Welcome everyone, and thank you for coming today.

- We are here to provide an update on T. Rowe Price and our strategic priorities.
  - From August 2015 through June 2016, we conducted a thorough strategic review of our business, and we developed a detailed plan to diversify and grow our business despite the many headwinds that we and our industry are currently facing.
  - We are choosing to invest in our business in three general areas to strengthen our competitive advantages: (1) products – especially multi-asset, (2) distribution, and (3) technology.
  - We believe that these investments are essential to our long-term success. We recognize that they raise our expenses and impact our operating profit margins in the near term – but we think these are the right investments to make and that the payoff will be worth it.
- A second purpose of today’s meeting is to introduce you to four leaders who helped develop our plan and who lead important businesses within T. Rowe Price. Each is an industry veteran and a strong leader, and each is committed to our long-term business success.
- A third reason for hosting this meeting today is to fulfill our commitment to you to provide more transparency into our business. We want you to understand what we are investing in and why we think we will be successful.
Forward-looking statements

This presentation, and other statements that T. Rowe Price may make, may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act, with respect to T. Rowe Price’s future financial or business performance, strategies, or expectations.

Forward-looking statements are typically identified by words or phrases such as “trend,” “potential,” “opportunity,” “pipeline,” “believe,” “comfortable,” “expect,” “anticipate,” “current,” “intention,” “estimate,” “position,” “assume,” “outlook,” “continue,” “remain,” “maintain,” “sustain,” “seek,” “achieve,” and similar expressions, or future or conditional verbs such as “will,” “would,” “should,” “could,” “may,” and similar expressions. Forward-looking statements in this presentation may include, without limitation, information concerning future results of our operations, expenses, earnings, liquidity, cash flow and capital expenditures, industry or market conditions, amount or composition of AUM, regulatory developments, demand for and pricing of our products, and other aspects of our business or general economic conditions. T. Rowe Price cautions that forward-looking statements are subject to numerous assumptions, risks, and uncertainties, which change over time. Actual results could differ materially from those anticipated in forward-looking statements, and future results could differ materially from historical performance. Forward-looking statements speak only as of the date they are made, and T. Rowe Price assumes no duty to and does not undertake to update forward-looking statements.

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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Past performance is not a reliable indicator of future performance. The value of an investment and any income from it can go down as well as up. Investors may get back less than the amount invested. Certain historical business data may include the use of estimates. This presentation also includes non-GAAP financial measures. You can find our presentations on the most directly comparable GAAP financial measures calculated in accordance with GAAP and our reconciliations in the appendix to this presentation and T. Rowe Price’s other periodic reports.

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### Agenda for today

- We expect to present for about 70 minutes.
- We ask that you hold your questions until we complete the presentation as there will be plenty of time for questions.
We are pleased that we have been able to deliver excellent results over a long period of time.

At December 31, 2016:

- AUM - $811 billion
- Net Revenues - $4.2 billion
- Stockholders’ Equity - $5.0 billion
Factors contributing to growth:

- Consistently strong investment performance across many market cycles was critical.
- Mutual fund industry growth from $500 billion to $16 trillion.
- T. Rowe Price full-service recordkeeping launch in 1982, coinciding with shift to defined contribution plans.
- Intermediary migration from commission structures to asset-based fees using no-load funds.
- Early entrance into the retirement date fund business with well-designed products in 2002.
- Unique culture emphasizing:
  - Investment excellence
  - Client-first orientation
  - Broadly respected brand
  - Financial strength
  - Durable business model
Diversified by Assets and by Client Type

Asset Class
- Integrated global investment platform is a competitive advantage and is built for excellence at scale.
- Broad array of high-performing investment strategies has enabled growth in asset allocation strategies.
- Global capabilities in equity, fixed income, and multi-asset provide significant growth opportunities.

Client Type
- Well diversified by client type – with a heavy emphasis on retirement assets.
- Meaningful growth opportunities abound across each client type.
We access clients across the globe through five different channels:

- Direct – 1.4+ million individual investors
- U.S. Plan Sponsors – 3,600+ plans
- U.S. Financial Intermediaries – 1,300+ financial institutions
- EMEA & APAC Financial Intermediaries – 290+ financial institutions
- Global Institutions – 640+ institutions
How We Are Organized to Access Clients

Five channels are organized internally into three business units

- Individual and Retirement Plan Services (IRPS) – Scott David
- U.S. Intermediaries (USI) – George Riedel
- Global Investment Services (GIS) – Robert Higginbotham (includes international intermediaries)
The New Realities Are Clear

- Aging Population
- Intermediaries Using New Vehicles
- Millennials and Digital Technology
- Regulatory Change

Passive and Alternative Investments

The marketplace is evolving quickly

- Aging population is shifting demand from equities to income-oriented solutions.
- Intermediaries demanding new vehicles to better meet clients’ needs, and they are paring their investment platforms to include only the most capable asset managers.
- Digital technology is reshaping client engagement.
- Regulatory change is accelerating across our business and shining a light on fees and poor performers.
- Most importantly, passive and alternative investments are taking significant share from active asset managers.
- We get it – and our strategic initiatives reflect our response to these challenges. You’ll hear more about these initiatives later in this presentation.
T. Rowe Price Future Vision

We Are Executing on a Longer-Term Plan

- Premier active asset manager
- Integrated investment solutions provider
- Global partner for retirement-oriented investors
- More globally diversified asset manager
- Destination of choice for top talent
- More agile company
- Strong financial results and balance sheet

- Maintain our position as a **premier active asset manager**, creating durable **value for clients**.
- Become more of an **integrated investment solutions provider** that leverages our diversified investment management and asset allocation capabilities to meet changing client needs.
- Become a more recognized **global partner for retirement-oriented investors** (individuals, DC plan sponsors, or employers with DB liabilities).
- Build T. Rowe Price into a **more globally diversified asset manager** that sources an increasing share of AUM from outside the U.S. while still growing our U.S. franchise.
- Remain a **destination of choice for top talent** including and beyond our investment teams, with a culture of accountability, empowerment, and rigor.
- Become a **more agile company** that stays ahead of and capitalizes on disruptions.
- Deliver attractive **financial results and balance sheet strength** for our stockholders over the long-term.

*In our pursuit of our short- and long-term goals, we believe it is imperative to sustain our client-centric, collaborative culture, and reputation for excellence and integrity.*
Active Management Beliefs

We believe that active and passive will coexist and complement each other. Given the need for returns around the world, we believe there will always be demand for good active management.

We also believe that certain characteristics of active firms increase their odds of outperforming passive options:

- Firms with high integrity and significant financial strength
- Firms with an intense focus on people, investment process, and culture
- Firms with below-average fees and long-term horizons.
Active Management Is Hard, We’ve Consistently Done It Well

**T. Rowe Price** has performed consistently well versus benchmarks, across broad product offerings, over the long term — including our important U.S. equity and target date offerings:

**U.S. Equity:**
Over the last 20 years, 75% of active T. Rowe Price diversified funds (18 funds studied) outperformed their designated benchmarks in more than 80% of the rolling 10-year periods.¹

**Target Date Mutual Funds:**
Since inception of each Retirement Fund in the series, 100% of the funds (9 funds studied) have outperformed their designated benchmarks in 100% of the rolling 10-year periods.²

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₁ For a more detailed discussion of results and methodology see, “Long-Term Benefits of the T. Rowe Price Approach to Active Management (April 2016).” All performance is as of 12/31/2015.

² For a more detailed discussion of results and methodology see, “Target Date Strategies: The Benefits of the T. Rowe Price Approach (January 2017).” All performance is as of 12/31/2015.

Past performance is no guarantee of future results.
Significant Opportunities to Extend Our Core Business

### Products
- High-performing but not-yet-scaled strategies
- Solutions beyond target date product

### Distribution
- International investors
- Traditional institutional investors
- Financial advisors

### Technology
- Digital transformation
- Operating scale

We see significant opportunities to extend our core business and create client and stockholder value.

**Products**
- **Fixed Income**: Global Unconstrained Bond, Global High Income, European High Yield, and Emerging Markets Corporate.
- **Equity**: Global Focused Growth, Global Growth Equity, Global Value Equity, Emerging Markets Value, Asia Opportunities, and International Concentrated Equity.
- **Asset Allocation**: Solutions, Global Allocation, and Personal Strategy.

**Distribution**
- $30+ trillion international market still largely untapped.
- $30+ trillion asset pool of truly institutional investors not fully addressed.
- Early innings of our coverage for financial advisors.

**Technology**
- Digital transformation to enhance client experience and improve productivity.
- Becoming a more agile company that achieves scale and stays ahead of disruptions.
High-Performing, Not-yet-scaled Strategies

Global Unconstrained Bond
- Outstanding Performance Over Two Years (Since Inception)
- AUM: $1.7 Billion
- Capacity: $10 Billion

Global Focused Growth Equity
- Outstanding Performance Over Five Years (Since PM Inception)
- AUM: $5 Billion
- Capacity: $25 Billion

There are multiple other strategies on the previous slide that are very similar – and more in earlier stages of operation.
Our model’s financial assumptions:

- Assume average market conditions
- Baseline net expense growth of ~4% off of 2016 expense level supports existing investments
- Over next three years, new investment split roughly 1/3 each to:
  - Investments/product
  - Distribution
  - Technology and other support
- Operating margin bottoms out in 2018 as new sources of growth ramp up
- What could alter this plan?
  - Markets decline – we will manage pace accordingly
  - Base business declines more than we expect
  - New product or distribution investments do not yield expected results

**For 2016, see the reconciliation between GAAP operating expenses and Adjusted on page 58. Operating expense projections for the other years do not consider any non-GAAP adjustments.**
While we have been reinvesting in our business for the long term, we have been returning capital to stockholders in the near term.

Returning excess operating cash flow remains a priority.
We are responding to a more challenging environment by investing in key initiatives that will broaden and strengthen our capabilities.

- Broadening product offerings and vehicles
- Strengthening distribution across all channels
- Investing in technology and digital capabilities to transform our clients’ experiences and achieve operating efficiencies

Become a more globally diversified investment solutions provider, known for excellence in investing, client experience, and efficiency.
PRODUCT CAPABILITIES

T. Rowe Price Investor Day

February 2, 2017

Robert Higginbotham,
Head of Global Investment Services
Product is the nexus of value creation between client needs and an asset manager’s capabilities.

We have the platform in place to drive growth:
- All main asset classes covered
- More than 10 different vehicle types (U.S. mutual fund, SICAV, OEIC, separate account, sub-advisory, etc.)
- Service clients in 54 market segments where a market segment is defined as a combination of country (e.g., Australia) and distribution channel (e.g., institutional)

As we build a global business, we seek to create operating leverage through an efficient product structure.

Our corporate balance sheet strength is a significant competitive advantage.

As of December 31, 2016.
• U.S. data – 50% total global market and in many sense U.S. leads global trends

• While active as a category has seen headwinds, we continue to believe in high-quality active management:
  — We have the focus on quality and we remain dedicated to this line of business
  — The revenue pools combined with the stock of assets and the replacement rate within the large pools continues to present strong potential for commercial returns
  — With the continued material funding gaps in defined benefit plans and with the under-saving in much of the world in defined contribution and discretionary savings, the incremental return from high-quality active management will be a vital component of successful outcomes for clients

• Clients will continue to need high-quality exposure to all main asset classes, and we are well positioned to deliver across the spectrum of equity and fixed income globally

• We already have a material multi-asset solutions business, so we are well placed to benefit from this trend in customer needs in all regions of the world

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1 Active core equity includes U.S. large-cap equity; active core fixed income includes core, core plus, and municipal bonds; active specialty equity includes foreign, global, EM, and U.S. small-/mid-cap; active specialty fixed income includes global, EM, high yield, TIPS, and unconstrained.

Key Product Demand Drivers – We have existing products, recent launches, and new product plans to continue to meet these:
- Separation of alpha and beta
- Absolute return
- Income
- Diversification
- Home market bias versus global opportunity set

Increased Tailoring – Many clients (particularly larger clients and consultants) are looking for increased tailoring. We have the asset allocation and solutions capabilities and breadth of asset classes to help clients in this area.

Pricing – We differentiate ourselves with our core philosophy to treat all customers fairly. We recognize the pressures that exist in the marketplace and manage pricing discipline very carefully.

Regulation and Policy – We remain very involved in all regulatory developments and have the scale in our business to respond to issues such as Brexit, MiFID II, money market reform, and DOL.
We have a long track record of developing products to meet the developing needs of our customers

- In the 1980s we had a stronger fixed income business
- Through the 1990s we built out our equity business, particularly in the U.S.
- As we headed in to the 2000s and 2010s we focused on incrementally building out our global/international equity business and our U.S. and global fixed income business
- We have a very strong global investment and product platform that already meets the needs of clients around the globe in all main asset classes
- Looking forward, we will see continuing growth in our quantitative equity, global equity, global fixed income, and asset allocation investment capabilities
**Recent Developments**

- Buildout of quantitative equity product range across U.S. equity and global equity
- European high yield managed income
- Buy and maintain fixed income
- U.S. total return fixed income
- Multi-asset retirement income 2020
- Income solution for UK advisory network
- Global equity income
- Customized retirement date solution for individual clients
- Working on target date funds for South Korea
- Global allocation for EMEA
Mapping Vehicles to Client Needs

<table>
<thead>
<tr>
<th>Geography</th>
<th>Pre-2013 Vehicles</th>
<th>2013 – 2016 Developments</th>
<th>Future Developments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global</td>
<td>Separate Account Subadvisory</td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S.</td>
<td>Retail Mutual Funds Institutional Mutual Funds Common Trust Funds</td>
<td>Model Delivery Retail SMA</td>
<td></td>
</tr>
<tr>
<td>Canada</td>
<td></td>
<td>Pooled Pension Funds</td>
<td></td>
</tr>
<tr>
<td>UK</td>
<td>SICAV</td>
<td>OEIC</td>
<td>NURS, ACS</td>
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<tr>
<td>EMEA</td>
<td>SICAV, FCP</td>
<td>SICAV II</td>
<td></td>
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<tr>
<td>APAC</td>
<td>SICAV, FCP</td>
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<tr>
<td>Japan</td>
<td>Cayman, FCP</td>
<td></td>
<td>Investment Trusts</td>
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<tr>
<td>Australia</td>
<td>Australian Unit Trusts</td>
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</tbody>
</table>

Recent Developments

- Delivery of first two model portfolios (U.S. Large-Cap Growth, U.S. Large-Cap Value)
- Development of U.S. retail separately managed accounts (U.S. Muni Fixed Income)
- Launch of UK OEIC with new sub-funds
- Improvement of SICAV structures for EMEA and APAC (e.g., flexible fee structures, hedged share classes)
- Launch of additional Canadian pooled pension funds
- ~$350 million seed capital deployment into new funds/share classes
Summary

- Significant platform in place for growth
- High-quality active is a durable theme
- Future plans aligned to client needs
- Market trends benefit global, scale players like T. Rowe Price
MULTI-ASSET INVESTMENT CAPABILITIES

February 2, 2017
Sebastien Page, CFA
Head of Asset Allocation
We are approaching our strategic initiatives from a position of strength.

- The capabilities are already in place
- Our performance has been consistently strong
- Our product innovation historically has met the needs of our clients

<table>
<thead>
<tr>
<th>Year</th>
<th>Product</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>Formed the T. Rowe Price Asset Allocation Committee, Spectrum Growth and Spectrum Income Funds</td>
</tr>
<tr>
<td>1991</td>
<td>Balanced Fund</td>
</tr>
<tr>
<td>1994</td>
<td>Personal Strategy Funds</td>
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<tr>
<td>1996</td>
<td>Spectrum International Fund</td>
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<tr>
<td>2001</td>
<td>College Savings Plans</td>
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<tr>
<td>2002</td>
<td>Retirement Funds</td>
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<tr>
<td>2008</td>
<td>Retirement Hybrid Trusts</td>
</tr>
<tr>
<td>2010</td>
<td>Real Assets Fund</td>
</tr>
<tr>
<td>2012</td>
<td>Retirement Trusts</td>
</tr>
<tr>
<td>2013</td>
<td>Target Retirement Funds, Global Allocation Fund</td>
</tr>
<tr>
<td>2015</td>
<td>Managed Volatility Strategy, Retirement I Funds</td>
</tr>
<tr>
<td>2016</td>
<td>Global Allocation SICAV</td>
</tr>
</tbody>
</table>

As of December 31, 2016.
Continued strong performance critical for success.

- Historical strong performance across markets
- This is attributable to many investment professionals making many decisions, versus a few making a few decisions

### T. Rowe Price Asset Allocation Funds

<table>
<thead>
<tr>
<th>Percent of Funds Beating the Morningstar Median</th>
<th>1 Year</th>
<th>3 Years</th>
<th>5 Years</th>
<th>10 Years</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>49%</td>
<td>97%</td>
<td>95%</td>
<td>95%</td>
</tr>
</tbody>
</table>

| Percent of Funds Beating the Lipper Median    | 53%    | 97%     | 95%     | 95%      |

As of December 31, 2016. Sources: Morningstar Direct and Lipper Inc. Primary share class only.

**Past performance is no guarantee of future results.** The exhibit above shows the percentage of U.S. T. Rowe Price asset allocation mutual funds that outperformed their applicable Lipper or Morningstar benchmarks over the time periods indicated. There were 47, 32, 20, and 19 U.S. asset allocation mutual funds in operation for the 1-, 3-, 5-, and 10-year time periods, respectively.

As of December 31, 2016. Sources: Morningstar Direct and Lipper Inc. Primary share class only.
We Have the Fundamentals in Place

Leveraging the investment process below, we are delivering multi-asset advice, portfolio diagnostics, and customized investment solutions to clients, financial advisors, and intermediaries across the globe.

**Strategic Portfolio Design**
Utilize a range of analysis based upon each strategy’s unique objectives, targeted risk/return profile, client guidelines, and the range of underlying asset classes and sectors.

**Tactical Asset Allocation**
Asset Allocation Committee’s tactical decisions to overweight or underweight asset classes and sectors based on relative valuation opportunities over a 6- to 18-month outlook for global financial markets.

**Active Security Selection**
Portfolio managers are responsible for oversight and management of each underlying strategy through diversified approaches, with an emphasis on actively managed strategies that leverage T. Rowe Price’s global team of more than 250 portfolio managers and analysts.

As of December 31, 2016.
Our strategy is to better position ourselves to take advantage of the opportunities in the global multi-asset space.

- We are facing headwinds, including increased competition in our core U.S. retirement franchise
- Focus on outcomes – retirement, demographics, liabilities
- Low returns expected
- Investors looking for one-stop solutions
Our overarching goals are to expand our multi-asset presence globally, while maintaining our leadership in our retirement franchise.

- Our brand is consistent with being a “trusted advisor”
- Collaboration, a key element in effective solutions, is a competitive advantage of ours
Multi-asset Investment Increasing

Investment in multi-asset increasing to accommodate shifting client objectives/needs.

**People**
- More than doubling the size of our dedicated multi-asset investment professional staff
- Adding dedicated multi-asset support staff
- Building regional consultative teams in Europe and Asia

**Technology**
- Upgrading multi-asset investment platform to reduce risk, increase scale, and enable product innovation
- Upgrading our risk model system
- Hiring key strategic positions to strengthen the partnership between the research and technology teams

**Product**
- Delivering customized multi-asset solutions
- Exploring an alternative strategies vehicle
- Offering custom glide path and customer target date capabilities
Key Takeaways

Position of Strength

Headwinds Present

Opportunities to Diversify

Time for Execution
INDIVIDUAL AND RETIREMENT PLAN SERVICES

T. Rowe Price Investor Day
February 2, 2017
Scott David,
Head of Individual and Retirement Plan Services
U.S. Individual & Retirement Plan Services

T. Rowe Price

Direct

U.S. Plan Sponsors

U.S. Financial Intermediaries

EMEA & APAC Financial Intermediaries

Global Institutions

Individual Investors
Individual and Retirement Plan Services brings together:

**Products**
- Investment capabilities
- Historically strong performance

**Distribution**
- Client segments
- Products and vehicles

**Technology**
- Operating scale
- Digital transformation

These investments allow us to:

1. Protect and support our large existing client base
2. Take advantage of growth opportunities
3. Grow our operating scale and efficiency
Retirement Plan Services serves the full spectrum of client types and plan sizes:

- We serve DC, DB, and nonqualified plans
- We connect plan sponsors with dedicated relationship managers and support participants through Web, mobile, and phone channels
- We enjoy industry-leading client satisfaction scores
- We have the right combination of service and competitive pricing to serve the faster-growing small and micro plan space

Retirement Plan Services Business and Opportunities

3,600 plans
1.9 million participants
$156 billion AUA
$100 billion AUM

Projected Industry AUM CAGR 2015–2020

- Large & Mega: 0.5%–3%
- Medium: 4.5%–5.5%
- Small & Micro: 6%–7%
- Education: 6.5%–7.5%

T. Rowe Price data as of December 31, 2016.
Industry plan category definitions: Mega – participant base over 5,000; large – participant base between 1,000 and 4,999; medium – participant base between 500 and 999; small – participant base between 100 and 499; micro – participant base below 100
We are focused on capturing the biggest opportunities:

- Bring together recordkeeping, sponsor and participant support, and strong asset management capabilities to drive better outcomes for individuals
- Expand our sales teams in a targeted way
  
  **Example:** We are significantly expanding our small market sales and marketing efforts, along with targeted hiring for our large and mega plan team.

- Continue our multiyear commitment to invest in our technology platform to both increase operating efficiency and deliver better client outcomes
- Deliver innovative enhancements to the client experience across channels so they can engage with us when and how they choose
  
  **Example:** Marrying client account data with animation to deliver personalized, engaging video experiences that encourage clients to take action on areas like asset allocation or increasing contribution rates.
Our Individual Investors business directly connects our investment capabilities to clients:

- We help individuals meet their retirement, education, and taxable savings needs, serving them through Web, mobile, mail, and phone channels
- Clients typically demonstrate loyalty to us over long time horizons
- We are well positioned to expand our business and capabilities as the direct channel grows in the years ahead
We are focused on capturing the biggest opportunities:

- Expand our advice offerings to meet emerging client demand for digital advice
  
  **Example:** Our T. Rowe Price® ActivePlus Portfolios brings a new, digitally enabled discretionary advice offering to the market for portfolios with $50,000 or more – with clients only paying the underlying management fees for the funds. The offering is currently in beta and will be rolled out publicly in early 2017.

- Strengthen our relationship management capabilities especially among high-value clients
  
  **Example:** We are introducing dedicated relationship management to our high-value clients, deepening our connection with them, and ensuring we provide the right products and services to allow them to meet their goals and objectives.

- Deliver the same high-quality experience online as we have delivered via phone for years
Our digital transformation will touch all parts of the firm, beginning with Retirement Plan Services and Individual Investors:

- Clients require engaging personalized experiences
- Goal-based interactions help clients to better meet their savings and investing goals
- Interactions have to be simple enough to work on a mobile device or over the phone

We have the plan, resources, and capabilities to transform our digital capabilities:

- Our multiyear investments in Retirement Plan Services continues, with positive feedback from the market on enhancements to date
- Our client journey transformation work has launched in our Individual Investors business
- The pace of delivery for client enhancements is accelerating and will directly lead to significant operating scale
U.S. INTERMEDIARIES

T. Rowe Price Investor Day
February 2, 2017
George Riedel,
Head of U.S. Intermediaries
T. Rowe Price U.S. Intermediaries Business

- A unique institutional approach to intermediary distribution
- Built with discipline over 25 years
- A market leader in professional buyer channels
- Well positioned for the new fiduciary landscape
- Poised for growth, opportunity to take share
The U.S. Intermediary Landscape

Broker/Dealers
- Edward Jones
- Merrill Lynch
- LPL Financial
- Morgan Stanley

Banks
- WELLS FARGO
- PNC
- SunTrust
- COMMUNITY BANKS

Registered Investment Advisors
- YORK CAPITAL MANAGEMENT
- HIGHTOWER
- DIP
- Ronald Blue & Co.
- PRIME Solutions

Platform Services
- AMERITRADE
- ENVESTNET
- Charles Schwab
- Fidelity
- Morningstar

Defined Contribution Retirement Plans (investment only)
- John Hancock
- Transamerica
- Prudential
- Voya
- Fidelity

Insurance
- JACKSON
- MassMutual Financial Group
- Lincoln Financial Group
- AIG

Where We’ve Come From
- Successful, well-established client coverage teams
- Long-tenured relationships with key intermediary platforms
- Strong brand
- Aligned to U.S. retail market growth drivers

Delivering the Complete Firm to Our Partners
- Cover intermediary platforms as institutional buyers
- Significant relationships with almost every major distributor
- Team collaboration around “interconnected” platforms

Companies listed are a representative sample of the top distribution platforms in each intermediary market segment. All trademarks are the property of their respective owners. Use of any third-party logos or trademarks does not imply endorsement, sponsorship, or affiliation.
Our Basic Formula for Winning in the U.S. Intermediary Market

- Establish home office engagement and research coverage
- Leverage institutional coverage and platform placements
- Expand and strategically partner with key platforms
- Deepen targeted advisor engagement strategies
- Client-aligned incentive structures

Sources: Cerulli Associates, U.S. Managed Account Quantitative Update, 2015; T. Rowe Price estimates.
Supporting Client Transition to Advisory

Industry AUM by account type from 2007 to 2015
Sources: Cerulli Associates, T. Rowe Price estimates

Well Positioned for the New Fiduciary Landscape

- Long-tenured experience with advisory platforms and buyers
- Fiduciary-aligned culture and product offer
- Strong asset allocation insights and DNA
- Vehicle-agnostic implementation
Poised to Benefit From the New Fiduciary Landscape

Legacy U.S. Intermediary Paradigm

Commission-Based, Brokerage
Open Architecture Wealth Platforms
Advisor Fragmentation
Wholesaler-Driven Advisor Sales
Digital/Web Advertising
Rollover Capture & Retirement Planning
Asset Class Expertise

Fee-Based, Advisory
Rationalized, Fiduciary Wealth Platforms
Advisor Consolidation
Platform-Driven Advisor Sales (Wholesaler/Service)
Omni-Channel, Data-Driven Client Engagement
In-Plan Management & Retirement Planning
Multi-Asset & Solutions Expertise

Future U.S. Intermediary Paradigm

We Believe Winners Will

- Balance cost of sales and distribution “operating leverage”
- Have home office strength, depth, and placement
- Align resources and incentives to client needs
- Intelligently deploy advisor coverage models with discipline
- Leverage disciplined, digital, and data-enabled advisor engagement
- Deliver highly credible multi-asset and solutions capabilities
Enabled for Growth, Execution Focused

Our Execution Priorities

- Continue market-leading home office engagement
- Deliver multi-asset capabilities and insights
- Deploy disciplined, digital, and data-enabled advisor engagement
- Expand offers and vehicles aligned to investor and fiduciary needs
- Grow diverse, investment-savvy, culturally aligned talent
Global Investment Services

T. Rowe Price

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

Individual Investors
The developed markets account for 86% of the total existing stock of global AUM
— T. Rowe Price is already well established in the U.S. along with the Global Investment Services
  U.S. institutional business
— Demographics, government fiscal trends, and higher levels of wealth/capita are leading Western
  Europe, Japan, and Australia to catch up with U.S. in the levels of managed assets
While only 13% of existing global AUM, the developing markets account for 40% of global net new
flows
— The growth in GDP/capita, the increasing presence of formal retirement markets, and the high
  savings rates make Asia a particular opportunity for a global asset manager such as T. Rowe
  Price with the majority of the developing market opportunity set
We are looking to position our global business to match these long-term trends
- We see continued growth in DC, particularly in the nearer term in the more developed retirement markets. T. Rowe Price has significant DC experience.
- Larger clients are increasingly investigating bringing core asset management in house. T. Rowe Price has solutions capabilities to work with clients as they move and a wide range of specialist asset classes to complement their in-house core management.
- Increased quality and concentration in the buying process (especially consultants and large intermediaries). As the focus on value for money increases, larger clients are looking to leverage their buying power across multiple mandates. T. Rowe Price, as one of the larger, more global managers that can work with clients and consultants in all regions, is well positioned to benefit.
- Regulatory pressure (e.g., fiduciary standards, research costs, and gifts and entertainment). The increasing cost of regulation will require larger levels of investment in business infrastructure, operations, and technology. T. Rowe Price, as a larger, more global businesses with diverse business across geography, asset class, and distribution, is well positioned to invest through these regulatory changes.
Phase 1: 2000–2013

Continue incremental investment in core institutional business

- Easier entry, sophisticated large buyers
- “Institutional” sales and service model
- High leverage and operating efficiency as the business scales

**Segments**

Australia Institutional  
Australia Intermediary  
Canada Institutional  
Japan Institutional  
Japan Intermediary  
Greater China Institutional  
Middle East Institutional  
Nordic Institutional  
Benelux Institutional  
Switzerland Institutional  
UK Institutional  
UK Intermediary  
U.S. Institutional
Phase 2: 2014

Scale up and broaden geographic range of institutional and intermediary businesses

- Extension of existing sales model
- Build revenue to fund future growth
- Lay the groundwork for possible future expansion in advisor markets

Segments

*Phase 1 Regions +*
- Asia Institutional
- Asia Intermediary
- Benelux Intermediary
- Canada Intermediary
- Germany Intermediary
- Italy Intermediary
- Nordic Intermediary
- South Africa Institutional
- Spain Intermediary
- Switzerland Intermediary
- UK Advisor-Driven
Phase 3: Future

Develop capabilities to reach broader base of distribution opportunities

- High-quality revenue for long-term growth
- More complex infrastructure, operations, marketing
- Build scale within countries

Segments

*Phase 1 & 2 Regions +

Asia Advisor-Driven
Benelux Advisor-Driven
Canada Advisor-Driven
Germany Advisor-Driven
Hong Kong Defined Contribution
Italy Advisor-Driven
Local Asia: South Korea, Taiwan
Local EMEA: France, Poland
Local Latin America: Brazil, Mexico, Chile, Peru
Summary

Disciplined global growth aligned to market potential

Positive momentum in recent new businesses

Core capabilities already in place for growth

T. Rowe Price scale a key competitive advantage
T. Rowe Price has the plan, capabilities, and resources to meet the evolving needs of our clients and the asset management marketplace.

Execution of our plan is designed to:
- Enhance our ability to deliver value to clients across the globe
- Allow us to grow and diversify our business
- Create stockholder returns via per-share growth of revenues, earnings, and dividends
### Reconciliation Between GAAP and Adjusted

<table>
<thead>
<tr>
<th></th>
<th>2016 (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Expenses, GAAP Basis</strong></td>
<td>$2,489.5</td>
</tr>
<tr>
<td><strong>Non-GAAP Adjustments</strong></td>
<td></td>
</tr>
<tr>
<td>Expenses of consolidated sponsored investment portfolios, net of elimination of the firm’s related management fee¹</td>
<td>(6.5)</td>
</tr>
<tr>
<td>Nonrecurring charge related to Dell appraisal matter²</td>
<td>(66.2)</td>
</tr>
<tr>
<td><strong>Adjusted Operating Expenses</strong></td>
<td>$2,416.8</td>
</tr>
</tbody>
</table>

¹The firm implemented new consolidation accounting guidance on January 1, 2016, that resulted in a larger number of our sponsored investment portfolios, that we provide seed capital to at inception, to be consolidated in our financial statements as we were deemed to have a controlling financial interest. We now recognize investment gains and losses on a larger number of the investments in sponsored portfolios in our consolidated statement of income compared with our consolidated statement of comprehensive income in 2015. The non-GAAP adjustments add back the management fees we earn from the consolidated sponsored investment portfolios and remove the investment income and operating expenses of these portfolios that have been included in our U.S. GAAP consolidated statements of income. We believe the consolidated sponsored investment portfolios may impact the reader's ability to understand our core operating results.

²As previously disclosed, we made the decision in 2016 to compensate certain clients in regard to the Dell appraisal rights matter. We also recognized an offset to this charge for a related insurance recovery. We believe it is useful to readers of our consolidated statement of income to adjust for this nonrecurring charge, net of the insurance recovery, in arriving at adjusted operating expenses as this will aid with comparability to prior periods and analyzing our core business results.

For further information and reconciliation between GAAP and adjusted, see the earnings release for the three months and year ended December 31, 2016, filed on Form 8-K on January 26, 2017.