-enabled client engagement strategies.

Our distribution model has benefited from the changing fiduciary landscape.

- Market share gains in consolidating market segments (e.g., U.S. broker-dealer, subadvisory).
- Long-tenured relationships with DC recordkeepers leading to key custom product partnerships.
- Partnerships with institutional buyers globally to create solutions with our multi-asset capabilities.
- New one-to-many digital technologies providing distribution scale beyond linear field sales growth.
Extending our core global distribution franchises.

- Commercializing our multi-asset franchise and retirement market leadership.
  - Custom target date mandates with Korea and leading U.S. insurers.
  - Custom managed volatility mandates with leading subadvisory partners.
  - Expanding regional multi-asset solutions teams for “local” solutions development.

- Continuing to drive significant momentum with key strategic distribution priorities.
  - Now “frictionless” on all key U.S. platform direct and RIA platforms.
  - Expanded field sales in U.S. broker-dealer.
  - Build out local distribution and client servicing operating models in APAC and EMEA.

- Leveraging technology for distribution productivity and enhanced client experiences.
  - Launch digital tools to engage advisors on portfolio construction and target date.
  - Leveraged data science capabilities to drive next-generation marketing automation and intermediary distribution analytics at T. Rowe Price’s New York Technology Development Center.
Our execution priorities.

- Extend Core Market Leadership Positions.
  - Continue market-leading institutional engagement distribution approach.
  - Deliver commercial multi-asset solutions and insights.
  - Optimize our U.S. platform relationships so that we are “frictionless” to do business with.
  - Deploy disciplined, digital, and data-enabled client engagement strategies.

- Execute on Strategic Priorities Beyond the Core.
  - Deepen relationships with U.S. financial advisors.
  - Expand offers and vehicles aligned to investor and fiduciary needs.
  - Continue international expansion strategy.
  - Grow diverse, investment-savvy, culturally aligned distribution associate talent.
INDIVIDUAL & RETIREMENT PLAN SERVICES

T. Rowe Price Investor Day
February 21, 2018
Scott David
Head of Individual & Retirement Plan Services
Thank you Robert, and hello everyone.

I'm Scott David, head of Individual and Retirement Plan Services.

I'm happy to be here… to talk about our 2017 results… where we're investing for growth… and the business transformation we have underway.
Our Individual Investors business directly connects our investment capabilities to clients:

- We help individuals meet their retirement, college savings, and taxable savings needs, serving them through web, mobile, mail, and phone channels.

Retirement Plan Services serves the full spectrum of client types and plan sizes:

- We serve defined contribution, defined benefit, and nonqualified plans.
- We connect plan sponsors with dedicated relationship managers and support participants through web, mobile, and phone channels.

Our focus is on three priorities:

- Retain and grow our current client base.
- Invest in targeted growth opportunities.
- Accelerate our digital transformation.
We believe that delivering strong investment performance paired with innovative offerings and quality service, over long periods of time, drives stable and consistent business results.

**Net Promoter Score (NPS)**

- We believe that NPS is one of several ways to gauge customer satisfaction and loyalty. It measures the likelihood that clients will reciprocate by referring services to others, which is a reliable indicator of satisfaction and loyalty.
- For plan sponsors, our NPS is above 70, which is 10 to 30 points above industry benchmarks.
- Individual Investors NPS ranges from the 50s to the 70s based on client segment and service mix and meeting or beating industry benchmarks.

**Client Retention**

- Strong retention rates for Individual Investors clients at 92% and for plan sponsors and participants at 95%.
Making Targeted Investments to Sustain and Opportunistically Grow the Businesses

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<th>Individual Investors</th>
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<td>Tailored Approach to Client Services</td>
<td>New Product Offerings</td>
</tr>
<tr>
<td>New Plan Features</td>
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</table>

**Individual Investors**

- Offering additional products and services to enhance the relationship we have with our clients.
  - Deployed a 50+ person relationship management team across the country to clients with assets of $1M+.
  - Expanding our product capabilities, including the official launch of T. Rowe Price® ActivePlus Portfolios, retirement income capabilities, and the college savings capabilities.

**Retirement Plan Services**

- Continuing to make significant, multi-year investments to expand our sales organization which shows results with new plan sales up nearly 70% in 2017 versus 2016.
- We continue to deliver and deploy new and innovative plan features to sponsors and participants. Recent examples include:
  - Upgraded Brokerage platform
  - Financial Wellness expansion
  - New reporting features in our Plan Sponsor Digital Portal
Operational Alpha is Accelerating Our Digital Transformation

Combining technology with design to enhance client experience, increase sales and client retention, and realize operating scale.

- Deploy Lean Management practices
- Reengineer client journeys
- Rapidly deploy modern technology

Work on our transformation has begun to deliver positive results for our client experience, sales and client retention, and operating scale.

Examples of transformation include:

- Online account opening
- Digital self-service capabilities
- Participant money-in capabilities
- Participant online distributions
We are in the process of transforming the broader ecosystem and shifting toward new ways of working with clients. Our intended business results include:

- Continue to deliver steady business results through sustained client satisfaction and loyalty.
- Continue to make targeted investments following a thoughtful and well-resourced plan to capture growth opportunities.
- Deliver on Operational Alpha and our Digital Transformation to deliver greater scale and efficiency to the organization.
Thank you, Scott.

It's a pleasure to be here and get a chance to meet all of you.

FINANCIAL OVERVIEW

T. Rowe Price Investor Day

February 21, 2018

Céline Duféto
Chief Financial Officer
Strong business results, combined with rising markets, allowed us to maintain strong financial health in 2017, positioning us well going into 2018.

- Our business model and financial health remain very strong, as reflected in our operating margins and ability to generate strong free cash flow.
- Our approach to managing the business is focused on the long term, and it balances driving sustainable organic growth and maintaining a healthy operating margin.
- Our capital management approach is equally focused on the long term, as illustrated by our track record of steady dividend growth and our opportunistic approach to share repurchases with a goal of maintaining share count over time.
Sustainable, profitable, and diversified organic growth remains an important priority for us.

- We continue to direct investments into our investment capabilities, new vehicles and products, distribution capabilities, and client experience.
- Going into 2018, we feel good about continued client demand for our strategies globally and across distribution channels.
- We aim to maintain an organic growth rate of 1–3% and anticipate that the sources of organic growth will vary over time, as market demand fluctuates and as we build new investment and distribution capabilities.
2017 was a year of strong investment in the business.

- The 2018 non-GAAP operating expense growth guidance is driven by higher market and performance driven expenses, continued regulatory driven expenses and continued implementation of our strategic plan in light of tax reform, strong markets and early success of the investments we have already made.

- We anticipate that our real level of investment in 2018 will be somewhat higher, as we also drive cost optimization efforts and reinvest those savings in the business.

- About a third of our expenses are market and performance driven including our incentive compensation which moves up or down with markets and with our relative performance as a firm.

- As we reach the third year of our three-year strategic plan in 2019, we anticipate our expense growth will moderate.
Our cost optimization efforts are based on three large-scale programs—all designed to drive operational effectiveness.

- Efforts are already underway and will continue into 2019.
- We expect to use the results of these optimization initiatives to continue to reinvest in the business.
- We are focused on building sustainable capabilities through these programs.
The Firm estimates that the reduction in the U.S. corporate tax rate (from 35% to 21%) in 2018, combined with other miscellaneous tax changes that affect certain tax deductions, will result in a lower 2018 effective tax rate in the range of 24.0% to 27.0%.

The Firm’s effective tax rate will continue to experience volatility in future periods driven by options exercised and changes in our consolidated investment products.

We anticipate using a portion of the benefits of tax reform towards (1) increasing the level of our strategic investments, (2) rewarding our associates, (3) giving back to our communities and (4) returns to stockholders – as reflected in our 2018 dividend. All these elements are reflected in our 8-11% operating expense guidance.

Potential uses of U.S. tax reform benefits are already contemplated in our expense growth guidance.

Factors that impact our effective tax rate could include:

- The level of tax benefits recognized from stock based compensation that are affected by market fluctuations in our stock price and the timing and level of stock option exercises.
- Changes in the market value of our consolidated investment products.
- Changes in the proportion of net income attributable to non-controlling interests, which is not taxable to the firm.
We have been returning capital to stockholders consistently, while also reinvesting in our business for the long term.

<table>
<thead>
<tr>
<th></th>
<th>1 Year ($millions)</th>
<th>5 Years ($millions)</th>
<th>10 Years ($millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends</td>
<td>$563</td>
<td>$3,022</td>
<td>$4,729</td>
</tr>
<tr>
<td>Recurring</td>
<td>563</td>
<td>2,498</td>
<td>3,948</td>
</tr>
<tr>
<td>Special</td>
<td>—</td>
<td>524</td>
<td>761</td>
</tr>
<tr>
<td>Share Repurchases</td>
<td>458</td>
<td>2,553</td>
<td>4,085</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$1,021</td>
<td>$5,575</td>
<td>$8,814</td>
</tr>
<tr>
<td>Percent of Earnings(^1)</td>
<td>68%</td>
<td>90%</td>
<td>93%</td>
</tr>
</tbody>
</table>

Data are for periods ended December 31, 2017.  
U.S. GAAP net income attributable to T. Rowe Price Group.

INVEST WITH CONFIDENCE™  
T. ROWE PRICE
Our capital management approach remains consistent over time.

We expect to continue to:

- Reinvest in the business for diversified growth and operational leverage.
- Maintain our strong track record of dividend growth.
- Remain opportunistic in our share repurchase program but with a long-term goal of maintaining share count.
Closing Thoughts

- Pleased with progress
- Strong leaders with focused business plans
- Investing to grow and diversify
  - Moderating pace
  - Responsive to market conditions
- Attractive, resilient business model
- Consistent, disciplined capital return
Thank you, Scott.
It's a pleasure to be here and get a chance to meet all of you.
## Non-GAAP Operating Expenses Reconciliation

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Expenses, GAAP Basis</td>
<td>$2,301.7</td>
<td>$2,489.5</td>
<td>$2,884.2</td>
<td>8.2%</td>
<td>7.8%</td>
</tr>
<tr>
<td><strong>Non-GAAP Adjustments:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expenses of consolidated T. Rowe Price investment products, net of elimination of its related management fee</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>—</td>
<td>—</td>
<td>(6.5)</td>
<td>(6.7)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compensation expense related to market valuation changes in supplemental savings plan liability</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(11.7)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insurance recoveries (nonrecurring charge) related to Dell appraisal rights matter</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>—</td>
<td>—</td>
<td>(60.2)</td>
<td>50.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Adjusted Operating Expenses</strong></td>
<td>$2,301.7</td>
<td>$2,414.8</td>
<td>$2,715.8</td>
<td>5.0%</td>
<td>12.4%</td>
</tr>
</tbody>
</table>

---

1. The non-GAAP adjustment adds back the management fees that the firm earns from the consolidated T. Rowe Price investment products and operating expenses of those products that have been included in the firm's U.S. GAAP consolidated statements of income. Management believes the consolidated T. Rowe Price investment products may impact the reader's ability to understand the firm's core operating results.

2. The non-GAAP adjustment removes the impact of market movements on the supplemental savings plan liability as the firm began economically hedging of the liability beginning July 1, 2017. Amounts deferred under the supplemental savings plan are adjusted for appreciation (depreciation of deferred payments) shown to the employees.

3. In the second quarter of 2016, the firm recognized a nonrecurring charge of $168.2 million related to the firm's decision to compensate certain claimants in regard to the Dell appraisal rights matter. The firm also recognized an offset to this charge during the fourth quarter of 2016 for related insurance recoveries totaling $130.7 million. In the first quarter of 2017, the firm recognized additional insurance recoveries of $120 million as a reduction in operating expenses from claims that were fixed in relation to the matter. Management believes it is useful to readers of the firm's consolidated statements of income to adjust for the charge and insurance recoveries in arriving at adjusted operating expenses.
Statement of Income Changes Considerations

- Why are we making the change to our Statement of Income presentation?
  - Increase transparency of operating expenses
  - Align similarly driven operating expense categories

- When will the new Statement of Income presentation be effective?
  - Form 10Q for the quarter ended March 31, 2018
  - We have recast the quarters in 2017 as well as the full-year 2016 for comparability
  - The recast quarters and years have been included herein for reference

- Will we provide details of any other recast quarters or years?
  - Yes, we have recast 2016 quarters, and they have been included them herein for reference
## Recast Statements of Income

<table>
<thead>
<tr>
<th>Amounts are unaudited</th>
<th>2016 As Reported</th>
<th>2016 Recast</th>
<th>2017 As Reported</th>
<th>2017 Recast</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sponsored U.S. mutual funds</td>
<td>$2,705.4</td>
<td>$2,705.4</td>
<td>$3,071.9</td>
<td>$3,071.9</td>
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<tr>
<td>Other investment portfolios</td>
<td>1,023.3</td>
<td>1,023.3</td>
<td>1,215.8</td>
<td>1,215.8</td>
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<tr>
<td>Investment advisory fees</td>
<td>3,728.7</td>
<td>3,728.7</td>
<td>4,287.7</td>
<td>4,287.7</td>
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<tr>
<td>Administrative fees and other income</td>
<td>352.3</td>
<td>494.2</td>
<td>358.3</td>
<td>509.3</td>
</tr>
<tr>
<td>Distribution and servicing fees</td>
<td>161.7</td>
<td>—</td>
<td>161.7</td>
<td>—</td>
</tr>
<tr>
<td>Net revenues</td>
<td>4,222.0</td>
<td>4,222.9</td>
<td>4,793.0</td>
<td>4,793.0</td>
</tr>
<tr>
<td><strong>Operating expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compensation and related costs</td>
<td>1,494.0</td>
<td>1,494.0</td>
<td>1,664.9</td>
<td>1,664.9</td>
</tr>
<tr>
<td>Distribution and servicing costs</td>
<td>141.7</td>
<td>227.1</td>
<td>147.0</td>
<td>254.4</td>
</tr>
<tr>
<td>Advertising and promotion</td>
<td>79.9</td>
<td>79.9</td>
<td>92.0</td>
<td>92.0</td>
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<tr>
<td>Product-related expenses</td>
<td>—</td>
<td>84.8</td>
<td>—</td>
<td>93.2</td>
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<tr>
<td>Depreciation and amortization</td>
<td>133.4</td>
<td>—</td>
<td>143.6</td>
<td>—</td>
</tr>
<tr>
<td>Occupancy and facility costs</td>
<td>172.8</td>
<td>—</td>
<td>194.9</td>
<td>—</td>
</tr>
<tr>
<td>Technology, occupancy, and facilities costs</td>
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<td>319.9</td>
<td>—</td>
<td>350.5</td>
</tr>
<tr>
<td>General, administrative, and other</td>
<td>401.5</td>
<td>217.6</td>
<td>401.8</td>
<td>279.2</td>
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<tr>
<td>Impact of Dell appraisal rights matter</td>
<td>66.2</td>
<td>66.2</td>
<td>(50.0)</td>
<td>(50.0)</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>2,499.5</td>
<td>2,489.5</td>
<td>2,694.2</td>
<td>2,684.2</td>
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<tr>
<td><strong>Net operating income</strong></td>
<td>$1,733.4</td>
<td>$1,733.4</td>
<td>$2,108.8</td>
<td>$2,108.8</td>
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</table>
## Recast Statements of Income: 2017

<table>
<thead>
<tr>
<th>Amounts are unaudited</th>
<th>Q1 2017</th>
<th>Q2 2017</th>
<th>Q3 2017</th>
<th>Q4 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sponsored U.S. mutual funds</td>
<td>$715.8</td>
<td>$715.8</td>
<td>$754.3</td>
<td>$754.3</td>
</tr>
<tr>
<td>Other investment portfolios</td>
<td>275.3</td>
<td>275.3</td>
<td>269.6</td>
<td>269.6</td>
</tr>
<tr>
<td>Investment advisory fees</td>
<td>991.1</td>
<td>991.1</td>
<td>1,043.9</td>
<td>1,043.9</td>
</tr>
<tr>
<td>Administrative fees and other income</td>
<td>87.3</td>
<td>122.5</td>
<td>91.3</td>
<td>127.7</td>
</tr>
<tr>
<td>Distribution and servicing fees</td>
<td>35.2</td>
<td>39.4</td>
<td>37.4</td>
<td>39.0</td>
</tr>
<tr>
<td>Net revenues</td>
<td>1,113.6</td>
<td>1,113.6</td>
<td>1,171.6</td>
<td>1,171.6</td>
</tr>
<tr>
<td><strong>Operating expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compensation and related costs</td>
<td>397.4</td>
<td>397.4</td>
<td>403.8</td>
<td>403.8</td>
</tr>
<tr>
<td>Distribution and servicing costs</td>
<td>35.2</td>
<td>35.2</td>
<td>36.4</td>
<td>36.4</td>
</tr>
<tr>
<td>Advertising and promotion</td>
<td>25.6</td>
<td>25.6</td>
<td>18.6</td>
<td>18.6</td>
</tr>
<tr>
<td>Product-related expenses</td>
<td>—</td>
<td>21.4</td>
<td>—</td>
<td>22.4</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>35.6</td>
<td>—</td>
<td>—</td>
<td>35.0</td>
</tr>
<tr>
<td>Occupancy and facility costs</td>
<td>45.4</td>
<td>45.4</td>
<td>—</td>
<td>49.0</td>
</tr>
<tr>
<td>Technology, occupancy, and facilities costs</td>
<td>—</td>
<td>82.8</td>
<td>—</td>
<td>85.6</td>
</tr>
<tr>
<td>General, administrative, and other</td>
<td>102.7</td>
<td>68.6</td>
<td>122.1</td>
<td>70.8</td>
</tr>
<tr>
<td>Impact of Dell appraisal rights matter</td>
<td>(50.0)</td>
<td>(50.0)</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>591.9</td>
<td>591.9</td>
<td>604.0</td>
<td>604.0</td>
</tr>
<tr>
<td>Net operating income</td>
<td>$521.7</td>
<td>$521.7</td>
<td>$507.6</td>
<td>$507.6</td>
</tr>
</tbody>
</table>

*INVEST WITH CONFIDENCE*

T. Rowe Price Investor Day • February 21, 2018
## Recast Statements of Income: 2016

<table>
<thead>
<tr>
<th></th>
<th>Q1 2016</th>
<th>Q2 2016</th>
<th>Q3 2016</th>
<th>Q4 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sponsored U.S. mutual funds</td>
<td>$632.1</td>
<td>$632.1</td>
<td>$669.1</td>
<td>$703.5</td>
</tr>
<tr>
<td>Other investment portfolios</td>
<td>238.7</td>
<td>238.7</td>
<td>251.5</td>
<td>267.0</td>
</tr>
<tr>
<td>Investment advisory fees</td>
<td>870.8</td>
<td>870.8</td>
<td>920.8</td>
<td>970.5</td>
</tr>
<tr>
<td>Administrative fees and other income</td>
<td>89.4</td>
<td>123.3</td>
<td>88.5</td>
<td>85.7</td>
</tr>
<tr>
<td>Distribution and servicing fees</td>
<td>33.9</td>
<td>—</td>
<td>35.6</td>
<td>36.7</td>
</tr>
<tr>
<td><strong>Net revenues</strong></td>
<td>994.1</td>
<td>994.1</td>
<td>1,044.7</td>
<td>1,092.9</td>
</tr>
<tr>
<td><strong>Operating expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compensation and related costs</td>
<td>355.2</td>
<td>355.2</td>
<td>371.0</td>
<td>386.2</td>
</tr>
<tr>
<td>Distribution and servicing costs</td>
<td>33.9</td>
<td>55.7</td>
<td>35.6</td>
<td>36.7</td>
</tr>
<tr>
<td>Advertising and promotion</td>
<td>23.1</td>
<td>23.1</td>
<td>14.9</td>
<td>14.7</td>
</tr>
<tr>
<td>Product-related expenses</td>
<td>—</td>
<td>20.6</td>
<td>—</td>
<td>20.9</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>32.2</td>
<td>—</td>
<td>33.8</td>
<td>34.0</td>
</tr>
<tr>
<td>Occupancy and facility costs</td>
<td>41.4</td>
<td>—</td>
<td>40.8</td>
<td>45.3</td>
</tr>
<tr>
<td>Technology, occupancy, and facilities costs</td>
<td>—</td>
<td>75.5</td>
<td>—</td>
<td>83.2</td>
</tr>
<tr>
<td>General, administrative, and other</td>
<td>97.4</td>
<td>53.1</td>
<td>98.9</td>
<td>100.3</td>
</tr>
<tr>
<td>Impact of Dell appraisal rights matter</td>
<td>—</td>
<td>—</td>
<td>160.2</td>
<td>—</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td>593.2</td>
<td>583.2</td>
<td>761.2</td>
<td>617.2</td>
</tr>
<tr>
<td><strong>Net operating income</strong></td>
<td>$410.9</td>
<td>$410.9</td>
<td>$283.5</td>
<td>$475.7</td>
</tr>
</tbody>
</table>

**INVEST WITH CONFIDENCE**

T. Rowe Price Investor Day • February 21, 2018
## Operating Expense Descriptions

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensation and related costs</td>
<td>Salaries, employee benefits, incentive compensation, temporary personnel, labor capitalization, and other associate-related costs. This line also includes the change in value of the Supplemental Savings Plan liability based on the underlying hypothetical investments. Costs are primarily driven by head count plus in the case of incentive compensation the market and relative performance of the firm.</td>
</tr>
<tr>
<td>Advertising and promotion</td>
<td>Cost of advertising and promotion.</td>
</tr>
<tr>
<td>Distribution and servicing</td>
<td>Distribution and servicing of proprietary funds as well as client or shareholder servicing, recordkeeping, or administrative services. The expense is primarily driven by the change in the valuation of the net assets of the related funds.</td>
</tr>
<tr>
<td>Technology, facility, and occupancy</td>
<td>The aggregate amount of depreciation and amortization, communications, technology equipment and related maintenance, software and related maintenance, and occupancy expenses.</td>
</tr>
<tr>
<td>Product-related</td>
<td>Non-advisory costs incurred by T. Rowe Price related to certain products for custodial services, fund and middle-office accounting services, recordkeeping, and audit and tax services as well as other product-related expenses directly attributable to the non-advisory operations of the product. Costs primarily driven by contractual pricing.</td>
</tr>
<tr>
<td>General, administrative, and other</td>
<td>Costs associated with the overall management of the firm, including information services, research costs, travel and entertainment, professional fees, office supplies, charitable contributions, registrations, and business insurance.</td>
</tr>
</tbody>
</table>
## Net Revenue Descriptions

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative fee revenues</td>
<td>Amount of revenue earned from providing administrative services to managed funds and investment vehicles of independent third parties and related and affiliated entities. Services include, but are not limited to:</td>
</tr>
<tr>
<td></td>
<td>• transfer agent</td>
</tr>
<tr>
<td></td>
<td>• accounting</td>
</tr>
<tr>
<td></td>
<td>• tax</td>
</tr>
<tr>
<td></td>
<td>• legal</td>
</tr>
<tr>
<td></td>
<td>• regulatory filing</td>
</tr>
<tr>
<td></td>
<td>• share registration activities</td>
</tr>
<tr>
<td></td>
<td>Also includes distribution service fees (12b-1) earned from our proprietary U.S. mutual funds</td>
</tr>
</tbody>
</table>