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 **September 30, 2004**

Commission File Number: **000-32191**

T. ROWE PRICE GROUP, INC.

(Exact name of registrant as specified in its charter)

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

100 East Pratt Street, Baltimore, Maryland 21202

(Address and 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 or 15(d) 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.

[X] Yes [ ] No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

[X] Yes [ ] No

Indicate the number of shares outstanding of the issuer's common stock ($.20 par value), as of the latest practicable date. **128,147,121 shares at October 21, 2004.**

Exhibit index is at Item 6 on page 14.

PART I — FINANCIAL INFORMATION

Item 1. Financial Statements.

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

	12/31/2003	09/30/2004
ASSETS		
Cash and cash equivalents	$ 236,533	$ 490,061
Accounts receivable	121,295	140,361
Investments in sponsored mutual funds	162,283	178,947
Debt securities held by savings bank subsidiary	110,962	110,984
Property and equipment	201,094	205,682
Goodwill	665,692	665,692
Other assets	48,718	51,615
	$1,546,577	$1,843,342
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Accounts payable and accrued expenses	$ 60,589	$ 46,644
Accrued compensation and related costs	36,893	109,099
Dividends payable	23,739	24,271
Customer deposits at savings bank subsidiary	96,276	96,858
	217,497	276,872
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 124,932,884 shares in 2003 and 127,830,178 shares in 2004	24,987	25,566
Additional capital in excess of par value	131,425	197,735
Retained earnings	1,143,913	1,311,616
Accumulated other comprehensive income	28,755	31,553
Total stockholders' equity	1,329,080	1,566,470
	$1,546,577	$1,843,342

See the accompanying notes to the condensed consolidated financial statements.

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

	Three months ended		Nine months ended	
	09/30/2003	09/30/2004	09/30/2003	09/30/2004
Revenues				
Investment advisory fees	$205,176	$254,689	$553,461	$748,700
Administrative fees and other income	52,947	61,403	160,525	182,414
Investment income of savings bank subsidiary	977	944	2,908	2,870
Total revenues	259,100	317,036	716,894	933,984
Interest expense on savings bank deposits	832	808	2,446	2,433
Net revenues	258,268	316,228	714,448	931,551
Operating expenses				
Compensation and related costs	97,441	117,955	283,931	340,819
Advertising and promotion	9,885	12,952	38,622	50,128
Depreciation and amortization of property and equipment	11,287	10,083	34,843	30,054
Occupancy and facility costs	15,285	16,968	46,791	49,151
Other operating expenses	18,840	27,356	55,471	79,610
	152,738	185,314	459,658	549,762
Net operating income	105,530	130,914	254,790	381,789
Other investment income	588	1,519	791	3,611
Other interest and credit facility expenses	332	93	1,312	893
Net non-operating income (expense)	256	1,426	(521)	2,718
Income before income taxes	105,786	132,340	254,269	384,507
Provision for income taxes	39,495	49,815	95,429	144,379
Net income	$ 66,291	$ 82,525	$158,840	$240,128
Earnings per share				
Basic	$ 0.53	$ 0.65	$ 1.29	$ 1.89
Diluted	$ 0.51	$ 0.62	$ 1.25	$ 1.80
Dividends declared per share	$ 0.17	$ 0.19	$ 0.51	$ 0.57
Weighted average shares				
Outstanding	124,013	127,429	122,993	126,836
Assuming dilution	130,072	133,305	127,495	133,531

See the accompanying notes to the condensed consolidated financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Nine months ended	
	09/30/2003	**09/30/2004**
Cash flows from operating activities		
Net income	$158,840	$240,128
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization of property and equipment	34,843	30,054
Other changes in assets and liabilities	42,340	73,416
Net cash provided by operating activities	236,023	343,598
Cash flows from investing activities		
Investments in debt securities by savings bank subsidiary	(66,796)	(33,167)
Proceeds from debt securities held by savings bank subsidiary	53,054	32,037
Additions to property and equipment	(21,631)	(34,878)
Other investment activity	6,155	(9,624)
Net cash used in investing activities	(29,218)	(45,632)
Cash flows from financing activities		
Repurchases of common stock	(19,962)	(18,334)
Stock options exercised	20,532	45,207
Debt principal repaid	(43,531)	—
Dividends paid to stockholders	(62,521)	(71,893)
Change in savings bank subsidiary deposits	13,765	582
Net cash used in financing activities	(91,717)	(44,438)
Cash and cash equivalents		
Net increase during period	115,088	253,528
At beginning of year	111,418	236,533
At end of period	$226,506	$490,061

See the accompanying notes to the condensed consolidated financial statements.

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

	Common stock	Additional capital in excess of par value	Retained earnings	Accumulated other comprehensive income	Total stockholders' equity
Balance at December 31, 2003, 124,932,884 common shares	$24,987	$131,425	$1,143,913	$28,755	$1,329,080
Comprehensive income					
Net income			240,128		
Change in unrealized security holding gains, net of taxes, including $1,172 in the third quarter				2,798	
Total comprehensive income					242,926
3,297,294 common shares issued under stock-based compensation plans	659	84,564			85,223
400,000 common shares repurchased	(80)	(18,254)			(18,334)
Dividends declared			(72,425)		(72,425)
Balance at September 30, 2004, 127,830,178 common shares	$25,566	$197,735	$1,311,616	$31,553	$1,566,470

See the accompanying notes to the condensed consolidated financial 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. The investors that we serve are primarily domiciled in the United States of America.

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 2003 Annual Report.

STOCK OPTION GRANTS.

Our stock-based compensation plans are accounted for using the intrinsic value based method. The exercise price of each option granted is equivalent to the market price of the common stock at the date of grant. Accordingly, no compensation expense related to stock option grants has been recognized in the condensed consolidated statements of income.

Accounting principles require us to make the following disclosures as if the fair value based method of accounting had been applied to our stock option grants after 1994.

	Three months ended		Nine months ended	
	9/30/2003	**9/30/2004**	**9/30/2003**	**9/30/2004**
Net income, as reported	$66,291	$82,525	$158,840	$240,128
Additional stock-option based compensation expense using the fair value based method	(9,104)	(9,628)	(28,551)	(33,493)
Related income tax benefits	2,851	2,918	8,641	10,317
Pro forma net income	$60,038	$75,815	$138,930	$216,952
Earnings per share				
Basic — as reported	$ 0.53	$ 0.65	$ 1.29	$ 1.89
Basic — pro forma	$ 0.48	$ 0.59	$ 1.13	$ 1.71
Diluted — as reported	$ 0.51	$ 0.62	$ 1.25	$ 1.80
Diluted — pro forma	$ 0.46	$ 0.57	$ 1.09	$ 1.63

NOTE 2 — INFORMATION ABOUT REVENUES AND SERVICES.

Revenues (in thousands) from advisory services provided under agreements with sponsored mutual funds in the U.S. and other investment clients for the interim periods ended September 30 include:

	Three months ended		Nine months ended	
	09/30/2003	09/30/2004	09/30/2003	09/30/2004
Sponsored mutual funds in the U.S.				
Stock	$115,871	$148,295	$306,255	$436,990
Bond and money market	31,430	33,609	91,763	99,330
	147,301	181,904	398,018	536,320
Other portfolios	57,875	72,785	155,443	212,380
	$205,176	$254,689	$553,461	$748,700

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

	Average during the third quarter		Average during the nine months	
	2003	2004	2003	2004
Sponsored mutual funds in the U.S.				
Stock	$ 75.1	$ 96.1	$ 67.3	$ 95.0
Bond and money market	28.4	30.0	28.0	29.7
	103.5	126.1	95.3	124.7
Other portfolios	63.0	78.4	57.9	76.6
	$166.5	$204.5	$153.2	$201.3

	12/31/2003	09/30/2004
Sponsored mutual funds in the U.S.		
Stock	$ 88.4	$ 99.8
Bond and money market	29.1	30.5
	117.5	130.3
Other portfolios	72.5	81.7
	$190.0	$212.0

Fees for advisory-related administrative services provided to our sponsored mutual funds were $120,547,000 and $137,546,000 for the first nine months of 2003 and 2004, respectively. Accounts receivable from the mutual funds aggregate $70,127,000 at December 31, 2003 and $75,973,000 at September 30, 2004. All services to the sponsored U.S. mutual funds are provided under contracts that are subject to periodic review and approval by each of the funds' boards. The funds' shareholders must also approve material changes to investment advisory contracts.

REVIEW REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have reviewed the accompanying condensed consolidated balance sheet of T. Rowe Price Group, Inc. and subsidiaries as of September 30, 2004, the related condensed consolidated statements of income for the three- and nine-month periods ended September 30, 2004 and 2003, the related condensed consolidated statements of cash flows for the nine-month periods ended September 30, 2004 and 2003, and the related condensed consolidated statement of stockholders' equity for the nine-month period ended September 30, 2004. These condensed consolidated financial statements are the responsibility of the Company's management.

We conducted our reviews in accordance with standards established by 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 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 established by the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of T. Rowe Price Group, Inc. and subsidiaries as of December 31, 2003, 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 January 29, 2004, 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, 2003, 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
October 26, 2004

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 U.S. individual and institutional investors in our sponsored mutual funds and other managed investment portfolios. Investors outside the United States account for more than 5% of our assets under management at September 30, 2004.

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.

Total assets under our management were $212.0 billion at September 30, 2004, including $154.5 billion in equity holdings and $57.5 billion in fixed income securities. Net cash inflows to our investment portfolios were $5.8 billion during the third quarter of 2004 and totaled $16.4 billion for the first nine months of the year. Market depreciation, net of income, reduced assets under management $.6 billion during the third quarter. Net market appreciation totals $5.7 billion for the year-to-date period.

Financial market results were mixed in the first quarter of 2004 and stock indexes at March 31 were near the levels at the beginning of the year. U.S. stocks produced slightly positive returns during the second quarter; however, the third quarter saw losses across the markets resulting in negative returns for the year-to-date period. Rising valuations in mid-August and early September faded before the end of the quarter. Investor concerns about economic strength, rising interest rates, global political risks, national elections, and record high oil prices all weighed heavily on the markets. The broad S&P 500 index fell over 2% during the third quarter of 2004 and the Dow Industrials finished the third quarter down over 3%. The NASDAQ index, which is heavily weighted with technology companies, finished even lower, down more than 7% for the third quarter. On June 30, the Federal Reserve began three successive one-quarter point increases in the federal funds target rate, the first rate increases in four years. Despite these increases, yield on U.S. Treasuries fell during the quarter and corresponding bond valuations rose.

RESULTS OF OPERATIONS.

Three months ended September 30, 2004 versus 2003. Total revenues increased $57.9 million to $317.0 million and net revenues increased by a similar amount to $316.2 million. Net operating income increased $25.4 million to $130.9 million from $105.5 million. Net income increased $16.2 million to $82.5 million, up more than 24% from the $66.3 million reported for third quarter of 2003. Diluted earnings per share increased 21% from $.51 to $.62, a new quarterly record surpassing that set in the second quarter of this year.

Investment advisory revenues were up 24% or $49.5 million in the third quarter of 2004 versus the 2003 quarter. Increased assets under management drove the change as average mutual fund assets were $126.1 billion, more than $22.6 billion higher than the $103.5 billion average of the third quarter 2003. Average assets in other managed portfolios were $78.4 billion in the third quarter of 2004, up $15.4 billion versus the average of $63.0 billion in the 2003 quarter. Total assets under management increased $5.2 billion during the third quarter of 2004.

Investment advisory revenues earned from the T. Rowe Price mutual funds distributed in the United States increased $34.6 million. Mutual fund assets ended September 2004 at $130.3 billion, up more than $2.0 billion from the beginning of the quarter. Net cash flows during the 2004 quarter were supported broadly by the individual direct, defined contribution retirement plans and financial intermediary channels, and were concentrated in the U.S. domestic stock mutual funds. The Growth Stock, Equity Income, Mid-Cap Value and Capital Appreciation funds accounted for $2.1 billion, or more than 75% of the nearly $2.8 billion of net inflows to the funds.

Investment advisory revenues earned on the other investment portfolios that we manage increased $14.9 million to $72.8 million in the 2004 quarter. Quarter-end assets in these portfolios were $81.7 billion, up $3.2 billion since the beginning of the quarter. Investment activity through financial intermediaries in the United States and from institutional investors, including assignments from Australia and Europe, added net cash inflows of about $3.1 billion to these investment portfolios.

Administrative fees and other income increased $8.5 million from the third quarter of 2003 to $61.4 million. These revenues arise primarily from our mutual fund transfer agent and defined contribution plan recordkeeping services, and from 12b-1 distribution fees. Increases in these revenues are generally offset by similar increases in the operating expenses that we incur to provide these services and distribute the Advisor and R classes of mutual fund shares through third parties.

Operating expenses in the third quarter of 2004 were $32.6 million more than in the comparable period last year. Our largest expense, compensation and related costs, increased 21% or $20.5 million from the third quarter of 2003. The number of our associates, their compensation rates including accrued bonuses, and the costs of their employee benefits have all increased. Our annual bonus program accrual for 2004 is higher than during 2003 based on our better operating results and relative investment performance that our investment managers have achieved this year versus last. Base salaries for our associates were increased modestly at the beginning of 2004, and we have added approximately 350 associates over the last twelve months, primarily to handle volume-related activities. At September 30, 2004, we employed more than 4,000 associates.

Third quarter advertising and promotion expenditures were up $3.1 million compared to the 2003 quarter when weaker financial markets made investors more cautious and less active. We expect that our advertising and promotion expenditures in the fourth quarter of 2004 will be up about 15% versus the comparable 2003 fourth quarter or, on a sequential basis, increase more than $10 million from our third quarter 2004 spending. We vary our promotional spending based on market conditions and investor demand as well as our efforts to expand our investor base in the United States and abroad.

Other operating expenses in the third quarter of 2004 increased $8.5 million, including $1.8 million of additional expense for third party distributors based on higher assets under management in our Advisor and R classes of mutual fund shares. These costs are funded from an equal increase in our administrative revenues recognized from the 12b-1 fees discussed above. Our other operating expenses this year have risen to meet increased business demands. They include, among other things, travel costs, information services, professional fees for legal, audit, and consulting services and regulatory compliance, and charitable contributions.

In the past, we have made modest use of fully permissible payments by brokers to obtain third-party investment research and related services. After careful evaluation, we have decided to phase out these “soft dollar” arrangements over the balance of this year and to pay for all third party investment research and related services directly. The impact to our earnings per share is less than $.01 per quarter.

Our combined expense for depreciation and amortization and our other occupancy and facility costs were up about $.5 million versus the prior year’s quarter. The effect of lower capital expenditures in recent years and increased costs of our rented office facilities, for the most part, offset each other.

Our net non-operating results, which include the recognition of investment gains and losses as well as interest income and credit facility expenses, increased nearly $1.2 million from the 2003 quarter to $1.4 million. The third quarter of 2003 included a loss of $.9 million from exchange rate fluctuations on the yen-denominated debt that we retired in the fourth quarter last year. Returns on higher cash balances in 2004 were the primary reason for the balance of the change from the 2003 period.

Our provision for income taxes increased $10.3 million primarily as a result of our improved results. Our effective tax rate has remained relatively stable.

Nine months ended September 30, 2004 versus 2003. Total revenues increased $217 million to $934 million and net revenues increased by a similar amount to almost $932 million. Net operating income increased $127 million to $382 million from $255 million. Net income increased $81 million to $240 million, 51% higher than the $159 million reported for the first nine months of 2003. Diluted earnings per share increased 44% from $1.25 to $1.80.

Investment advisory revenues were up 35% or $195 million versus the 2003 period. Increased assets under management again drove the change as average mutual fund assets were $124.7 billion, $29.4 billion higher than the $95.3 billion average in the first nine months of 2003. Average assets in other managed portfolios were $76.6 billion in the 2004 period, up $18.7 billion versus the average of $57.9 billion for the comparable 2003 period.

The $22 billion increase in assets under management from $190 billion at the end of 2003 to $212 billion at quarter end included $16.4 billion of net investor inflows, with $9.3 billion into the mutual funds and $7.1 billion into the other managed investment portfolios. Net market appreciation and income added more than $5.6 billion to assets under management during the same period.

Investment advisory revenues earned from the T. Rowe Price mutual funds distributed in the United States increased $138 million. Mutual fund assets at September 30, 2004 of $130.3 billion were up more than $12.8 billion from the beginning of the year. Net cash flows thus far in 2004 were primarily into the domestic stock funds with the Growth Stock, Equity Income, Mid-Cap Value, and Capital Appreciation funds accounting for 63% of the net inflows to the funds.

Investment advisory revenues earned on the other investment portfolios that we manage increased nearly $57 million to $212.4 million for the 2004 period. Assets in these portfolios of $81.7 billion at September 30, 2004 were up $9.2 billion since the beginning of the year, including net appreciation of $2.1 billion.

Administrative revenues and other income increased nearly $22 million from the first nine months of 2003 to $182 million. These revenues arise primarily from our mutual fund transfer agent and defined contribution plan recordkeeping services, and from 12b-1 distribution fees.

Operating expenses in the 2004 period were $90 million more than in the comparable period last year. Compensation and related costs increased 20% or $57 million from the 2003 period. Staff size, compensation rates including accrued bonuses, and the costs of employee benefits have all increased. Advertising and promotion expenditures were up $11.5 million compared to the 2003 period when weaker financial markets made investors more cautious and less active. Depreciation and amortization expense was down almost $5 million due primarily to the effect of lower capital expenditures in recent years. Other operating expenses in the first nine months of 2004 increased $24 million, including $5.5 million of additional expense for third party distributors based on higher assets under management in our Advisor and R classes of mutual fund shares.

Our net non-operating income improved from a loss of $.5 million in the 2003 period to a gain of $2.7 million thus far this year. During the 2003 period, we recognized other than temporary impairments among our mutual fund investment holdings and an exchange rate loss on our yen-denominated debt that have not recurred in 2004. We have otherwise had better investment results this year including returns on higher cash balances.

Our provision for income taxes increased $49 million primarily as a result of our improved operating results.

CAPITAL RESOURCES AND LIQUIDITY.

During the first nine months of 2004, stockholders' equity increased more than $237 million to nearly $1.6 billion.

On June 22, 2004, we replaced our existing credit facility with a new $300 million committed credit facility expiring in June 2007. The cost of this facility if it remains unused is approximately $100,000 per quarter.

Our mutual fund investment holdings of $179 million at September 30, 2004 include an aggregate gain of $48.7 million, before income taxes, that is included in stockholders' equity as part of accumulated other comprehensive income and has not been recognized in our statements of income.

Net unrealized holding losses in the portfolio of marketable debt securities held by our savings bank subsidiary were $.3 million at September 30, 2004, including aggregate unrealized losses of $.8 million and aggregate unrealized gains of $.5 million.

Operating activities provided cash flows of nearly $344 million in the first nine months of 2004, up more than $107 million from the comparable 2003 period. Cash from our operating activities was used to fund $46 million of net investing activities and $44 million of net financing activities in the 2004 period.

Net cash expended in investing activities increased $16 million versus the 2003 period due to about a $13 million increase in capital expenditures and greater net investments of $3 million. Net cash used in financing activities decreased $47 million versus the 2003 period, as we repaid nearly $44 million of debt in the first nine months of last year and had retired all of our debt by November 2003.

NEWLY ADOPTED ACCOUNTING PRONOUNCEMENT.

On March 31, 2004, the Financial Accounting Standards Board ratified the consensus of its Emerging Issues Task Force regarding the recognition and measurement of other-than-temporary impairments of certain investments. Our adoption of the provisions of this EITF Issue No. 03-01 did not impact our financial condition or results of operations.

FORWARD-LOOKING INFORMATION.

From time to time, information or statements provided by or on behalf of T. Rowe Price, including those within this Quarterly 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. 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 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 favoring 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 indices; 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, 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 2003 Form 10-K Annual Report.

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 September 30, 2004. Our disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed in this Form 10-Q quarterly report has been appropriately recorded, processed, summarized and reported. Based on that evaluation, our principal executive and principal financial officers have concluded that our disclosure controls and procedures are effective at the reasonable assurance level.

Our management, including our principal executive and principal financial officers, has evaluated any changes in our internal control over financial reporting that occurred during the quarterly period ended September 30, 2004, and has concluded that there was no change during the quarterly period ended September 30, 2004 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.

On September 16, 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. Two unrelated fund groups were also named as defendants. On November 19, 2003, a purported class action (John Bilski v. T. Rowe Price International Funds, Inc., et al.) was filed in the United States District Court, Southern District of Illinois, against T. Rowe Price International and the T. Rowe Price International Funds with respect to the T. Rowe Price New Asia Fund. Two unrelated fund groups were also named as defendants. The latter action was transferred by the Judicial Panel on Multi-District Litigation to the United States District Court for the District of Maryland, where it was voluntarily dismissed by the Plaintiff on October 13, 2004.

The basic allegations in the Parthasarathy case are that the T. Rowe Price defendants did not make appropriate value adjustments to the foreign securities of the T. Rowe Price International Stock Fund prior to calculating the Fund’s daily share prices, thereby benefiting market timing traders at the expense of the long-term mutual fund shareholders.

From time to time, various claims against us arise in the ordinary course of business, including employment-related claims.

In the opinion of management, after consultation with counsel, it is unlikely that there will be any adverse determination in one or more pending claims that would have a material adverse effect on our financial position or results of operations.

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

(c) We did not repurchase any of our common shares during the first half of 2004 and, at July 1, 2004, our authorized repurchase program totaled 5,846,010 shares, including 846,010 shares under a board of directors’ 1999 resolution and 5,000,000 shares under a 2003 board resolution. The following table summarizes activity under our repurchase program during the quarter ended September 30, 2004.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans	Maximum Number of Shares that May Yet Be Purchased Under the Plans
July 2004	—	—	—	5,846,010
August 2004	400,000	$45.83	400,000	5,446,010
September 2004	—	—	—	5,446,010
Total	400,000	$45.83	400,000	

Item 5. Other Information.

(a) On October 26, 2004, we issued a press release reporting our results of operations for the third quarter and first nine months of 2004. A copy of this press release is furnished herewith as Exhibit 99.

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.

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

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

32 Section 1350 Certifications.

99 Press Release issued October 26, 2004.

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 October 26, 2004.

T. Rowe Price Group, Inc.

/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. 033-07012, No. 033-37573, No. 033-72568, No. 033-58749, No. 333-20333, No. 333-90967 and No. 333-59714.

With respect to the subject registration statements, we acknowledge our awareness of the use therein of our report dated October 26, 2004 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 accountant, or a report prepared or certified by an accountant within the meaning of sections 7 and 11 of the Act.

/s/ KPMG LLP

Baltimore, Maryland
October 26, 2004

Exhibit 31.1 **Rule 13a-14(a) Certification of Principal Executive Officer**

I, George A. Roche, certify that:

1. I have reviewed this Form 10-Q Quarterly Report for the period ended September 30, 2004 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)) 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) 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

   (c) 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:

   (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.

October 26, 2004

/s/ George A. Roche
President and Chief Executive Officer

Exhibit 31.2 **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 period ended September 30, 2004 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)) 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) 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

   (c) 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:

   (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.

October 26, 2004

/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 September 30, 2004 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 and incorporated by reference 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.

October 26, 2004

/s/ George A. Roche, Principal Executive Officer

/s/ Kenneth V. Moreland, Principal 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.

T.RowePrice INVEST WITH CONFIDENCE
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News Release 100 East Pratt Street, Baltimore, Maryland 21202 FAX: 410.345.4561
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Exhibit 99 **Press Release**

T. ROWE PRICE GROUP REPORTS RECORD QUARTERLY RESULTS

Assets Under Management Total $212 Billion; Diluted Earnings Per Share up almost 22%

BALTIMORE (October 26, 2004) — T. Rowe Price Group, Inc. (Nasdaq: TROW) today reported its 2004 third quarter results, including record quarterly net revenues of $316 million, net income of $82.5 million, and diluted earnings per share of $.62. Comparatively, the reported results versus the third quarter of 2003 represent a 22% increase in net revenues from $258 million, a 25% increase in net income from $66 million, and nearly a 22% increase in diluted earnings per share from $.51. Assets under management increased to a record of $212.0 billion at September 30, 2004, up 2.5% from $206.8 billion at the end of June 2004 and up 25.5% from $168.9 billion at September 30, 2003.

For the first nine months of 2004, year-to-date results include net revenues of nearly $932 million, net income of $240 million, and diluted earnings per share of $1.80, all records for the first nine months of a year.

Financial Highlights

Investment advisory revenues were up 24% or $49.5 million in the third quarter of 2004 versus the 2003 quarter. Increased assets under management was the primary cause of the change as average mutual fund assets under management exceeded $126 billion, nearly $23 billion higher than the $103 billion average of the third quarter of 2003. Average assets in other managed portfolios were $78.4 billion in the third quarter of 2004, up $15.4 billion versus the average of $63.0 billion in the 2003 quarter.

The $212 billion of assets under management at September 30, 2004 include $130.3 billion in the T. Rowe Price mutual funds distributed in the United States and $81.7 billion in other managed portfolios consisting of institutional separate accounts, sub-advised funds, sponsored mutual funds which are offered to non-U.S. investors, and variable annuity portfolios. The $5.2

billion increase in assets under management from $206.8 billion at June 30, 2004 includes $5.8 billion of net investor inflows, with almost $2.8 billion added to the mutual funds and more than $3.0 billion to other managed portfolios, and net market depreciation during the third quarter of nearly $600 million. When added to the first half of 2004, net cash flows total $16.4 billion for the year-to-date period, with $9.3 billion into the mutual funds and $7.1 billion into the other managed investment portfolios. Assets under management have increased 11.6% from the beginning of 2004, including 8.6% from net cash flows during the first nine months of 2004.

Mutual fund net inflows in the 2004 third quarter were supported broadly by the individual direct, defined contribution retirement plans, and financial intermediary channels, and were concentrated in the U.S. domestic stock mutual funds with over 75% of the total going to the Growth Stock, Equity Income, Mid-Cap Value and Capital Appreciation funds, each rated either four or five stars by Morningstar. Strong net cash inflows into other managed portfolios resulted from increased investment activity through financial intermediaries in the United States and Japan, and from institutional investors in Australia and Europe.

Operating expenses in the third quarter of 2004 increased $32.6 million from the previous year's quarter to $185.3 million. Increases in compensation and related employment costs, in advertising and promotion costs, and in other operating expenses were the primary reasons for the change. On a sequential basis, operating expenses were up about $3.7 million from the second quarter of 2004, as increases in compensation costs were partially offset by reductions of other expenses, primarily advertising and promotion. At September 30, 2004, the firm employed more than 4,000 associates, up almost 7% since the beginning of the year to accommodate increased volume-related activities across the firm. The firm expects its advertising and promotion expenditures in the fourth quarter of 2004 will be up about 15% versus the comparable 2003 fourth quarter. The firm continues to monitor financial market conditions and will adjust its future advertising and promotion spending accordingly.

Chairman Commentary

George A. Roche, the company's chairman and president, commented: "The firm's investment advisory results relative to our peers remain very strong, with more than 81% of the T. Rowe Price funds and their share classes surpassing their Lipper averages on a total return basis for the one-, three-, and five-year periods ended September 30, 2004, and 78% outperforming the average for the 10-year period. In addition, 64% of our rated retail funds ended the quarter with an overall rating of four or five stars from Morningstar, compared with 32.5% for the overall industry.

“We continue to be encouraged by net cash inflows across our multiple distribution channels into our mutual funds and separate and sub-advised accounts. Our global expansion continues and investors outside the United States now account for more than 5% of our assets under management.”

In closing, Mr. Roche said: “The economy continues to grow and corporate earnings remain strong. Despite the headwinds of geopolitical uncertainty, concerns about rising interest rates, and higher energy prices, we expect the economy to improve at a moderate pace after the election, and we maintain a positive long-term outlook for the markets and our company.”

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.

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 “Forward-Looking Information” in Item 2 of the company’s Form 10-Q Report for the period ended June 30, 2004. The Form 10-Q report for the third quarter of 2004 will be filed shortly with the U.S. Securities and Exchange Commission and will include more complete information on the company’s interim financial results.

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

	Three months ended		Nine months ended	
	9/30/2003	9/30/2004	9/30/2003	9/30/2004
Revenues				
Investment advisory fees	$205,176	$254,689	$553,461	$748,700
Administrative fees and other income	52,947	61,403	160,525	182,414
Investment income of savings bank subsidiary	977	944	2,908	2,870
Total revenues	259,100	317,036	716,894	933,984
Interest expense on savings bank deposits	832	808	2,446	2,433
Net revenues	258,268	316,228	714,448	931,551
Operating expenses				
Compensation and related costs	97,441	117,955	283,931	340,819
Advertising and promotion	9,885	12,952	38,622	50,128
Depreciation and amortization of property and equipment	11,287	10,083	34,843	30,054
Occupancy and facility costs	15,285	16,968	46,791	49,151
Other operating expenses	18,840	27,356	55,471	79,610
	152,738	185,314	459,658	549,762
Net operating income	105,530	130,914	254,790	381,789
Other investment income	588	1,519	791	3,611
Other interest and credit facility expenses	332	93	1,312	893
Net non-operating income (expense)	256	1,426	(521)	2,718
Income before income taxes	105,786	132,340	254,269	384,507
Provision for income taxes	39,495	49,815	95,429	144,379
Net income	$ 66,291	$ 82,525	$158,840	$240,128
Earnings per share				
Basic	$ 0.53	$ 0.65	$ 1.29	$ 1.89
Diluted	$ 0.51	$ 0.62	$ 1.25	$ 1.80
Dividends declared per share	$ 0.17	$ 0.19	$ 0.51	$ 0.57
Weighted average shares				
Outstanding	124,013	127,429	122,993	126,836
Assuming dilution	130,072	133,305	127,495	133,531

Investment Advisory Revenues (in thousands)

	Three months ended		Nine months ended	
	09/30/2003	09/30/2004	09/30/2003	09/30/2004
Sponsored mutual funds in the U.S.				
Stock	$115,871	$148,295	$306,255	$436,990
Bond and money market	31,430	33,609	91,763	99,330
	147,301	181,904	398,018	536,320
Other portfolios	57,875	72,785	155,443	212,380
	$205,176	$254,689	$553,461	$748,700

Assets Under Management (in billions)

	Average during the third quarter		Average during the first nine months	
	2003	2004	2003	2004
Sponsored mutual funds in the U.S.				
Stock	$ 75.1	$ 96.1	$ 67.3	$ 95.0
Bond and money market	28.4	30.0	28.0	29.7
	103.5	126.1	95.3	124.7
Other portfolios	63.0	78.4	57.9	76.6
	$166.5	$204.5	$ 153.2	$ 201.3

	12/31/2003	09/30/2004
Sponsored mutual funds in the U.S.		
Stock	$ 88.4	$ 99.8
Bond and money market	29.1	30.5
	117.5	130.3
Other portfolios	72.5	81.7
	$ 190.0	$ 212.0
Equity securities	$ 135.5	$ 154.5
Debt securities	54.5	57.5
	$ 190.0	$ 212.0

Condensed Consolidated Cash Flows Information (in thousands)

	Nine months ended	
	09/30/2003	09/30/2004
Cash provided by operating activities	$ 236,023	$ 343,598
Cash used in investing activities, including ($34,878) for additions to property and equipment in 2004	(29,218)	(45,632)
Cash used in financing activities, including stock options exercised of $45,207 and common shares repurchased of ($18,334) in 2004	(91,717)	(44,438)
Net increase in cash during the period	$ 115,088	$ 253,528

Condensed Consolidated Balance Sheet Information (in thousands)

	12/31/2003	09/30/2004
Cash and cash equivalents	$ 236,533	$ 490,061
Accounts receivable	121,295	140,361
Investments in sponsored mutual funds	162,283	178,947
Debt securities held by savings bank subsidiary	110,962	110,984
Property and equipment	201,094	205,682
Goodwill	665,692	665,692
Other assets	48,718	51,615
Total assets	1,546,577	1,843,342
Total liabilities, including savings bank deposits of $96,858 in 2004	217,497	276,872
Stockholders' equity, 127,830,178 common shares outstanding in 2004, including net unrealized holding gains of $31,553 in 2004	$1,329,080	$1,566,470