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, 2018

Commission File Number: 000-32191

T. ROWE PRICE GROUP, INC.
(Exact name of registrant as specified in its charter)

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

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

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months. x Yes ☐ No

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

Large accelerated filer x	Accelerated filer ☐
	Smaller reporting company ☐
Non-accelerated filer ☐ (do not check if smaller reporting company)	Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.☐

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

The number of shares outstanding of the issuer's common stock ($.20 par value), as of the latest practicable date, October 23, 2018, is 240,654,698.

The exhibit index is at Item 6 on page 49.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

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

	12/31/2017	9/30/2018
ASSETS		
Cash and cash equivalents	$ 1,902.7	$ 2,090.6
Accounts receivable and accrued revenue	565.3	583.1
Investments	1,477.3	2,414.4
Assets of consolidated T. Rowe Price investment products ($1,839.6 million at December 31, 2017 and $1,613.8 million at September 30, 2018, related to variable interest entities)	2,048.4	1,917.8
Property and equipment, net	652.0	657.0
Goodwill	665.7	665.7
Other assets	224.0	202.0
Total assets	$ 7,535.4	$ 8,530.6
LIABILITIES		
Accounts payable and accrued expenses	$ 216.2	$ 249.9
Liabilities of consolidated T. Rowe Price investment products ($39.5 million at December 31, 2017 and $61.0 million at September 30, 2018, related to variable interest entities)	55.9	74.7
Accrued compensation and related costs	108.5	511.6
Supplemental savings plan liability	269.3	293.0
Income taxes payable	68.3	80.3
Total liabilities	718.2	1,209.5
Commitments and contingent liabilities		
Redeemable non-controlling interests	992.8	860.6
STOCKHOLDERS’ EQUITY		
Preferred stock, undesignated, $.20 par value – authorized and unissued 20,000,000 shares	—	—
Common stock, $.20 par value—authorized 750,000,000; issued 245,111,000 shares at December 31, 2017 and 242,599,000 at September 30, 2018	49.0	48.5
Additional capital in excess of par value	846.1	654.5
Retained earnings	4,932.9	5,788.5
Accumulated other comprehensive loss	(3.6)	(31.0)
Total permanent stockholders’ equity	5,824.4	6,460.5
Total liabilities, redeemable non-controlling interests, and permanent stockholders’ equity	$ 7,535.4	$ 8,530.6

The accompanying notes are an integral part of these statements.

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

	Three months ended		Nine months ended	
	9/30/2017	9/30/2018	9/30/2017	9/30/2018
Revenues				
Investment advisory fees	$ 1,098.9	$ 1,263.3	$ 3,137.6	$ 3,666.9
Administrative, distribution, and servicing fees	139.8	131.3	419.7	400.7
Net revenues	1,238.7	1,394.6	3,557.3	4,067.6
Operating expenses				
Compensation and related costs	417.4	454.3	1,218.6	1,351.7
Distribution and servicing	67.4	71.4	192.0	213.3
Advertising and promotion	14.0	20.2	58.4	63.8
Product-related costs	37.9	37.9	110.9	117.1
Technology, occupancy, and facility costs	86.3	96.5	254.7	283.8
General, administrative, and other	67.2	73.7	194.9	218.8
Nonrecurring insurance recoveries related to Dell appraisal rights matter	—	—	(50.0)	—
Total operating expenses	690.2	754.0	1,979.5	2,248.5
Net operating income	548.5	640.6	1,577.8	1,819.1
Non-operating income				
Net gains on investments	28.9	116.1	165.1	147.9
Net gains on consolidated investment products	37.5	8.7	125.8	28.6
Other income (loss)	.9	.1	3.4	(1.4)
Total non-operating income	67.3	124.9	294.3	175.1
Income before income taxes	615.8	765.5	1,872.1	1,994.2
Provision for income taxes	211.6	183.9	677.5	497.5
Net income	404.2	581.6	1,194.6	1,496.7
Less: net income (loss) attributable to redeemable non-controlling interests	13.3	(1.4)	43.9	11.1
Net income attributable to T. Rowe Price Group	$ 390.9	$ 583.0	$ 1,150.7	$ 1,485.6
Earnings per share on common stock of T. Rowe Price Group				
Basic	$ 1.59	$ 2.34	$ 4.67	$ 5.97
Diluted	$ 1.56	$ 2.30	$ 4.60	$ 5.85
Dividends declared per share	$ .57	$ .70	$ 1.71	$ 2.10

The accompanying notes are an integral part of these statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in millions)

	Three months ended		Nine months ended	
	9/30/2017	9/30/2018	9/30/2017	9/30/2018
Net income	$ 404.2	$ 581.6	$ 1,194.6	$ 1,496.7
Other comprehensive income (loss)				
Net unrealized holding gains on available-for-sale investments	4.9	—	37.1	—
Reclassification losses recognized in non-operating income upon dispositions, determined using average cost	(.1)	—	(78.0)	—
Net unrealized losses recognized upon the transfer to trading investments	—	—	(23.6)	—
Total net unrealized holding gains (losses) recognized in other comprehensive income	4.8	—	(64.5)	—
Currency translation adjustments				
Consolidated T. Rowe Price investment products - variable interest entities	16.7	(5.8)	53.7	(29.6)
Reclassification losses recognized in non-operating income upon deconsolidation of certain T. Rowe Price investment products	(.1)	—	(.1)	(3.6)
Consolidated T. Rowe Price investment products - variable interest entities, net	16.6	(5.8)	53.6	(33.2)
Equity method investments	1.0	(7.1)	4.5	(6.6)
Total currency translation adjustments	17.6	(12.9)	58.1	(39.8)
Other comprehensive income (loss) before income taxes	22.4	(12.9)	(6.4)	(39.8)
Net deferred tax benefits (income taxes)	(7.1)	2.3	8.2	5.8
Total other comprehensive income (loss)	15.3	(10.6)	1.8	(34.0)
Total comprehensive income	419.5	571.0	1,196.4	1,462.7
Less: comprehensive income (loss) attributable to redeemable non-controlling interests	17.5	(4.7)	57.7	(5.7)
Comprehensive income attributable to T. Rowe Price Group	$ 402.0	$ 575.7	$ 1,138.7	$ 1,468.4

The accompanying notes are an integral part of these statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS[(1)]
(in millions)

	Nine months ended	
	9/30/2017	9/30/2018
Cash flows from operating activities		
Net income	$ 1,194.6	$ 1,496.7
Adjustments to reconcile net income to net cash provided by (used in) operating activities		
Depreciation and amortization of property and equipment	106.9	114.9
Stock-based compensation expense	110.6	135.3
Realized gains on dispositions of available-for-sale T. Rowe Price investment products	(78.0)	—
Gains recognized upon transfer of an investment in a T. Rowe Price mutual fund from available-for-sale to held as trading	(23.6)	—
Net gains recognized on investments	(40.4)	(106.2)
Net investments in T. Rowe Price investment products to economically hedge supplemental savings plan liability	(129.0)	(14.4)
Net change in securities held by consolidated T. Rowe Price investment products	(1,210.5)	(578.3)
Other changes in assets and liabilities	422.2	438.4
Net cash provided by (used in) operating activities	352.8	1,486.4
Cash flows from investing activities		
Purchases of T. Rowe Price investment products	(39.0)	(1,118.7)
Dispositions T. Rowe Price investment products	295.8	343.6
Net cash of T. Rowe Price investment products on consolidation (deconsolidation)	(46.0)	(22.5)
Additions to property and equipment	(129.1)	(121.5)
Other investing activity	(6.3)	88.7
Net cash provided by (used in) investing activities	75.4	(830.4)
Cash flows from financing activities		
Repurchases of common stock	(456.7)	(543.0)
Common share issuances under stock-based compensation plans	142.8	116.0
Dividends paid to common stockholders of T. Rowe Price Group	(420.8)	(522.3)
Net subscriptions into consolidated T. Rowe Price investment products	1,005.3	486.2
Net cash provided by (used in) financing activities	270.6	(463.1)
Effect of exchange rate changes on cash and cash equivalents of consolidated T. Rowe Price investment products	6.9	(2.4)
Net change in cash and cash equivalents during period	705.7	190.5
Cash and cash equivalents at end of period, including $65.6 million at December 31, 2016, and $103.1 million at December 31, 2017, held by consolidated T. Rowe Price investment products	1,270.5	2,005.8
Cash and cash equivalents at end of period, including $106.8 million at September 30, 2017, and $105.7 million at September 30, 2018, held by consolidated T. Rowe Price investment products	$ 1,976.2	$ 2,196.3

[(1)] *See note 12 for supplementary consolidating cash flow statements.*

The accompanying notes are an integral part of these statements.

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

	Common shares outstanding	Common stock	Additional capital in excess of par value	Retained earnings	Accumulated other comprehensive income (loss)	Total stockholders' equity	Redeemable non-controlling interests
Balances at December 31, 2017	245,111	$ 49.0	$ 846.1	$4,932.9	$ (3.6)	$ 5,824.4	$ 992.8
Cumulative effect adjustment upon adoption of new financial instruments and accumulated other comprehensive income guidance on January 1, 2018[1]	—	—	—	22.4	(7.9)	14.5	—
Reclassification adjustment of stranded tax benefits on currency translation adjustments upon adoption of new accumulated other comprehensive income guidance on January 1, 2018	—	—	—	2.3	(2.3)	—	—
Balances at January 1, 2018	245,111	49.0	846.1	4,957.6	(13.8)	5,838.9	992.8
Net income	—	—	—	1,485.6	—	1,485.6	11.1
Other comprehensive income (loss), net of tax	—	—	—	—	(17.2)	(17.2)	(16.8)
Dividends declared	—	—	—	(522.5)	—	(522.5)	—
Common stock-based compensation plans activity							
Shares issued upon option exercises	2,770	.6	116.6	—	—	117.2	—
Restricted shares issued, net of shares withheld for taxes	8	—	(.1)	—	—	(.1)	—
Shares issued upon vesting of restricted stock units, net of shares withheld for taxes	71	—	(1.9)	—	—	(1.9)	—
Forfeiture of restricted awards	(8)	—	—	—	—	—	—
Stock-based compensation expense	—	—	135.3	—	—	135.3	—
Restricted stock units issued as dividend equivalents	—	—	.1	(.1)	—	—	—
Common shares repurchased	(5,353)	(1.1)	(441.6)	(132.1)	—	(574.8)	—
Net subscriptions into consolidated T. Rowe Price investment products	—	—	—	—	—	—	468.5
Net deconsolidations of T. Rowe Price investment products	—	—	—	—	—	—	(595.0)
Balances at September 30, 2018	242,599	$ 48.5	$ 654.5	$5,788.5	$ (31.0)	$ 6,460.5	$ 860.6

[1] *Includes the reclassification of $1.7 million of stranded income taxes on available-for-sale investments resulting from U.S. tax law changes enacted on December 22, 2017, from accumulated other comprehensive income to retained earnings.*

The accompanying notes are an integral part of these statements.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – THE COMPANY AND BASIS OF PREPARATION.

T. Rowe Price Group (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 T. Rowe Price U.S. mutual funds (U.S. mutual funds) and other investment products, including separately managed accounts, subadvised funds, and other T. Rowe Price investment products. We also provide certain investment advisory clients with related administrative services, including distribution, mutual fund transfer agent, accounting, and shareholder services; participant recordkeeping and transfer agent services for defined contribution retirement plans; brokerage; and trust services.

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, which require the use of estimates and reflect all adjustments that are, in the opinion of management, necessary to a fair statement of our results for the interim periods presented. All such adjustments are of a normal recurring nature. Actual results may vary from our estimates.

In order to increase transparency of operating expenses and better align expenses that have similar cost drivers, we have changed, as of January 1, 2018, the presentation of certain line items of our income statement. In doing so, we have reclassified certain prior year amounts to conform to the 2018 presentation. These reclassifications are shown along with the impact of the new revenue recognition accounting standard adopted on January 1, 2018, in the *New Accounting Guidance* section below.

The unaudited interim financial information contained in these unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements contained in our 2017 Annual Report.

NEW ACCOUNTING GUIDANCE.

We adopted Accounting Standards Codification Topic 606: Revenue from Contracts with Customers (ASC 606), on January 1, 2018, using the retrospective method, which required adjustments to be reflected as of January 1, 2016. In connection with the adoption of this guidance, we reevaluated all of our revenue contracts and determined that the new guidance does not change the timing of when we recognize revenue. However, we did conclude that certain fees earned from the U.S. mutual funds associated with our mutual fund transfer agent, accounting, shareholder servicing, and participant recordkeeping activities could no longer be reported net of the expenses paid to third parties that perform such services, as we are deemed, under the guidance, to have control over the services before they are transferred to the U.S. mutual funds. No transition-related practical expedients were applied. Certain immaterial balance sheet reclassifications were made to conform to the 2018 presentation and all related note disclosures have been recast. Updates to our revenue recognition disclosures are included in *Note 2 - Information about Receivables, Revenues, and Services* and our updated revenue recognition accounting policy is included in the *Summary of Significant Accounting Policies* section below.

The impact of ASC 606 and other income statement reclassifications, as previously described, on the unaudited condensed consolidated statements of income for each quarter of 2017 follows:

	Three months ended 3/31/2017				Three months ended 6/30/2017			
(in millions)	As previously reported	Change in Presentation	Impact of ASC 606	Recast	As previously reported	Change in Presentation	Impact of ASC 606	Recast
Revenues								
Investment advisory fees	$ 991.1	$ —	$ 1.6	$ 992.7	$ 1,043.9	$ —	$ 2.1	$ 1,046.0
Administrative, distribution, and servicing fees[1]	122.5	—	17.4	139.9	127.7	—	12.3	140.0
Net revenues	1,113.6	—	19.0	1,132.6	1,171.6	—	14.4	1,186.0
Operating expenses								
Compensation and related costs	397.4	—	—	397.4	403.8	—	—	403.8
Distribution and servicing	35.2	22.9	1.7	59.8	36.4	26.4	2.0	64.8
Advertising and promotion	25.6	—	.1	25.7	18.6	—	.1	18.7
Product-related costs	—	21.4	17.2	38.6	—	22.4	12.0	34.4
Technology, occupancy, and facility costs[2]	81.0	1.8	—	82.8	83.1	2.5	—	85.6
General, administrative, and other	102.7	(46.1)	—	56.6	122.1	(51.3)	.3	71.1
Nonrecurring insurance recoveries related to Dell appraisal rights matter	(50.0)	—	—	(50.0)	—	—	—	—
Total operating expenses	591.9	—	19.0	610.9	664.0	—	14.4	678.4
Net operating income	$ 521.7	$ —	$ —	$ 521.7	$ 507.6	$ —	$ —	$ 507.6

	Three months ended 9/30/2017				Three months ended 12/31/2017			
(in millions)	As previously reported	Change in Presentation	Impact of ASC 606	As reported herein	As previously reported	Change in Presentation	Impact of ASC 606	Recast
Revenues								
Investment advisory fees	$ 1,096.7	$ —	$ 2.2	$ 1,098.9	$ 1,156.0	$ —	$ 2.2	$ 1,158.2
Administrative, distribution, and servicing fees[1]	125.0	—	14.8	139.8	130.1	—	9.3	139.4
Net revenues	1,221.7	—	17.0	1,238.7	1,286.1	—	11.5	1,297.6
Operating expenses								
Compensation and related costs	417.4	—	—	417.4	446.3	—	—	446.3
Distribution and servicing	37.4	27.9	2.1	67.4	38.0	30.2	2.4	70.6
Advertising and promotion	14.0	—	—	14.0	33.8	—	.2	34.0
Product-related costs	—	23.4	14.5	37.9	—	26.0	9.1	35.1
Technology, occupancy, and facility costs[2]	84.0	2.2	.1	86.3	90.4	5.5	(.1)	95.8
General, administrative, and other	120.4	(53.5)	.3	67.2	146.6	(61.7)	(.1)	84.8
Total operating expenses	673.2	—	17.0	690.2	755.1	—	11.5	766.6
Net operating income	$ 548.5	$ —	$ —	$ 548.5	$ 531.0	$ —	$ —	$ 531.0

[1] The "As previously reported" column aggregates the administrative fees and distribution and servicing fees lines presented in the income statement in prior year.
[2] The "As previously reported" column aggregates the depreciation and amortization of property and equipment and occupancy and facility costs lines presented in the income statement in prior year.

We adopted Accounting Standards Update No. 2016-01 — Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities on January 1, 2018. This update addresses certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. After January 1, 2018, the guidance requires substantially all equity investments in non-consolidated entities to be measured at fair value with changes recognized in earnings, except for those accounted for using the equity method of accounting. As such, the guidance eliminated the available-for-sale investment category for equity securities. Prior to this guidance, unrealized holding gains for available-for-sale equity securities were recognized in accumulated other comprehensive income. Upon adoption, we reclassified a net unrealized holding gain of $7.9 million, net of taxes, related to our $597.1 million available-for-sale investment portfolio from accumulated other comprehensive income to retained earnings. Additionally, certain investments that do not have readily available market prices or quotations will be measured at fair value, under the new guidance, as we elected to use their calculated and reported net asset value (NAV) per share as a practical expedient for measuring their fair value in accordance with ASC 946. As such, we recognized a cumulative adjustment to retained earnings of $14.5 million to adjust investments previously accounted for as cost method investments to fair value on January 1, 2018. The corresponding increase in the investments' carrying value and related deferred taxes was $19.5 million and $5.0 million, respectively. Our updated investments policy is included in the *Summary of Significant Accounting Policies* section below.

We adopted Accounting Standards Update No. 2018-02 — Reclassification of certain tax effects from accumulated other comprehensive income on January 1, 2018. This guidance permits tax effects stranded in accumulated other comprehensive income resulting primarily from the enactment of U.S. tax reform bill, originally known as the Tax Cuts and Jobs Act of 2017, to be reclassified to retained earnings either on January 1, 2018, or retrospectively. We elected to adopt the guidance on January 1, 2018, and reclassified $2.3 million of stranded tax benefits related to currency translation adjustments to retained earnings. The stranded income taxes related to our available-for-sale investment portfolio at December 31, 2017, were reclassified to retained earnings with the adoption of Accounting Standards Update No. 2016-01 on January 1, 2018. Our updated comprehensive income policy is included in the *Summary of Significant Accounting Policies* section below.

NEWLY ISSUED BUT NOT YET ADOPTED ACCOUNTING GUIDANCE.

In February 2016, the FASB issued Accounting Standards Update No. 2016-02 — Leases (Topic 842). The update seeks to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The standards update is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. We plan to adopt this standard on January 1, 2019, using a modified retrospective approach without restating prior comparative periods. We will also adopt certain available practical expedients that will alleviate complexities related to the implementation. While we continue to finalize the impact this standard will have on our financial position and results of operations, we currently expect to record a right-of-use asset and a lease liability in the range of approximately $115 million to $140 million related to our operating leases, primarily our real-estate leases. We do not expect the adoption will have a material impact on our results of operations.

In August 2018, the FASB issued Accounting Standards Update No. 2018-15 — Intangibles—Goodwill and Other— Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract. This update provides additional guidance on the accounting for costs of implementation activities performed in a cloud computing arrangement that is a service contract. The amendments in this update are effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Early adoption is permitted. We are currently evaluating the impact this standard will have on our financial position and results of operations.

We have considered all other newly issued accounting guidance that is applicable to our operations and the preparation of our unaudited condensed consolidated statements, including those we have not yet adopted. We do not believe that any such guidance has or will have a material effect on our financial position or results of operations.

U.S. TAX REFORM AND NEWLY ENACTED MARYLAND TAX LEGISLATION.

The income tax provision for the nine months ended September 30, 2018 includes an additional nonrecurring charge of $20.8 million related to the enactment of U.S. tax reform as the firm adjusted its deferred tax asset and liability re-measurement estimates recorded at December 31, 2017. We also recognized a nonrecurring charge of $7.9 million during the nine months ended September 30, 2018 for the re-measurement of our deferred tax assets and liabilities to reflect the effect of Maryland state tax legislation enacted on April 24, 2018. This new state tax legislation, effective in 2018, adopted a five-year phase-in of the single sales factor method of apportionment for calculating income tax for multi-state companies doing business in Maryland and is expected to result in a net benefit over time. We continue to evaluate the impact of U.S. tax reform and the Maryland state tax legislation on our estimates and expectations due to changes in our interpretations of the law, assumptions used in applying the law, and additional guidance concerning the law that may be issued.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

Revenue recognition.

Our revenue is earned from investment advisory, administrative, and distribution services we provide to our clients. Each distinct service we promise in our agreements is considered a performance obligation and is the basis for determining when we recognize revenue. The fees are allocated to each distinct performance obligation and we recognize revenue when, or as, we satisfy our promises. The consideration for our services is generally variable and included in net revenues, when it is improbable that a significant reversal could occur in the future. For certain client agreements, we have the discretion to hire a third party to provide services to our clients. In these circumstances, we are generally deemed to control the services before transferring them to our clients, and accordingly present the revenues gross of the related third-party costs. The timing of when we bill our clients and related payment terms vary in accordance with agreed-upon contractual terms. For the majority of our agreements, billing occurs after we have recognized revenue, which results in accounts receivable and accrued revenue. For an insignificant portion of our contracts, billing occurs in advance of providing services, which results in deferred revenue within the accounts payable and accrued expenses line of our unaudited condensed consolidated balance sheets.

Taxes billed to our clients based on our fees for services rendered are not included in revenues.

Investment advisory fees.

The majority of our investment advisory agreements, including those with the U.S. mutual funds, have a single performance obligation as the promised services are not separately identifiable from other promises in the agreements and, therefore, are not distinct. Substantially all performance obligations for providing advisory services are satisfied over time and revenue is recognized as time passes.

Investment advisory agreements with T. Rowe Price investment products regulated outside the U.S. generally have two performance obligations; one for investment management and one for distribution. For these agreements, we allocate the management fee to each performance obligation using our best estimate of the standalone fee of each of these services. The performance obligation for providing investment management services, like our other advisory contracts, is satisfied over time and revenue is recognized as time passes. The performance obligation for distribution is satisfied at the point in time when an investor makes an investment into the product. Accordingly, a portion of the investment advisory fees earned from these products relate to distribution performance obligations that were satisfied during prior periods. These distribution fees are reported within the investment advisory fees line of our unaudited condensed consolidated statements of income.

The management fee for our investment advisory agreements are based on our assets under management, which change based on fluctuations in financial markets, and represent variable consideration. Therefore, investment advisory fees are generally constrained, and excluded from revenue, until the asset values on which our client is billed are no longer subject to financial market volatility. Investment advisory fees for investment products are presented net of fees waived pursuant to the contractual expense limitations of the product. Our assets under management are valued in accordance with valuation and pricing processes for each major type of investment. Fair values used in our processes are primarily determined from quoted market prices; prices furnished by dealers who make markets in such securities; or from data provided by an independent pricing service that considers yield or price of investments of comparable quality, coupon, maturity, and type. Investments for which market prices are not readily available are not a material portion of our total assets under management.

We provide all services to the U.S. mutual funds under contracts that are subject to periodic review and approval by the funds' Boards. Regulations require that the funds' shareholders also approve material changes to investment advisory contracts.

Administrative, distribution, and servicing fees.

Administrative fees.
The administrative services we provide include distribution, mutual fund transfer agent, accounting and shareholder services; participant recordkeeping and transfer agent services for defined contribution retirement plans; brokerage, and trust services.

The administrative service agreements with the U.S. mutual funds for accounting oversight, transfer agency, and recordkeeping services generally have one performance obligation as the promised services in each agreement are not separately identifiable from other promises in the agreement and, therefore, are not distinct. The fees for performing these services are generally equal to the costs incurred and represent variable consideration. The fees are generally constrained, and are recognized as revenue when costs are incurred to perform the services. These fees are generally offset by the costs incurred to provide such services.

Other administrative service agreements for participant recordkeeping and transfer agent services for defined contribution retirement plans; brokerage services, and trust services generally have one performance obligation as the promised services in each agreement are not separately identifiable from other performance obligations in the contract and, therefore, are not distinct. Our performance obligation in each agreement is satisfied over time and revenue is recognized as time passes. The fees for these services vary by contract and are both fixed and variable.

Distribution and servicing fees.
The agreements for distribution and servicing fees earned from 12b-1 plans of the Advisor Class, R Class, and Variable Annuity II Class shares of the U.S. mutual funds have one performance obligation, as distribution services are not separately identifiable from shareholder servicing promises in the agreements and, therefore, are not distinct. Our performance obligation is satisfied at the point in time when an investor makes an investment into these share classes of the U.S. mutual funds. The fees for these distribution and servicing agreements are based on the assets under management in these shares classes, which change based on fluctuations in financial markets, and represent variable consideration. These fees are generally constrained, and excluded from revenue, until the asset values on which our client is billed are not subject to financial market volatility. Accordingly, the majority of the distribution and servicing revenue disclosed in *Note 2 - Information about Receivables, Revenues and Services* relates to distribution and servicing obligations that were satisfied during prior periods. These fees are offset entirely by the distribution and servicing costs paid to third-party financial intermediaries that source the assets of these share classes.

<u>Investments.</u>

Investments held at fair value
Investments in T. Rowe Price investment products have been made for both general corporate investment purposes and to provide seed capital for newly formed products. Those investments that we do not consolidate are carried at fair value using the quoted closing NAV per share of each fund as of the balance sheet date. The underlying investments held by our consolidated T. Rowe Price investment products retain investment company specialized accounting in consolidation, are considered trading securities for cash flow reporting purposes, and are valued in accordance with the valuation and pricing policy used to value our assets under management which is further described in the Revenue recognition policy above.

We elected to value our interest in investment partnerships, for which market prices or quotations are not readily available, at fair value using the NAV per share as a practical expedient for measuring fair value.

Changes in the fair values of all these investments are reflected in non-operating income in our unaudited condensed consolidated statements of income.

Equity method investments
Equity method investments consist of investments in entities, including T. Rowe Price investment products, for which we have the ability to exercise significant influence over the operating and financial policies of the investee. The carrying values of these investments are adjusted to reflect our proportionate share of the investee's net

income or loss, any unrealized gain or loss resulting from the translation of foreign-denominated financial statements into U.S. dollars, and dividends received. Our proportionate share of income or loss is included in non-operating income in our unaudited condensed consolidated statements of income. As permitted under existing accounting guidance, we adopted a policy by which we recognize our share of UTI Asset Management Company Limited's (UTI) earnings on a quarter lag as current financial information is not available in a timely manner. The basis difference between our carrying value and our proportionate share of UTI's book value is primarily related to consideration paid in excess of the stepped-up basis of assets and liabilities on the date of purchase.

Comprehensive income.

The components of comprehensive income are presented in a separate statement following our unaudited condensed consolidated statements of income and include net income, the change in our currency translation adjustments, and prior to 2018, the change in net unrealized security holding gains (losses) on investments classified as available-for-sale. The currency translation adjustments result from translating our proportionate share of the financial statements of UTI, our equity method investment, and certain consolidated T. Rowe Price investment products into U.S. dollars. Assets and liabilities are translated into U.S. dollars using year-end exchange rates, and revenues and expenses are translated using weighted-average exchange rates for the period.

The changes in accumulated balances of each component of other comprehensive income, the deferred tax impacts of each component, and information about significant items reclassified out of accumulated other comprehensive income are presented in the notes to the financial statements. The notes also indicate the line item of our unaudited condensed consolidated statements of income to which the significant reclassifications were recognized.

We reclassify income tax effects relating to currency translation adjustments to tax expense when there is a reduction in our ownership interest in the related investment. The amount of the reclassification depends on the investment's accounting treatment before and after the change in ownership percentage. Prior to 2018, tax effects relating to each available-for-sale investment's unrealized holding gain or loss, were reclassified upon the sale of the investment.

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

Revenues earned during the three- and nine-month periods ended September 30, 2017 and 2018 under agreements with clients include:

	Three months ended 9/30/2017				Three months ended 9/30/2018			
		Administrative, distribution, and servicing fees				Administrative, distribution, and servicing fees		
(in millions)	Investment advisory fees	Administrative fees	Distribution and servicing fees	Net revenues	Investment advisory fees	Administrative fees	Distribution and servicing fees	Net revenues
U.S. mutual funds	$ 786.1	$ 83.2	$ 37.4	$ 906.7	$ 877.3	$ 72.3	$ 34.6	$ 984.2
Subadvised and separate accounts and other investment products	312.8	—	—	312.8	386.0	—	—	386.0
Other	—	19.2	—	19.2	—	24.4	—	24.4
	$ 1,098.9	$ 102.4	$ 37.4	$ 1,238.7	$ 1,263.3	$ 96.7	$ 34.6	$ 1,394.6

	Nine months ended 9/30/2017				Nine months ended 9/30/2018			
		Administrative, distribution, and servicing fees				Administrative, distribution, and servicing fees		
(in millions)	Investment advisory fees	Administrative fees	Distribution and servicing fees	Net revenues	Investment advisory fees	Administrative fees	Distribution and servicing fees	Net revenues
U.S. mutual funds	$ 2,259.9	$ 253.1	$ 109.0	$ 2,622.0	$ 2,557.1	$ 228.5	$ 106.7	$ 2,892.3
Subadvised and separate accounts and other investment products	877.7	—	—	877.7	1,109.8	—	—	1,109.8
Other	—	57.6	—	57.6	—	65.5	—	65.5
	$ 3,137.6	$ 310.7	$ 109.0	$ 3,557.3	$ 3,666.9	$ 294.0	$ 106.7	$ 4,067.6

The following table details the investment advisory fees earned from clients by their underlying asset class.

	Three months ended		Nine months ended	
(in millions)	9/30/2017	9/30/2018	9/30/2017	9/30/2018
U.S. mutual funds				
Equity and blended assets	$ 657.0	$ 745.5	$ 1,880.1	$ 2,169.0
Fixed income, including money market	129.1	131.8	379.8	388.1
	786.1	877.3	2,259.9	2,557.1
Subadvised and separate accounts and other investment products				
Equity and blended assets	259.6	326.0	727.8	931.0
Fixed income, including money market	53.2	60.0	149.9	178.8
	312.8	386.0	877.7	1,109.8
Total	$ 1,098.9	$ 1,263.3	$ 3,137.6	$ 3,666.9

The following table summarizes the investment portfolios and assets under management on which we earn investment advisory fees.

	Average during Three months ended		Average during Nine months ended		As of	
(in billions)	9/30/2017	9/30/2018	9/30/2017	9/30/2018	12/31/2017	9/30/2018
U.S. mutual funds						
Equity and blended assets	$ 452.9	$ 511.6	$ 438.2	$ 500.8	$ 480.5	$ 515.1
Fixed income, including money market	123.2	129.9	119.6	128.6	125.8	129.7
	576.1	641.5	557.8	629.4	606.3	644.8
Subadvised and separate accounts and other investment products						
Equity and blended assets	264.6	331.8	247.0	318.4	291.9	338.8
Fixed income, including money market	86.7	99.1	81.5	97.2	92.9	100.2
	351.3	430.9	328.5	415.6	384.8	439.0
Total	$ 927.4	$ 1,072.4	$ 886.3	$ 1,045.0	$ 991.1	$ 1,083.8

Investors that we serve are primarily domiciled in the U.S.; investment advisory clients outside the U.S. account for 5.8% and 6.0% of our assets under management at December 31, 2017, and September 30, 2018, respectively.

Total net revenues earned from T. Rowe Price investment products aggregate $1,031.8 million and $1,151.5 million for the three months ended September 30, 2017 and 2018, respectively. Fees earned during the nine months ended September 30, 2017 and 2018 total $2,961.8 million and $3,366.9 million, respectively. Accounts receivable from these products aggregate to $371.9 million at December 31, 2017, and $380.6 million at September 30, 2018.

NOTE 3 – INVESTMENTS.

The carrying values of our investments that are not part of the consolidated T. Rowe Price investment products are as follows:

(in millions)	12/31/2017	9/30/2018
Investments held at fair value		
T. Rowe Price investment products [(1)]	$ 692.1	$ 1,344.2
T. Rowe Price investment products designated as an economic hedge of supplemental savings plan liability	268.2	294.6
Investment partnerships and other investments[(2)]	78.0	97.2
Equity method investments		
T. Rowe Price investment products	277.4	514.2
26% interest in UTI Asset Management Company Limited (India)	155.8	158.6
Investment partnerships and other investments	4.8	4.6
U.S. Treasury note	1.0	1.0
Total	$ 1,477.3	$ 2,414.4

[(1)] *Includes $597.1 million of investments at December 31, 2017, that were previously reported as available-for-sale investments prior to the adoption of the new financial instruments guidance on January 1, 2018. Refer to Note 1 for more information.*

[(2)] *These investments at December 31, 2017, were carried at cost. Upon adoption of new financial guidance on January 1, 2018, these investments are carried at fair value using NAV per share as a practical expedient. Refer to Note 1 for more information.*

The investment partnerships are carried at fair value using NAV per share as a practical expedient. Our interests in these partnerships are generally not redeemable and are subject to significant restrictions on transferability. The underlying investments of these partnerships have contractual terms through 2029, though we may receive distributions of liquidating assets over a longer term. The investment strategies of these partnerships include growth equity, buyout, venture capital, and real estate.

During the three- and nine-month periods ended September 30, 2018, we recognized in net gains on investments $11.3 million and $17.4 million, respectively, of net unrealized gains on investments held at fair value that were still held at September 30, 2018. For the three- and nine-month periods ended September 30, 2017, the majority of unrealized gains or losses on investments held at fair value are included and presented with other comprehensive income.

During the nine month periods ended September 30, 2017 and September 30, 2018, certain T. Rowe Price investment products in which we provided initial seed capital at the time of formation were deconsolidated, as we no longer had a controlling interest. Depending on our ownership interest, we are now reporting our residual interests in these T. Rowe Price investment products as either an equity method investment or an investment held at fair value. Additionally, during the nine month periods ended September 30, 2017 and September 30, 2018, certain T. Rowe Price investment products that were being accounted for as equity method investments were consolidated, as we regained a controlling interest. The net impact of these changes on our unaudited condensed consolidated balance sheets and statements of income as of the dates the portfolios were deconsolidated or reconsolidated is detailed below.

	Three months ended		Nine months ended	
(in millions)	9/30/2017	9/30/2018	9/30/2017	9/30/2018
Net increase (decrease) in assets of consolidated T. Rowe Price investment products	$ 13.5	$ (41.1)	$ (1,060.5)	$ (701.5)
Net increase (decrease) in liabilities of consolidated T. Rowe Price investment products	$ —	$ (0.6)	$ (133.6)	$ 17.9
Net increase (decrease) in redeemable non-controlling interests	$ 7.9	$ (19.8)	$ (779.3)	$ (595.0)
Gains (losses) recognized upon deconsolidation	$ .1	$ —	$ .1	$ 3.6

The gains or losses recognized upon deconsolidation were the result of reclassifying currency translation adjustments accumulated on certain T. Rowe Price investment products with non-USD functional currencies from accumulated other comprehensive income to non-operating income.

During the third quarter of 2018, we sold our 10% holding in Daiwa SB Investments Ltd. The realized gain is recognized in net gains on investments on our unaudited condensed consolidated statement of income and represents the majority of the increase over the prior year periods.

VARIABLE INTEREST ENTITIES.

Our investments at December 31, 2017 and September 30, 2018, include interests in variable interest entities that we do not consolidate as we are not deemed the primary beneficiary. Our maximum risk of loss related to our involvement with these entities is as follows:

(in millions)	12/31/2017	9/30/2018
Investment carrying values	$ 129.2	$ 136.1
Unfunded capital commitments	38.8	30.6
Uncollected investment advisory and administrative fees	7.7	10.7
	$ 175.7	$ 177.4

The unfunded capital commitments totaling $38.8 million and $30.6 million at December 31, 2017 and September 30, 2018, respectively, relate primarily to the investment partnerships in which we have an existing investment. In addition to such amounts, a percentage of prior distributions may be called under certain circumstances.

NOTE 4 – FAIR VALUE MEASUREMENTS.

We determine the fair value of our cash equivalents and certain investments using the following broad levels of inputs as defined by related accounting standards:

Level 1 – quoted prices in active markets for identical securities.
Level 2 – observable inputs other than Level 1 quoted prices including, but not limited to, quoted prices for similar

securities, interest rates, prepayment speeds, and credit risk. These inputs are based on market data obtained from independent sources.
Level 3 – unobservable inputs reflecting our own assumptions based on the best information available. We do not value any investments using Level 3 inputs.

These levels are not necessarily an indication of the risk or liquidity associated with our investments. The following table summarizes our investments that are recognized in our unaudited condensed consolidated balance sheets using fair value measurements determined based on the differing levels of inputs. This table excludes investments held by consolidated T. Rowe Price investment products which are presented separately on our unaudited condensed consolidated balance sheets and are detailed in Note 5.

	12/31/17		9/30/18	
(in millions)	Level 1	Level 2	Level 1	Level 2
Cash equivalents held in T. Rowe Price money market funds	$ 1,726.4	$ —	$ 1,747.9	$ —
T. Rowe Price investment products[1]	942.9	17.4	1,618.9	19.9
Total	$ 2,669.3	$ 17.4	$ 3,366.8	$ 19.9

[1] *Includes $597.1 million of investments at December 31, 2017 that were previously reported as available-for sale investments prior to the adoption of new financial instruments guidance on January 1, 2018. Refer to Note 1 for more information.*

At September 30, 2018, the reported investments held at fair value in Note 3 include $97.2 million of investments that are carried at fair value using the NAV per share as a practical expedient. These investments are not required to be included in the fair value hierarchy levels above.

NOTE 5 – CONSOLIDATED T. ROWE PRICE INVESTMENT PRODUCTS.

The T. Rowe Price investment products that we consolidate in our unaudited condensed consolidated financial statements are generally those products we provided initial seed capital at the time of their formation and have a controlling interest. Our U.S. mutual funds are considered voting interest entities, while those regulated outside the U.S. are considered variable interest entities.

The following table details the net assets of the consolidated T. Rowe Price investment products:

	12/31/2017			9/30/2018		
(in millions)	Voting interest entities	Variable interest entities	Total	Voting interest entities	Variable interest entities	Total
Cash and cash equivalents[1]	$ 7.1	$ 96.0	$ 103.1	$ 17.9	$ 87.8	$ 105.7
Investments[2]	188.8	1,725.7	1,914.5	277.4	1,504.1	1,781.5
Other assets	12.9	17.9	30.8	8.7	21.9	30.6
Total assets	208.8	1,839.6	2,048.4	304.0	1,613.8	1,917.8
Liabilities	16.4	39.5	55.9	13.7	61.0	74.7
Net assets	$ 192.4	$ 1,800.1	$ 1,992.5	$ 290.3	$ 1,552.8	$ 1,843.1
Attributable to T. Rowe Price Group	$ 131.6	$ 868.1	$ 999.7	$ 190.9	$ 791.6	$ 982.5
Attributable to redeemable non-controlling interests	60.8	932.0	992.8	99.4	761.2	860.6
	$ 192.4	$ 1,800.1	$ 1,992.5	$ 290.3	$ 1,552.8	$ 1,843.1

[1] *Cash and cash equivalents includes $6.2 million and $17.6 million at December 31, 2017 and September 30, 2018, respectively, of investments in T. Rowe Price money market mutual funds.*
[2] *Investments include $15.0 million and $46.8 million at December 31, 2017 and September 30, 2018, respectively, of T. Rowe Price investment products.*

Although we can redeem our net interest in these T. Rowe Price investment products at any time, we cannot directly access or sell the assets held by these products to obtain cash for general operations. Additionally, the assets of these investment products are not available to our general creditors.

Since third party investors in these investment products have no recourse to our credit, our overall risk related to the net assets of consolidated T. Rowe Price investment products is limited to valuation changes associated with our net interest. We, however, are required to recognize the valuation changes associated with all underlying investments held by these products in our unaudited condensed consolidated statements of income, and disclose the portion attributable to third party investors as net income attributable to redeemable non-controlling interests.

The operating results of the consolidated T. Rowe Price investment products for the three- and nine-months ended September 30, 2017 and 2018 are reflected in our unaudited condensed consolidated statements of income as follows:

	Three months ended					
	9/30/2017			9/30/2018		
(in millions)	Voting interest entities	Variable interest entities	Total	Voting interest entities	Variable interest entities	Total
Operating expenses reflected in net operating income	$ (.4)	$ (2.8)	$ (3.2)	$ (.6)	$ (3.0)	$ (3.6)
Net investment income reflected in non-operating income	4.6	32.9	37.5	5.0	3.7	8.7
Impact on income before taxes	$ 4.2	$ 30.1	$ 34.3	$ 4.4	$ .7	$ 5.1
Net income attributable to T. Rowe Price Group	$ 3.1	$ 17.9	$ 21.0	$ 2.8	$ 3.7	$ 6.5
Net income attributable to redeemable non-controlling interests	1.1	12.2	13.3	1.6	(3.0)	(1.4)
	$ 4.2	$ 30.1	$ 34.3	$ 4.4	$ .7	$ 5.1

	Nine months ended					
	9/30/2017			9/30/2018		
(in millions)	Voting interest entities	Variable interest entities	Total	Voting interest entities	Variable interest entities	Total
Operating expenses reflected in net operating income	$ (.9)	$ (7.6)	$ (8.5)	$ (1.3)	$ (7.9)	$ (9.2)
Net investment income reflected in non-operating income	14.7	111.1	125.8	4.4	24.2	28.6
Impact on income before taxes	$ 13.8	$ 103.5	$ 117.3	$ 3.1	$ 16.3	$ 19.4
Net income attributable to T. Rowe Price Group	$ 10.4	$ 63.0	$ 73.4	$ 1.5	$ 6.8	$ 8.3
Net income attributable to redeemable non-controlling interests	3.4	40.5	43.9	1.6	9.5	11.1
	$ 13.8	$ 103.5	$ 117.3	$ 3.1	$ 16.3	$ 19.4

The operating expenses of these consolidated investment products are reflected in other operating expenses. In preparing our unaudited condensed consolidated financial statements, we eliminated operating expenses of $1.4 million and $1.5 million for the three months ended September 30, 2017 and 2018, respectively, against the investment advisory and administrative fees earned from these portfolios. Operating expenses eliminated for the nine months ended September 30, 2017 and 2018, were $3.2 million and $4.6 million, respectively. The net investment income reflected in non-operating income includes dividend and interest income and realized and unrealized gains and losses on the underlying securities held by the consolidated T. Rowe Price investment products.

The table below details the impact of these consolidated investment products on the individual lines of our unaudited condensed consolidated statements of cash flows for the nine months ended September 30, 2017 and 2018.

	Nine months ended					
	9/30/2017			9/30/2018		
(in millions)	Voting interest entities	Variable interest entities	Total	Voting interest entities	Variable interest entities	Total
Net cash provided by (used in) operating activities	$ (28.0)	$ (1,078.1)	$ (1,106.1)	$ (40.7)	$ (529.7)	$ (570.4)
Net cash provided by (used in) investing activities	(6.1)	(39.9)	(46.0)	(.8)	(21.7)	(22.5)
Net cash provided by (used in) financing activities	33.3	1,153.1	1,186.4	52.3	545.6	597.9
Effect of exchange rate changes on cash and cash equivalents of consolidated T. Rowe Price investment products	—	6.9	6.9	—	(2.4)	(2.4)
Net change in cash and cash equivalents during period	(.8)	42.0	41.2	10.8	(8.2)	2.6
Cash and cash equivalents at beginning of year	10.3	55.3	65.6	7.1	96.0	103.1
Cash and cash equivalents at end of period	$ 9.5	$ 97.3	$ 106.8	$ 17.9	$ 87.8	$ 105.7

The net cash provided by financing activities during nine months ended September 30, 2017 and 2018 includes $181.1 million and $111.7 million, respectively, of net subscriptions we made into the consolidated T. Rowe Price investment products, net of dividends received. These cash flows were eliminated in consolidation.

FAIR VALUE MEASUREMENTS.

We determine the fair value of investments held by consolidated T. Rowe Price investment products using the following broad levels of inputs as defined by related accounting standards:

Level 1 – quoted prices in active markets for identical securities.
Level 2 – observable inputs other than Level 1 quoted prices including, but not limited to, quoted prices for similar securities, interest rates, prepayment speeds, and credit risk. These inputs are based on market data obtained from independent sources.
Level 3 – unobservable inputs reflecting our own assumptions based on the best information available. The value of investments using Level 3 inputs is insignificant.

These levels are not necessarily an indication of the risk or liquidity associated with these investment holdings. The following table summarizes the investment holdings held by our consolidated T. Rowe Price investment products using fair value measurements determined based on the differing levels of inputs.

	12/31/17		9/30/18	
(in millions)	Level 1	Level 2	Level 1	Level 2
Assets				
Cash equivalents	$ 6.2	$ .7	$ 17.6	$ .1
Equity securities	536.0	667.5	224.3	601.9
Fixed income securities	—	687.4	—	933.2
Other investments	1.3	22.3	1.6	20.5
	$ 543.5	$ 1,377.9	$ 243.5	$ 1,555.7
Liabilities	$ (.1)	$ (13.7)	$ (.3)	$ (7.9)

NOTE 6 – STOCKHOLDERS' EQUITY.

Regular cash dividends declared per share during the nine months ended September 30, 2017and 2018 were $1.71 and $2.10, respectively.

At September 30, 2018, a liability of $31.8 million is included in accounts payable and accrued expenses for common stock repurchases that settled by October 2, 2018.

NOTE 7 – STOCK-BASED COMPENSATION.

STOCK OPTIONS.

The following table summarizes the status of, and changes in, our stock options during the nine months ended September 30, 2018.

	Options	Weighted-average exercise price
Outstanding at December 31, 2017	15,221,123	$ 66.98
Exercised	(3,678,053)	$ 60.64
Forfeited	(46,490)	$ 75.96
Expired	(14,364)	$ 71.15
Outstanding at September 30, 2018	11,482,216	$ 68.97
Exercisable at September 30, 2018	7,460,677	$ 65.35

RESTRICTED SHARES AND STOCK UNITS.

The following table summarizes the status of, and changes in, our nonvested restricted shares and restricted stock units during the nine months ended September 30, 2018.

	Restricted shares	Restricted stock units	Weighted-average fair value
Nonvested at December 31, 2017	473,115	5,556,911	$ 82.37
Time-based grants	8,775	29,587	$ 112.46
Vested	(20,580)	(55,148)	$ 71.62
Forfeited	(8,092)	(99,186)	$ 78.16
Nonvested at September 30, 2018	453,218	5,432,164	$ 82.78

Nonvested at September 30, 2018, includes 7,200 performance-based restricted shares and 406,412 performance-based restricted stock units. These performance-based restricted shares and units include 7,200 restricted shares and 291,958 restricted stock units for which the performance period has lapsed, and the performance threshold has been met.

FUTURE STOCK-BASED COMPENSATION EXPENSE.

The following table presents the compensation expense (in millions) to be recognized over the remaining vesting periods of the stock-based awards outstanding at September 30, 2018. Estimated future compensation expense will change to reflect future grants of restricted stock awards and units, future option grants, changes in the probability of performance thresholds being met, and adjustments for actual forfeitures.

Fourth quarter 2018	$	40.4
2019		96.2
2020 through 2023		79.5
Total	$	216.1

NOTE 8 – EARNINGS PER SHARE CALCULATIONS.

The following table presents the reconciliation of net income attributable to T. Rowe Price Group to net income allocated to our common stockholders and the weighted-average shares that are used in calculating the basic and diluted earnings per share on our common stock. Weighted-average common shares outstanding assuming dilution reflects the potential dilution, determined using the treasury stock method, that could occur if outstanding stock options were exercised and non-participating stock awards vested.

	Three months ended		Nine months ended	
(in millions)	9/30/2017	9/30/2018	9/30/2017	9/30/2018
Net income attributable to T. Rowe Price Group	$ 390.9	$ 583.0	$ 1,150.7	$ 1,485.6
Less: net income allocated to outstanding restricted stock and stock unit holders	8.8	13.7	26.0	34.8
Net income allocated to common stockholders	$ 382.1	$ 569.3	$ 1,124.7	$ 1,450.8
Weighted-average common shares				
Outstanding	240.3	242.8	240.7	243.1
Outstanding assuming dilution	244.4	247.5	244.3	248.2

The following table shows the weighted-average outstanding stock options that are excluded from the calculation of diluted earnings per common share as the inclusion of such shares would be anti-dilutive.

	Three months ended		Nine months ended	
(in millions)	9/30/2017	9/30/2018	9/30/2017	9/30/2018
Weighted-average outstanding stock options excluded	2.1	—	6.7	—

NOTE 9 – OTHER COMPREHENSIVE INCOME AND ACCUMULATED OTHER COMPREHENSIVE INCOME.

The following table presents the impact of the components of other comprehensive income or loss on deferred tax benefits (income taxes).

	Three months ended		Nine months ended	
(in millions)	9/30/2017	9/30/2018	9/30/2017	9/30/2018
Net deferred tax benefits (income taxes) on:				
Net unrealized holding gains or losses	$ (1.9)	$ —	$ (14.4)	$ —
Reclassification adjustments recognized in the provision for income taxes:				
Net gains realized on dispositions	—	—	30.5	—
Net gains recognized upon transfer to trading investments	—	—	9.2	—
Net deferred tax benefits (income taxes) on net unrealized holding gains or losses	(1.9)	—	25.3	—
Currency translation adjustments	(5.2)	2.3	(17.1)	4.9
Reclassification adjustment recognized in the provision for income taxes upon deconsolidation of T. Rowe Price investment products	—	—	—	.9
Total deferred tax benefits (income taxes) on currency translation adjustments	(5.2)	2.3	(17.1)	5.8
Total net deferred tax benefits (income taxes)	$ (7.1)	$ 2.3	$ 8.2	$ 5.8

The changes in each component of accumulated other comprehensive income (loss), including reclassification adjustments for nine months ended September 30, 2018 are presented in the table below.

		Currency translation adjustments			
(in millions)	Net unrealized holding gains	Equity method investments	Consolidated T. Rowe Price investment products - variable interest entities	Total currency translation adjustments	Total
Balances at December 31, 2017	$ 7.9	$ (30.6)	$ 19.1	$ (11.5)	$ (3.6)
Reclassification of unrealized holding gains to retained earnings upon adoption of new financial instruments guidance[(1)]	(7.9)	—	—	—	(7.9)
Reclassification adjustment of stranded tax benefits on currency translation adjustments upon adoption of new accumulated other comprehensive income guidance	—	(6.4)	4.1	(2.3)	(2.3)
Balance at January 1, 2018	—	(37.0)	23.2	(13.8)	(13.8)
Other comprehensive income before reclassifications and income taxes	—	(6.6)	(12.8)	(19.4)	(19.4)
Reclassification adjustments recognized in non-operating income	—	—	(3.6)	(3.6)	(3.6)
	—	(6.6)	(16.4)	(23.0)	(23.0)
Net deferred tax income taxes	—	1.5	4.3	5.8	5.8
Other comprehensive income (loss)	—	(5.1)	(12.1)	(17.2)	(17.2)
Balances at September 30, 2018	$ —	$ (42.1)	$ 11.1	$ (31.0)	$ (31.0)

[(1)] *Includes the reclassification of $1.7 million of stranded income taxes on available-for-sale investments resulting from U.S. tax law changes enacted on December 22, 2017, from accumulated other comprehensive income to retained earnings.*

NOTE 10 – DELL APPRAISAL RIGHTS MATTER.

In 2016, we paid $166.2 million to compensate certain U.S. mutual funds, trusts, separately managed accounts, and subadvised clients (collectively, Clients) for the denial of their appraisal rights by the Delaware Chancery Court (Court) in connection with the 2013 leveraged buyout of Dell, Inc. (Dell).

On December 30, 2016, we entered into a settlement agreement for $100.0 million with our insurance carrier for insurance proceeds related to this matter. We recognized the proceeds as a reduction to the $166.2 million nonrecurring charge that we recognized earlier in 2016 and received the proceeds in January 2017. We received an additional $50 million in insurance proceeds from other insurance carriers in early 2017 and recognized a related reduction in operating expenses.

In accordance with the compensation payment, the Clients agreed that in the event the findings made by the Court regarding the fair value of Dell or the amount of interest to be applied were modified by a final, non-appealable judgment, T. Rowe Price and the Clients would make an appropriate adjustment between themselves, calculated in a manner that is consistent with the methodology used to compensate Clients. In December 2016, several parties, including Dell and the successful appraisal petitioners, filed appeals to the Delaware Supreme Court to challenge the Court’s valuation ruling. On December 14, 2017, the Delaware Supreme Court reversed the judgment and remanded the case for further proceedings, with language suggesting that the deal price of $13.75 may be the ultimate outcome. All parties have settled with Dell for amounts ranging from $13.75 to $13.83 per share.

On October 9, 2018, the Court entered the last final non-appealable order dismissing the case with prejudice, so Clients will be expected to repay any overpayment using the methodology used to calculate the original payment. We estimate that the first $15.2 million reclaimed from our Clients would be paid back to T. Rowe Price Group. We would then be required to repay any additional reclaimed funds to our insurers in a specific order.

NOTE 11 – COMMITMENTS AND CONTINGENCIES.

On February 14, 2017, T. Rowe Price Group, Inc., T. Rowe Price Associates, Inc., T. Rowe Price Trust Company, current and former members of the management committee, and trustees of the T. Rowe Price U.S. Retirement Program were named as defendants in a lawsuit filed in the United States District Court for the District of Maryland. The lawsuit alleges breaches of ERISA’s fiduciary duty and prohibited transaction provisions on behalf of a class of all participants and beneficiaries of the T. Rowe Price 401(k) Plan from February 14, 2011, to the time of judgment. The plaintiffs are seeking certification of the complaint as a class action. T. Rowe Price believes the claims are without merit and is vigorously defending the action. This matter is in the early stages of litigation and we cannot predict the eventual outcome or whether it will have a material negative impact on our financial results, or estimate the possible loss or range of loss that may arise from any negative outcome.

On April 27, 2016, certain shareholders in the T. Rowe Price Blue Chip Growth Fund, T. Rowe Price Capital Appreciation Fund, T. Rowe Price Equity Income Fund, T. Rowe Price Growth Stock Fund, T. Rowe Price International Stock Fund, T. Rowe Price High Yield Fund, T. Rowe Price New Income Fund and T. Rowe Price Small Cap Stock Fund (the “Funds”) filed a Section 36(b) complaint under the caption Zoidis v. T. Rowe Price Assoc., Inc., against T. Rowe Price Associates, Inc. (“T. Rowe Price”) in the United States District Court for the Northern District of California. The complaint alleges that the management fees for the identified funds are excessive because T. Rowe Price charges lower advisory fees to subadvised clients with funds in the same strategy. The complaint seeks to recover the allegedly excessive advisory fees received by T. Rowe Price in the year preceding the start of the lawsuit, along with investments’ returns and profits. In the alternative, the complaint seeks the rescission of each fund’s investment management agreement and restitution of any allegedly excessive management fees. T. Rowe Price believes the claims are without merit and is vigorously defending the action. This matter is in the early stages of litigation and we cannot predict the eventual outcome or whether it will have a material negative impact on our financial results, or estimate the possible loss or range of loss that may arise from any negative outcome.

In addition to the matters discussed above, various claims against us arise in the ordinary course of business, including employment-related claims. In the opinion of management, after consultation with counsel, the likelihood of an adverse determination in one or more of these pending ordinary course of business claims that would have a material adverse effect on our financial position or results of operations is remote.

NOTE 12 – SUPPLEMENTARY CONSOLIDATING CASH FLOW STATEMENTS.

The following table summarizes the cash flows for the nine months ended September 30, 2017 and 2018, that are attributable to T. Rowe Price Group, our consolidated T. Rowe Price investment products and the related eliminations (elims) required in preparing the statements.

	Nine months ended							
	9/30/2017				9/30/2018			
(in millions)	Cash flow attributable to T. Rowe Price Group	Cash flow attributable to consolidated T. Rowe Price investment products	Elims	As reported	Cash flow attributable to T. Rowe Price Group	Cash flow attributable to consolidated T. Rowe Price investment products	Elims	As reported
Cash flows from operating activities								
Net income	$ 1,150.7	$ 117.3	$ (73.4)	$1,194.6	$ 1,485.6	$ 19.4	$ (8.3)	$1,496.7
Adjustments to reconcile net income to net cash provided by (used in) operating activities								
Depreciation and amortization of property and equipment	106.9	—	—	106.9	114.9	—	—	114.9
Stock-based compensation expense	110.6	—	—	110.6	135.3	—	—	135.3
Realized gains on dispositions of available-for-sale T. Rowe Price investment products	(78.0)	—	—	(78.0)	—	—	—	—
Gains recognized upon transfer of an investment in a T. Rowe Price mutual fund from available-for-sale to held as trading	(23.6)	—	—	(23.6)	—	—	—	—
Net gains recognized on investments	(113.8)	—	73.4	(40.4)	(114.5)	—	8.3	(106.2)
Net investments in T. Rowe Price investment products to economically hedge supplemental savings plan liability	(129.0)	—	—	(129.0)	(14.4)	—	—	(14.4)
Net change in trading securities held by consolidated T. Rowe Price investment products	—	(1,210.5)	—	(1,210.5)	—	(578.3)	—	(578.3)
Other changes in assets and liabilities	438.6	(12.9)	(3.5)	422.2	454.0	(11.5)	(4.1)	438.4
Net cash provided by (used in) operating activities	1,462.4	(1,106.1)	(3.5)	352.8	2,060.9	(570.4)	(4.1)	1,486.4
Net cash provided by (used in) investing activities	(63.2)	(46.0)	184.6	75.4	(923.7)	(22.5)	115.8	(830.4)
Net cash provided by (used in) financing activities	(734.7)	1,186.4	(181.1)	270.6	(949.3)	597.9	(111.7)	(463.1)
Effect of exchange rate changes on cash and cash equivalents of consolidated T. Rowe Price investment products	—	6.9	—	6.9	—	(2.4)	—	(2.4)
Net change in cash and cash equivalents during period	664.5	41.2	—	705.7	187.9	2.6	—	190.5
Cash and cash equivalents at beginning of year	1,204.9	65.6	—	1,270.5	1,902.7	103.1	—	2,005.8
Cash and cash equivalents at end of period	$ 1,869.4	$ 106.8	$ —	$1,976.2	$ 2,090.6	$ 105.7	$ —	$2,196.3

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Results of Review of Interim Financial Information

We have reviewed the condensed consolidated balance sheet of T. Rowe Price Group, Inc. and subsidiaries ("the Company") as of September 30, 2018, the related condensed consolidated statements of income and comprehensive income for the three-month and nine-month periods ended September 30, 2018 and 2017, the related condensed consolidated statements of cash flows for the nine-month periods ended September 30, 2018 and 2017, the related condensed consolidated statement of stockholders' equity for the nine-month period ended September 30, 2018, and the related notes (collectively, the consolidated interim financial information). Based on our reviews, we are not aware of any material modifications that should be made to the consolidated interim financial information for it to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheet of the Company as of December 31, 2017, and the related consolidated statements of income, comprehensive income, changes in stockholders’ equity, and cash flows for the year then ended (not presented herein); and in our report dated February 16, 2018, 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, 2017, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

Basis for Review Results

This consolidated interim financial information is the responsibility of the Company’s management. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our reviews in accordance with the standards of the PCAOB. A review of consolidated interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the PCAOB, 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.

/s/ KPMG LLP
Baltimore, Maryland
October 25, 2018

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

OVERVIEW.

Our revenues and net income are derived primarily from investment advisory services provided to individual and institutional investors in U.S. mutual funds and other investment products. The other investment products include: separately managed accounts, subadvised funds, and other T. Rowe Price products including collective investment trusts, open-ended investment products offered to investors outside the U.S., and products offered through variable annuity life insurance plans in the U.S. Investment advisory clients domiciled outside the U.S. account for 6.0% of our assets under management at September 30, 2018.

We manage a broad range of U.S., international and global stock, bond, and money market mutual funds and other investment products, 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 affect our revenues and results of operations. We incur significant expenditures to develop new products and services, and improve and expand our capabilities and distribution channels in order to attract new investment advisory clients and additional investments from our existing clients. These efforts often involve costs that precede any future revenues that we may recognize from an increase to our assets under management.

We remain debt-free with ample liquidity and resources that allow us to take advantage of attractive growth opportunities; invest in key capabilities, including investment professionals, technologies, and new product offerings; and, most importantly, provide our clients with strong investment management expertise and service both now and in the future. We expect to continue our investment in long-term initiatives to sustain and deepen our investment talent, add investment capabilities both in terms of new strategies and new investment vehicles, expand capabilities through enhanced technology, and broaden our distribution reach globally. We currently expect our 2018 non-GAAP operating expenses to grow in the range of 8% to 11%. This expense growth range factors in a number of cost optimization efforts and any contemplated uses of our expected U.S. tax reform benefits.

MARKET TRENDS.

Led by large-caps, U.S. stocks climbed in the third quarter of 2018, lifting major domestic stock indexes to new all-time highs. Strong corporate earnings reports and economic growth-boosted by tax cuts in last year's tax reform legislation-propelled the market's advance. The U.S.-China trade dispute continued, with each country implementing or threatening to implement tariffs on various imports. However, the U.S. reached new trade deals with Mexico and with Canada that will replace the North American Free Trade Agreement, as well as with South Korea.

Stocks in developed non-U.S. markets produced gains but substantially lagged U.S. shares, hindered in part by a stronger dollar versus various currencies. In U.S. dollar terms, developed Asian markets were mixed, but Japanese shares led the region with a gain of almost 4%. European markets were also mixed. Oil-producer Norway produced strong returns, but Italian shares fell more than 4%, as sovereign bond yields climbed due to expectations for increased government spending and a widening budget deficit. UK shares sagged close to 2%, due in part to continued uncertainty about the terms of its withdrawal from the European Union.

Returns in emerging equity markets varied widely, as currencies in some developing markets remained under pressure. Chinese equities lost 7%, but Thailand's market soared almost 14%, supported by strong economic growth. In emerging Europe, Russian shares advanced more than 6% amid rising oil prices, whereas stocks in Turkey plunged more than 20% due to lira weakness, surging sovereign bond yields, slowing growth, and deteriorating U.S.-Turkey relations. In Latin America, Mexican shares rose almost 7%, as political uncertainty dissipated following the July 1 presidential election. Brazilian shares rose 6% despite significant uncertainty ahead of October's elections.

Returns of several major equity market indexes for the three- and nine-month periods ended September 30, 2018, are as follows:

Index	Three months ended 9/30/2018	Nine months ended 9/30/2018
S&P 500 Index	7.7%	10.6%
NASDAQ Composite Index[1]	7.1%	16.6%
Russell 2000 Index	3.6%	11.5%
MSCI EAFE (Europe, Australasia, and Far East) Index	1.4%	(1.0)%
MSCI Emerging Markets Index	(1.0)%	(7.4)%

[1] *Returns exclude dividends*

Global bond returns were mixed. In the U.S., the Federal Reserve raised its fed funds target rate range in late September, which was widely expected, and Treasury yields rose broadly. The 10-year Treasury note yield increased from 2.85% to 3.05% during the third quarter of 2018. Treasury bond prices declined, while mortgage-backed and municipal securities edged lower. Investment-grade corporate bonds produced decent gains. High yield issues strongly outperformed higher-quality bonds, helped by their lower interest rate sensitivity and by favorable corporate fundamentals.

Bonds in developed non-U.S. markets declined in dollar terms, as rising interest rates in some countries weighed on bond prices and a stronger greenback against some major currencies reduced returns to U.S. investors. In the eurozone, political concerns kept Italian government bonds under pressure. The European Central Bank reiterated plans to end its bond-buying program at the end of 2018 and to keep rates on hold “at least through the summer of 2019.” In the UK, the central bank raised short-term rates in early August, driving bond yields higher, while the British pound fell more than 1% versus the dollar. In Asia, the Bank of Japan announced that it would allow the 10-year government bond yield to fluctuate in a wider range around 0%. The yen declined about 2.5% versus the dollar.

Emerging markets bonds were mixed. Dollar-denominated emerging markets debt produced solid returns, but local currency bonds declined due to weakness among key currencies, such as the Turkish lira and the Indian rupee. Central banks in various countries were forced to raise short-term rates in an attempt to shore up their currencies or to keep inflation from rising.

Returns for several major bond market indexes for the three- and nine-month periods ended September 30, 2018, are as follows:

Index	Three months ended 9/30/2018	Nine months ended 9/30/2018
Bloomberg Barclays U.S. Aggregate Bond Index	.0%	(1.6)%
JPMorgan Global High Yield Index	2.2%	1.7%
Bloomberg Barclays Municipal Bond Index	(.2)%	(.4)%
Bloomberg Barclays Global Aggregate Ex-U.S. Dollar Bond Index	(1.7)%	(3.0)%
JPMorgan Emerging Markets Bond Index Plus	1.5%	(4.7)%

ASSETS UNDER MANAGEMENT.

Assets under management ended the third quarter of 2018 at $1,083.8 billion, an increase of $39.7 billion from June 30, 2018 and $92.7 billion from the end of 2017. We had net cash inflows of $2.7 billion in the third quarter of 2018 and $21.6 billion for the first nine months of 2018. The following table details changes in our assets under management, by vehicle and asset class during the three- and nine-month periods ended September 30, 2018:

	Three months ended 9/30/2018				Nine months ended 9/30/2018			
(in billions)	U.S. mutual funds	Subadvised and separate accounts	Other investment products	Total	U.S. mutual funds	Subadvised and separate accounts	Other investment products	Total
Assets under management at beginning of period	626.1	268.8	149.2	1,044.1	606.3	255.2	129.6	991.1
Net cash flows before client transfers	(.5)	1.5	1.7	2.7	11.6	2.0	8.0	21.6
Client transfers	(3.2)	—	3.2	—	(16.8)	2.6	14.2	—
Net cash flows after client transfers	(3.7)	1.5	4.9	2.7	(5.2)	4.6	22.2	21.6
Net market appreciation and income	22.5	11.0	3.6	37.1	44.5	21.5	5.9	71.9
Distributions not reinvested	(.1)	—	—	(.1)	(.8)	—	—	(.8)
Change during the period	18.7	12.5	8.5	39.7	38.5	26.1	28.1	92.7
Assets under management at September 30, 2018	$ 644.8	$ 281.3	$ 157.7	$ 1,083.8	$ 644.8	$ 281.3	$ 157.7	$ 1,083.8

	Three months ended 9/30/2018				Nine months ended 9/30/2018			
(in billions)	Equity	Fixed income, including money market	Multi-asset[(1)]	Total	Equity	Fixed income, including money market	Multi-asset[(1)]	Total
Assets under management at beginning of period	$ 603.6	$ 136.4	$ 304.1	$ 1,044.1	$ 564.1	$ 134.4	$ 292.6	$ 991.1
Net cash flows	(.7)	1.0	2.4	2.7	5.9	4.3	11.4	21.6
Net market appreciation and income[(2)]	28.8	.5	7.7	37.0	61.7	(.8)	10.2	71.1
Change during the period	28.1	1.5	10.1	39.7	67.6	3.5	21.6	92.7
Assets under management at September 30, 2018	$ 631.7	$ 137.9	$ 314.2	$ 1,083.8	$ 631.7	$ 137.9	$ 314.2	$ 1,083.8

(1) The underlying assets under management of the multi-asset portfolios have been aggregated and presented in this category and not reported in the equity and fixed income columns.
(2) Reported net of distributions not reinvested.

Our target date retirement products, which are included in the multi-asset totals shown above, continue to be a significant part of our assets under management. Net cash inflows into our target date retirement products were $1.7 billion in the third quarter of 2018 and $10.2 billion in the first nine months of 2018. Assets under management in these portfolios are as follows:

	As of		
(in billions)	12/31/17	6/30/18	9/30/18
Target date retirement U.S. mutual funds	$ 168.4	$ 161.4	$ 162.6
Target date separately managed retirement accounts	1.7	5.2	6.0
Target date retirement trusts	63.7	77.6	83.5
	$ 233.8	$ 244.2	$ 252.1

RESULTS OF OPERATIONS.

The 2017 net revenues and operating expenses presented with these results of operations have been recast to reflect the impact of adopting, on January 1, 2018, new accounting guidance related to revenue recognition. We elected to adopt the new guidance on a retrospective basis, which requires 2017 results to be recast to reflect the impact. The new guidance requires certain revenue related expenses that are incurred in servicing our U.S. mutual funds to be recognized in operating expenses versus being presented net against the related revenues. As such, net revenues and operating expenses, primarily product-related, were recast to reflect an increase of $17.0 million and $50.4 million for the three- and nine-month periods ended September 30, 2017. Additionally, we modified our income statement presentation to increase operating expense transparency and to align expenses with similar drivers. Prior year amounts have been reclassified to conform to the new 2018 presentation. For more information and the impact on the remaining quarters of 2017 of these two changes, see Note 1, The Company and Basis of Preparation, in the unaudited condensed consolidated financial statements contained in Part I, Item 1 of this filing.

Third quarter of 2018 versus Third quarter of 2017.

The table below presents financial results on a U.S. GAAP basis as well as a non-GAAP basis that adjusts, among other items, for the impact of our consolidated T. Rowe Price investment products, the impact of market movements on the supplemental savings plan liability and related economic hedges, investment income related to certain other investments, and certain nonrecurring charges and gains. Beginning in the second quarter of 2018, our non-GAAP adjustments no longer include non-operating income related to our cash and discretionary investments. We believe the non-GAAP financial measures below provide relevant and meaningful information to investors about our core operating results.

	Three months ended		Q3 2018 vs. Q3 2017	
(in millions, except per-share data)	9/30/2017	9/30/2018	Dollar change	Percentage change
U.S. GAAP basis				
Investment advisory fees	$ 1,098.9	$ 1,263.3	$ 164.4	15.0%
Net revenues	$ 1,238.7	$ 1,394.6	$ 155.9	12.6%
Operating expenses	$ 690.2	$ 754.0	$ 63.8	9.2%
Net operating income	$ 548.5	$ 640.6	$ 92.1	16.8%
Non-operating income[1]	$ 67.3	$ 124.9	$ 57.6	n/m
Net income attributable to T. Rowe Price Group	$ 390.9	$ 583.0	$ 192.1	49.1%
Diluted earnings per common share	$ 1.56	$ 2.30	$ .74	47.4%
Weighted average common shares outstanding assuming dilution	244.4	247.5	3.1	1.3%
Adjusted non-GAAP basis[2]				
Operating expenses	$ 682.7	$ 744.5	$ 61.8	9.1%
Net income attributable to T. Rowe Price Group	$ 362.1	$ 505.0	$ 142.9	39.5%
Diluted earnings per common share	$ 1.45	$ 1.99	$ .54	37.2%
Assets under management (in billions)				
Average assets under management	$ 927.4	$ 1,072.4	$ 145.0	15.6%
Ending assets under management	$ 947.9	$ 1,083.8	$ 135.9	14.3%

[1] *The percentage change in non-operating income is not meaningful (n/m).*
[2] *See the reconciliation to the comparable U.S. GAAP measures at the end of the results of operations sections of this management discussion and analysis.*

Third Quarter Results Overview

Investment advisory fees earned in the third quarter of 2018 increased over the comparable 2017 quarter as average assets under our management increased $145.0 billion, or 15.6%, to $1,072.4 billion. The average annualized effective fee rate earned on our assets under management during the third quarter of 2018 was 46.7

basis points, compared with 47.0 basis points earned during the third quarter of 2017. Our effective fee rate has declined in part due to client transfers within the complex to lower fee vehicles or share classes and, to a lesser extent, fee reductions we made to certain mutual funds and other products since the end of the third quarter 2017. These reductions were offset in part as a greater percentage of our assets under management are in equity strategies, which have rates that are higher than our average fee rate. We regularly assess the competitiveness of our investment advisory fees and will continue to make adjustments as deemed appropriate.

Operating expenses were $754.0 million in the third quarter of 2018 compared with $690.2 million in the third quarter of 2017, and $750.3 million in the second quarter of 2018. On a non-GAAP basis, our operating expenses in the third quarter of 2018 increased 9.1% to $744.5 million compared to the 2017 quarter, and were lower than the $745.3 million recognized in the second quarter of 2018. The 9.1% increase from the third quarter of 2017 is primarily due to higher market driven expenses and continued strategic investments.

Our operating margin in the third quarter of 2018 was 45.9%, compared to 44.3% earned in the 2017 quarter, as a 15.6% increase in our average assets under management since the end of September 2017 has led to growth in 2018 net revenues that has outpaced our growth in operating expenses.

Net revenues

	Three months ended		Q3 2018 vs. Q3 2017	
(in millions)	9/30/2017	9/30/2018	Dollar change	Percentage change
Investment advisory fees				
U.S. mutual funds	$ 786.1	$ 877.3	$ 91.2	11.6 %
Subadvised and separate accounts and other investment products	312.8	386.0	73.2	23.4 %
	1,098.9	1,263.3	164.4	15.0 %
Administrative, distribution, and servicing fees				
Administrative fees	102.4	96.7	(5.7)	(5.6)%
Distribution and servicing fees	37.4	34.6	(2.8)	(7.5)%
	139.8	131.3	(8.5)	(6.1)%
Net revenues	$ 1,238.7	$ 1,394.6	$ 155.9	12.6 %

Investment advisory fees. Investment advisory fees earned in the third quarter of 2018 from the U.S. mutual funds were $877.3 million, an increase of $91.2 million, or 11.6%, from the comparable 2017 quarter. Average mutual fund assets under management in the third quarter of 2018 were $641.5 billion, an increase of 11.4% from the average in the third quarter of 2017.

Investment advisory fees earned in the third quarter of 2018 from the other investment products were $386.0 million, an increase of $73.2 million, or 23.4%, from the comparable 2017 quarter. Average assets under management for these products in the third quarter of 2018 were $430.9 billion, an increase of 22.7% from the average in the third quarter of 2017.

Administrative, distribution, and servicing fees. Administrative, distribution, and servicing fees in the third quarter of 2018 were $131.3 million, a decrease of $8.5 million, or 6.1%, from the comparable 2017 quarter. In this line, we recognize fees earned from providing administrative and distribution services to our investment advisory clients, primarily our U.S. mutual funds and their investors. The decrease was primarily attributable to lower transfer agent and distribution servicing revenue earned from our U.S. mutual funds due to client transfers among vehicles and share classes. The distribution and servicing fees we earn are related to 12b-1 plans of certain classes, including the Advisor and R classes, of our U.S. mutual funds and are entirely offset by the costs paid to third-party intermediaries who source these assets. These costs are reported in the distribution and servicing cost line in the unaudited condensed consolidated income statements.

Our third quarter net revenues reflect the elimination of $1.4 million in 2017 and $1.5 million in 2018, earned from our consolidated T. Rowe Price investment products. The corresponding expenses recognized by these products, and consolidated in our financial statements, were eliminated from operating expenses.

Operating expenses

	Three months ended		Q3 2018 vs. Q3 2017	
(in millions)	9/30/2017	9/30/2018	Dollar change	Percentage change
Compensation and related costs	$ 417.4	$ 454.3	$ 36.9	8.8%
Distribution and servicing	67.4	71.4	4.0	5.9%
Advertising and promotion	14.0	20.2	6.2	44.3%
Product-related costs	37.9	37.9	—	—%
Technology, occupancy, and facility costs	86.3	96.5	10.2	11.8%
General, administrative, and other	67.2	73.7	6.5	9.7%
Total operating expenses	$ 690.2	$ 754.0	$ 63.8	9.2%

Compensation and related costs. Compensation and related costs were $454.3 million in the third quarter of 2018, an increase of $36.9 million, or 8.8%, compared to the third quarter of 2017. Our base salaries, benefits and related employee costs have increased $16.0 million from the third quarter of 2017 primarily as a result of a 4.2% increase in our average staff size and modest increases in base salaries at the beginning of 2018. Our interim accrual for annual variable compensation increased $18.6 million from the 2017 quarter. We recognize the interim accrual ratably over the year using the ratio of recognized quarterly net revenues to forecasted annual net revenues. Our non-cash stock-based compensation expense has increased $8.1 million over the prior quarter, as we shifted our annual grant in 2017 from twice a year to a single grant in December. Compensation and related costs were further increased by higher market-related expense from our supplemental savings plan of $1.7 million. We began economically hedging the exposure to these market movements at the end of the second quarter of 2017 and show the effectiveness of these hedges in the *Non-GAAP information and reconciliation* section at the end of the management discussion and analysis. The increase in compensation and related costs were offset in part by $6.9 million of higher labor capitalization related to internally developed software compared to the 2017 quarter.

We employed 6,946 associates at September 30, 2018, compared with 6,881 associates at the end of 2017.

Distribution and servicing. Distribution and servicing includes those costs incurred to distribute the T. Rowe Price products as well as client and shareholder servicing, recordkeeping, and administrative services. These costs were $71.4 million for the third quarter of 2018, an increase of 5.9% over the $67.4 million recognized in the third quarter of 2017. The increase is primarily driven by strong markets and net cash flows over the last twelve months. These costs include those distribution and servicing costs paid to third-party intermediaries that source the assets of certain share classes of our U.S. mutual funds and is offset entirely by the 12b-1 revenue we earn and report in administrative, distribution, and servicing fees.

Advertising and promotion. Advertising and promotion costs were $20.2 million for the third quarter of 2018, an increase of 44.3% over the $14.0 million recognized in the 2017 quarter. The increase is primarily driven by the launch of our new media advertising campaign in the third quarter of 2018.

Technology, occupancy, and facility costs. Technology, occupancy, and facility costs consists of depreciation expense, technology equipment and maintenance, software, and costs related to our facilities. These costs were $96.5 million in the third quarter of 2018, an increase of $10.2 million, or 11.8%, compared to the $86.3 million recognized in the third quarter of 2017. The increase is due primarily to incremental investment in our technology capabilities, including related depreciation, hosted solution licenses, and maintenance programs.

General, administrative, and other. General, administrative, and other consists of costs associated with the overall management of the firm, including information services, professional services, travel and entertainment, research costs, and other general operating expenses. These costs were $73.7 million in the current quarter, an increase of $6.5 million, or 9.7%, compared to the $67.2 million recognized in the third quarter of 2017. The increase reflects growing operational and regulatory business demands.

Non-operating income

Non-operating income in the third quarter of 2018 was $124.9 million, an increase of $57.6 million from the 2017 quarter. The following table details the components of non-operating income during the third quarter of 2017 and 2018 and the related dollar change.

	Three months ended		Q3 2018 vs. Q3 2017	
(in millions)	9/30/2017	9/30/2018	Dollar change	Percentage Change
Net gains from non-consolidated T. Rowe Price investment products				
Net realized gains on dispositions of available-for-sale investments	$ .1	$ —	$ (.1)	
Ordinary and capital gain dividend distributions	5.3	14.4	9.1	
Market gains (losses) on equity method and other investments at fair value	(16.3)	7.1	23.4	
Gains reclassified from accumulated other comprehensive income upon transfer of an available-for-sale sponsored investment portfolio to sponsored investment portfolios held as trading	23.6	—	(23.6)	
Net gain recognized upon deconsolidation	.1	—	(.1)	
Dividends and market gains on investment products used to hedge the supplemental savings plan liability	6.1	6.3	.2	
Total net gains from non-consolidated T. Rowe Price investment products	**18.9**	**27.8**	**8.9**	
Other investment income	10.0	88.3	78.3	
Net gains on investments	**28.9**	**116.1**	**87.2**	
Net gains (losses) on consolidated sponsored investment portfolios	37.5	8.7	(28.8)	
Other income, including foreign currency gains and losses	.9	.1	(.8)	
Non-operating income	$ 67.3	$ 124.9	$ 57.6	85.6%

On January 1, 2018, we implemented new accounting guidance that eliminated the available-for-sale investment category for equity securities, which recognized unrealized holding gains in accumulated other comprehensive income until the investment was sold and the related gain was reclassified to the income statement. Under the new guidance, substantially all equity investments are measured at fair value with changes recognized in earnings, except for those accounted for using the equity method of accounting. For more information on the impact of this new accounting guidance, see Note 1, The Company and Basis of Preparation, in the unaudited condensed consolidated financial statements contained in Part I, Item 1 of this filing.

The $78.3 million increase from the 2017 quarter in other investment income is primarily a result of the realized gain from the sale of our 10% holding in Daiwa SB Investments Ltd. in the third quarter of 2018.

The $28.8 million decrease from the 2017 quarter in net investment income of consolidated T. Rowe Price investment products is primarily a result of larger unrealized losses recognized during 2018 compared with 2017 and the deconsolidation of investments in the 2018 quarter. The impact of consolidating certain T. Rowe Price investment products on the individual lines of our unaudited condensed consolidated statements of income is as follows:

	Three months ended	
(in millions)	9/30/2017	9/30/2018
Operating expenses reflected in net operating income	$ (3.2)	$ (3.6)
Net investment income reflected in non-operating income	37.5	8.7
Impact on income before taxes	$ 34.3	$ 5.1
Net income attributable to our interest in the consolidated T. Rowe Price investment products	$ 21.0	$ 6.5
Net income attributable to redeemable non-controlling interests (unrelated third-party investors)	13.3	(1.4)
	$ 34.3	$ 5.1

Provision for income taxes

Our effective tax rate for the third quarter of 2018 was 24.0%, compared with 34.4% in the 2017 quarter, as U.S. tax reform reduced the U.S. federal corporate tax rate from 35% to 21% on January 1, 2018. For a discussion of our year-to-date effective tax rate, refer to the results of operations section for the nine months ended September 30, 2018.

First nine months of 2018 versus first nine months of 2017.

The table below presents financial results on a U.S. GAAP basis as well as a non-GAAP basis that adjusts, among other items, for the impact of our consolidated T. Rowe Price investment products, the impact of market movements on the supplemental savings plan liability and related economic hedges, investment income related to certain other investments, and certain nonrecurring charges and gains. In 2017, we adjusted for the impact of the Dell appraisal rights matter and, in 2018, the nonrecurring tax charges of $20.8 million ($0.08 in diluted earnings per share) related to the enactment of U.S. tax reform and $7.9 million ($.03 in diluted earnings per share) related to the enactment of new Maryland state tax legislation. Beginning in the second quarter of 2018, our non-GAAP adjustments no longer include non-operating income related to our cash and discretionary investments. We believe the non-GAAP financial measures below provide relevant and meaningful information to investors about our core operating results.

(in millions, except per-share data)	Nine months ended 9/30/2017	Nine months ended 9/30/2018	YTD 2018 vs. YTD 2017 Dollar change	YTD 2018 vs. YTD 2017 Percentage change
U.S. GAAP basis				
Investment advisory fees	$ 3,137.6	$ 3,666.9	$ 529.3	16.9%
Net revenues	$ 3,557.3	$ 4,067.6	$ 510.3	14.3%
Operating expenses	$ 1,979.5	$ 2,248.5	$ 269.0	13.6%
Net operating income	$ 1,577.8	$ 1,819.1	$ 241.3	15.3%
Non-operating income[(1)]	$ 294.3	$ 175.1	$ (119.2)	n/m
Net income attributable to T. Rowe Price Group	$ 1,150.7	$ 1,485.6	$ 334.9	29.1%
Diluted earnings per share on common share	$ 4.60	$ 5.85	$ 1.25	27.2%
Weighted average common shares outstanding assuming dilution	244.3	248.2	3.9	1.6%
Adjusted non-GAAP basis[(2)]				
Operating expenses	$ 2,018.5	$ 2,230.8	$ 212.3	10.5%
Net income attributable to T. Rowe Price Group	$ 977.2	$ 1,423.4	$ 446.2	45.7%
Diluted earnings per share on common share	$ 3.91	$ 5.60	$ 1.69	43.2%
Assets under management (in billions)				
Average assets under management	$ 886.3	$ 1,045.0	$ 158.7	17.9%
Ending assets under management	$ 947.9	$ 1,083.8	$ 135.9	14.3%

(1) The percentage change in non-operating income is not meaningful (n/m).
(2) See the reconciliation to the comparable U.S. GAAP measures at the end of the results of operations sections of this management discussion and analysis.

Year-to-Date Results Overview

Investment advisory revenues earned in the first nine months of 2018 increased 16.9% over the comparable 2017 period as average assets under our management increased $158.7 billion, or 17.9%, to $1,045.0 billion. The average annualized fee rate earned on our assets under management was 46.9 basis points in the first nine months of 2018, compared with 47.2 basis points earned in the first nine months of 2017. Our effective fee rate has declined in part due to client transfers within the complex to lower fee vehicles or share classes and, to a lesser extent, fee reductions we made to certain mutual funds and other products during or after the third quarter of 2017. This reduction was offset in part as a greater percentage of our assets under management in 2018 are in equity strategies, which have rates that are higher than our average fee rate. We regularly assess the competitiveness of our investment advisory fees and will continue to make adjustments as deemed appropriate.

Operating expenses were $2,248.5 million in the first nine months of 2018 compared with $1,979.5 million in the 2017 period. On a non-GAAP basis, our operating expenses in the first nine months of 2018 increased 10.5% to $2,230.8 million compared to the 2017 period as higher market driven expenses and continued strategic investments drove our operating expenses.

Our operating margin in the first nine months of 2018 was 44.7%, compared to 44.4% in the 2017 period. Our operating income in the first nine months of 2017 includes $50.0 million of insurance recoveries related to the Dell appraisal rights matter. Excluding these insurance recoveries our operating margin was 42.9% in the first nine months of 2017. The nearly 18% increase in our average assets under management since the end of September 2017 has led to growth in 2018 net revenues that has outpaced our growth in operating expenses.

Net revenues

	Nine months ended		YTD 2018 vs. YTD 2017	
(in millions)	9/30/2017	9/30/2018	Dollar change	Percentage change
Investment advisory fees				
U.S. mutual funds	$ 2,259.9	$ 2,557.1	$ 297.2	13.2 %
Subadvised and separate accounts and other investment products	877.7	1,109.8	232.1	26.4 %
	3,137.6	3,666.9	529.3	16.9 %
Administrative, distribution, and servicing fees				
Administrative fees	310.7	294.0	(16.7)	(5.4)%
Distribution and servicing fees	109.0	106.7	(2.3)	(2.1)%
	419.7	400.7	(19.0)	(4.5)%
Net revenues	$ 3,557.3	$ 4,067.6	$ 510.3	14.3 %

Investment advisory fees. Investment advisory fees earned from the T. Rowe Price U.S. mutual funds increased 13.2%, or $297.2 million, to $2.6 billion. Average mutual fund assets in the first nine months of 2018 were $629.4 billion, an increase of 12.8% from the average for the comparable 2017 period.

Investment advisory fees earned on the subadvised and separate accounts and other investment products for the first nine months of 2018 were $1,109.8 million, an increase of $232.1 million, or 26.4%, from the $877.7 million earned in the comparable 2017 period. Average assets in these products were $415.6 billion during the first nine months of 2018, up 26.5% from the comparable 2017 period.

Administrative, distribution, and servicing fees. Administrative, distribution, and servicing fees in the first nine months of 2018 were $400.7 million, a decrease of $19.0 million from the comparable 2017 period. The decrease was primarily attributable to lower transfer agent and distribution servicing revenue due to client transfers among vehicles and share classes.

The net revenues for the first nine months of 2017 and 2018 include the elimination of $3.2 million in 2017 and $4.6 million in 2018, earned from our consolidated T. Rowe Price investment products. The corresponding expenses recognized by these products, and also consolidated in our financial statements, were eliminated from operating expenses.

Operating expenses

	Nine months ended		YTD 2018 vs. YTD 2017	
(in millions)	9/30/2017	9/30/2018	Dollar change	Percentage change
Compensation and related costs	$ 1,218.6	$ 1,351.7	$ 133.1	10.9%
Distribution and servicing	192.0	213.3	21.3	11.1%
Advertising and promotion	58.4	63.8	5.4	9.2%
Product-related costs	110.9	117.1	6.2	5.6%
Technology, occupancy, and facility costs	254.7	283.8	29.1	11.4%
General, administrative, and other	194.9	218.8	23.9	12.3%
Nonrecurring insurance recoveries related to Dell appraisal rights matter(1)	(50.0)	—	50.0	n/m
Total operating expenses	$ 1,979.5	$ 2,248.5	$ 269.0	13.6%

(1) *The percentage change in nonrecurring insurance recoveries related to Dell appraisal rights matter is not meaningful (n/m).*

Compensation and related costs. Compensation and related costs were $1,351.7 million in the first nine months of 2018, an increase of $133.1 million, or 10.9%, compared to the 2017 period. The largest part of the increase is attributable to a $64.7 million, or 9.6% increase, in base salaries, benefits and related employee costs, which resulted from an increase of 6.9% in average headcount from the 2017 period, combined with a modest increase in salaries at the beginning of 2018. The first nine months of 2018 also includes $9.0 million in one-time bonuses paid to certain associates that was funded by U.S. tax reform benefits. The interim accrual for our annual variable compensation in the 2018 period rose $58.1 million over the interim accrual in the 2017 period. Our non-cash stock-based compensation expense has increased $24.7 million over the 2017 period, as we shifted our annual grant in 2017 from twice a year to a single grant in December. These increases were offset in part by lower market-related expense from our supplemental savings plan of $5.6 million in the first nine months of 2018 compared with the comparable 2017 period. Higher labor capitalization related to internally developed software of $16.7 million also partly offsets the compensation and related costs increase from the 2017 period.

Distribution and servicing costs. Distribution and servicing costs were $213.3 million for the first nine months of 2018, an increase of 11.1% over the $192.0 million recognized in the 2017 period. The increase is primarily driven by strong markets and net cash flows over the last twelve months.

Advertising and promotion. Advertising and promotion costs were $63.8 million for the first nine months of 2018, an increase of 9.2% over the $58.4 million recognized in the 2017 period. The increase is primarily driven by the creation and launch of a new media advertising campaign in 2018 as well as higher promotion costs as we seek to broaden our distribution efforts globally.

Product-related costs. Product-related costs consists of non-advisory related costs that we incur to service certain T. Rowe Price products. Product-related costs were $117.1 million in the first nine months of 2018, an increase of $6.2 million, or 5.6%, compared to the 2017 period. More than half of the increase is due to higher operating costs of our collective investment trusts as the number of trusts and their average net assets have increased over the last twelve months. The remainder of the increase is related to higher costs incurred to provide administrative services to the U.S. mutual funds and recordkeeping services to defined contribution retirement plans.

Technology, occupancy, and facility costs. Technology, occupancy, and facility costs were $283.8 million in the first nine months of 2018, an increase of 11.4% compared to the $254.7 million recognized in the 2017 period. The increase is due primarily to incremental investment in our technology capabilities, including related depreciation, hosted solution licenses, and maintenance programs, as well as expanded office facilities.

General, administrative, and other costs. General, administrative, and other costs were $218.8 million in the first nine months of 2018, an increase of 12.3% compared to the $194.9 million recognized in the 2017 period. The increase was a result of our continued investment in our strategic initiatives and other growing operational and regulatory business demands.

Non-operating income

Net non-operating investment activity during the first nine months of 2018 resulted in income of $175.1 million, a decrease of $119.2 million from the 2017 period. The following table details the components of non-operating income (in millions) during the first nine months of 2017 and 2018.

	Nine months ended		YTD 2018 vs. YTD 2017	
(in millions)	9/30/2017	9/30/2018	Dollar change	Percentage Change
Net gains from non-consolidated T. Rowe Price investment products				
Net realized gains on dispositions of available-for-sale investments	$ 78.0	$ —	$ (78.0)	
Ordinary and capital gain dividend distributions	11.2	33.7	22.5	
Market gains (losses) on equity method and other investments at fair value	26.0	(6.5)	(32.5)	
Gains reclassified from accumulated other comprehensive income upon transfer of an available-for-sale sponsored investment portfolio to sponsored investment portfolios held as trading	23.6	—	(23.6)	
Net gain recognized upon deconsolidation	.1	3.6	3.5	
Dividends and market gains on investment products used to hedge the supplemental savings plan liability	6.1	14.2	8.1	
Total net gains from non-consolidated T. Rowe Price investment products	**145.0**	**45.0**	**(100.0)**	
Other investment income	20.1	102.9	82.8	
Net gains on investments	**165.1**	**147.9**	**(17.2)**	
Net gains (losses) on consolidated sponsored investment portfolios	125.8	28.6	(97.2)	
Other income, including foreign currency gains and losses	3.4	(1.4)	(4.8)	
Non-operating income	**$ 294.3**	**$ 175.1**	**$ (119.2)**	**(40.5)%**

The decrease in market gains on equity method and other investments at fair value is driven primarily by realized gains of $78.0 million from the sale of certain available-for-sale investments recognized in the first nine months of 2017, which as discussed above will no longer occur for this type of investment after the implementation of the new financial instruments accounting guidance.

The $82.8 million increase from the 2017 period in other investment income is primarily a result of the realized gain associated with the sale of our 10% holding in Daiwa SB Investments Ltd. in the third quarter of 2018.

The $97.2 million decrease from the 2017 period in net investment income of consolidated T. Rowe Price investment products is primarily a result of larger unrealized losses recognized during 2018 compared with 2017 and the deconsolidation of investments in 2018. The impact of consolidating certain T. Rowe Price investment products on the individual lines of our unaudited condensed consolidated statements of income for the first nine months of 2017 and 2018 is as follows:

	Nine months ended	
(in millions)	9/30/2017	9/30/2018
Operating expenses reflected in net operating income	$ (8.5)	$ (9.2)
Net investment income reflected in non-operating income	125.8	28.6
Impact on income before taxes	$ 117.3	$ 19.4
Net income attributable to our interest in the consolidated T. Rowe Price investment products	$ 73.4	$ 8.3
Net income attributable to redeemable non-controlling interests (unrelated third-party investors)	43.9	11.1
Impact on income before taxes	$ 117.3	$ 19.4

Provision for income taxes

Our effective tax rate for the nine months ended September 30, 2018 was 24.9%, compared with 36.2% for the nine months ended September 30, 2017. The income tax provision for the nine months ended September 30, 2018 includes an additional nonrecurring charge of $20.8 million related to the enactment of U.S. tax reform as we adjusted our deferred tax asset and liability re-measurement estimates recorded at December 31, 2017. We also recognized a nonrecurring charge of $7.9 million during the nine months ended September 30, 2018 for the re-measurement of our deferred tax assets and liabilities to reflect the effect of Maryland state tax legislation enacted on April 24, 2018. This new state tax legislation, effective in 2018, adopted a five-year phase-in of the single sales factor method of apportionment for calculating income tax for multi-state companies doing business in Maryland and is expected to result in a net benefit over time.

The following table reconciles the statutory federal income tax rate to our effective tax rate for the nine months ended September 30, 2018:

Statutory U.S. federal income tax rate	21.0 %
Impact of nonrecurring charge related to U.S. tax reform recognized in the second quarter	1.0 %
Impact of nonrecurring charge related to new Maryland state tax legislation recognized in the second quarter	.4 %
State income taxes for current year, net of federal income tax benefits[1]	4.6 %
Net income attributable to redeemable non-controlling interests	(.2)%
Net excess tax benefits from stock-based compensation plans activity	(1.8)%
Other items	(.1)%
Effective income tax rate	24.9 %

[1] *State income tax benefits are reflected in the total benefits for net income attributable to redeemable non-controlling interests and stock-based compensation plans activity.*

We currently estimate our effective tax rate for the full-year 2018 will be in the range of 24% to 26%. The benefit expected to be realized in 2018 from new Maryland state tax legislation will offset the nonrecurring re-measurement charge relating to this legislation and recognized in income tax provision during the nine months ended September 30, 2018. Based on information currently available, we expect that the Maryland state tax legislation will reduce our effective state tax rate over the five-year phase-in period to less than 2.5%.

Our effective tax rate will continue to experience volatility in future periods as the tax benefits recognized from stock-based compensation are impacted by market fluctuations in our stock price and timing of option exercises. The rate will also be impacted by changes in our consolidated investment products that are driven by market fluctuations and changes in the proportion of their net income that is attributable to non-controlling interests.

Our non-GAAP effective tax rate for the nine months ended September 30, 2018 is 23.8%. We currently estimate our non-GAAP effective tax rate for the full-year 2018 will be in the range of 23% to 25%.

We continue to evaluate the impact of U.S. tax reform and the Maryland state tax legislation on our estimates and expectations due to changes in our interpretations of the law, assumptions used in applying the law, and additional guidance concerning the law that may be issued.

Non-GAAP information and reconciliation

We believe the non-GAAP financial measures below provide relevant and meaningful information to investors about our core operating results. These measures have been established in order to increase transparency for the purpose of evaluating our core business, for comparing current results with prior period results, and to enable more appropriate comparison with industry peers. However, non-GAAP financial measures should not be considered a substitute for financial measures calculated in accordance with U.S. GAAP and may be calculated differently by other companies. The following schedule reconciles U.S. GAAP financial measures to non-GAAP financial measures for the three- and nine-month periods ended September 30, 2017 and 2018.

	Three months ended		Nine months ended	
(in millions, except per-share amounts)	9/30/2017	9/30/2018	9/30/2017	9/30/2018
Operating expenses, GAAP basis	$ 690.2	$ 754.0	$ 1,979.5	$ 2,248.5
Non-GAAP adjustments:				
Expenses of consolidated T. Rowe Price investment products, net of elimination of its related management and administrative fees[1]	(1.8)	(2.1)	(5.3)	(4.6)
Compensation expense related to market valuation changes in the supplemental savings plan liability[2]	(5.7)	(7.4)	(5.7)	(13.1)
Insurance recoveries related to Dell appraisal rights matter[4]	—	—	50.0	—
Adjusted operating expenses	$ 682.7	$ 744.5	$ 2,018.5	$ 2,230.8
Net income attributable to T. Rowe Price Group, GAAP basis	$ 390.9	$ 583.0	$ 1,150.7	$ 1,485.6
Non-GAAP adjustments:				
Net income of consolidated T. Rowe Price investment products, net of redeemable non-controlling interests[1]	(21.0)	(6.5)	(73.4)	(8.3)
Non-operating income of investments designated as an economic hedge of the supplemental savings plan liability less related compensation expense[2]	(.4)	1.1	(.4)	(1.1)
Other non-operating income[3]	(23.7)	(92.2)	(162.4)	(106.6)
Insurance recoveries related to Dell appraisal rights matter[4]	—	—	(50.0)	—
Income tax impacts of non-GAAP adjustments[5]	16.3	19.6	112.7	25.1
Nonrecurring charge related to enactment of U.S. tax reform[6]	—	—	—	20.8
Nonrecurring charge related to enactment of Maryland state tax legislation[7]	—	—	—	7.9
Adjusted net income attributable to T. Rowe Price Group	$ 362.1	$ 505.0	$ 977.2	$ 1,423.4
Diluted earnings per common share, GAAP basis	$ 1.56	$ 2.30	$ 4.60	$ 5.85
Non-GAAP adjustments:				
Consolidated T. Rowe Price investment products[1]	(.05)	(.02)	(.18)	(.03)
Other non-operating income[3]	(.06)	(.29)	(.39)	(.33)
Insurance recoveries related to Dell appraisal rights matter[4]	—	—	(.12)	—
Nonrecurring charge related to enactment of U.S. tax reform[6]	—	—	—	.08
Nonrecurring charge related to enactment of Maryland state tax legislation[7]	—	—	—	.03
Adjusted diluted earnings per common share[8]	$ 1.45	$ 1.99	$ 3.91	$ 5.60

[1] The non-GAAP adjustments add back the management and administrative fees that we earn from the consolidated T. Rowe Price investment products and subtract the investment income and operating expenses of these products that have been included in our U.S. GAAP unaudited condensed consolidated statements of income. We believe the consolidated T. Rowe Price investment products may impact the reader's ability to

understand our core operating results. The following table details the calculation of operating expenses of consolidated T. Rowe Price investment products, net of elimination of its related management and administrative fees.

	Three months ended		Nine months ended	
	9/30/2017	9/30/2018	9/30/2017	9/30/2018
Operating expenses before eliminations	$ 3.2	$ 3.6	$ 8.5	$ 9.2
Operating expenses eliminated in consolidation	(1.4)	(1.5)	(3.2)	(4.6)
Total operating expenses, net of eliminations	$ 1.8	$ 2.1	$ 5.3	$ 4.6

The following table details the calculation of net income of consolidated T. Rowe Price investment products, net of redeemable non-controlling interests:

	Three months ended		Nine months ended	
	9/30/2017	9/30/2018	9/30/2017	9/30/2018
Net investment gains	$ 37.5	$ 8.7	$ 125.8	$ 28.6
Operating expenses	(3.2)	(3.6)	(8.5)	(9.2)
Net income	34.3	5.1	117.3	19.4
Less: net income attributable to redeemable non-controlling interests	13.3	(1.4)	43.9	11.1
T. Rowe Price Group's portion of net income	$ 21.0	$ 6.5	$ 73.4	$ 8.3

(2) This non-GAAP adjustment removes the impact of market movements on the supplemental savings plan liability and related investments designated as economic hedges of the liability beginning July 1, 2017. Amounts deferred under the supplemental savings plan are adjusted for appreciation (depreciation) of hypothetical investments chosen by the employees. Since we economically hedge the exposure to these market movements, we believe it is useful to offset the non-operating investment income earned on the hedges against the related compensation expense to increase comparability period to period. The following table details the supplemental savings plan related items:

	Three months ended		Nine months ended	
	9/30/2017	9/30/2018	9/30/2017	9/30/2018
Non-operating income of investments designated as an economic hedge of supplemental savings plan liability	$ 6.1	$ 6.3	$ 6.1	$ 14.2
Compensation expense from market valuation changes in supplemental savings plan liability	(5.7)	(7.4)	(5.7)	(13.1)
Non-operating income of investments designated as an economic hedge of supplemental savings plan liability less compensation expense	$ .4	$ (1.1)	$ .4	$ 1.1

[3] This non-GAAP adjustment removes the non-operating income that remains after backing out the portion related to the consolidated T. Rowe Price investment products and the investments designated as an economic hedge of our supplemental savings plan liability. Beginning in the second quarter of 2018, we modified the non-GAAP adjustment to no longer adjust for the investment gains recognized on our cash and discretionary investments as the income earned on these assets are considered part of our core operations. The impact on previously reported non-GAAP measures is immaterial. We believe adjusting for the remaining non-operating income helps the reader's ability to understand our core operating results and increases comparability to prior years. Additionally, we do not emphasize the impact of the portion of non-operating income removed when managing and evaluating our performance.

	Three months ended		Nine months ended	
	9/30/2017	9/30/2018	9/30/2017	9/30/2018
Total non-operating income	$ 67.3	$ 124.9	$ 294.3	$ 175.1
Less: net investment gains of consolidated T. Rowe Price investment products	37.5	8.7	125.8	28.6
Less: non-operating income from investments designated as an economic hedge of supplemental savings plan liability	6.1	6.3	6.1	14.2
Less: investment gains earned on cash and discretionary investments	—	17.7	—	25.7
Total other non-operating income	$ 23.7	$ 92.2	$ 162.4	$ 106.6

[4] In the first quarter of 2017, we recognized insurance recoveries of $50.0 million related to the Dell appraisal rights matter as a reduction in operating expenses. We believe it is useful to readers of our unaudited condensed consolidated statements of income to adjust for these insurance recoveries given the nonrecurring nature of the initial charge and related insurance recoveries.

[5] The income tax impacts were calculated in order to achieve an overall year-to-date non-GAAP effective tax rate of 36.6% for 2017 and 23.8% for 2018. As such, the non-GAAP effective tax rate for the third quarter was 35.0% for 2017 and 24.5% for 2018. We estimate that our effective tax rate for the full-year 2018 on a non-GAAP basis will be in the range of 23% to 25%.

[6] During the second quarter of 2018, we recognized a nonrecurring charge of $20.8 million for an adjustment made to the charge taken in 2017 related to the enactment of U.S. tax reform. We believe it is useful to readers of our unaudited condensed consolidated statements of income to adjust for this nonrecurring charge in arriving at net income attributable to T. Rowe Price Group and diluted earnings per share.

[7] During the second quarter of 2018, we recognized a nonrecurring charge of $7.9 million for the remeasurement of our deferred tax assets and liabilities to reflect the effect of Maryland state tax legislation enacted on April 24, 2018. We believe it is useful to readers of our unaudited condensed consolidated statements of income to adjust for this nonrecurring charge in arriving at net income attributable to T. Rowe Price Group and diluted earnings per share.

[8] This non-GAAP measure was calculated by applying the two-class method to adjusted net income attributable to T. Rowe Price Group divided by the weighted-average common shares outstanding assuming dilution.

CAPITAL RESOURCES AND LIQUIDITY.

Our Sources of Liquidity

We remain debt-free with ample liquidity, including cash and investments in T. Rowe Price products, as follows:

(in millions)	12/31/2017	9/30/2018
Cash and cash equivalents	$ 1,902.7	$ 2,090.6
Discretionary investments	780.3	1,636.4
Total cash and discretionary investments	2,683.0	3,727.0
Redeemable seed capital investments	1,188.9	1,204.5
Investments used to hedge the supplemental savings plan liability	268.2	294.6
Total cash and investments in T. Rowe Price products	$ 4,140.1	$ 5,226.1

During the first nine months of 2018, we rebalanced our cash and discretionary investments portfolio resulting in the reallocation of some cash invested in T. Rowe Price money market funds to certain T. Rowe Price short-term fixed income funds. Additionally, during the third quarter of 2018 we sold our 10% holding in Daiwa SB Investments Ltd. As a result of the sale, the realized gain is recognized in net gains on investments on our unaudited condensed consolidated statement of income. Like other similar investment gains, this gain was backed out in our non-GAAP measures.

The cash and discretionary investments in T. Rowe Price products held by our subsidiaries outside the U.S. were $424.5 million at December 31, 2017 and $407.5 million at September 30, 2018.

The cash and investment presentation on the unaudited condensed consolidated balance sheet is based on how we account for the cash or investment. The following table details how T. Rowe Price Group’s interests in cash and investments relate to where they are presented in the unaudited condensed consolidated balance sheet as of September 30, 2018.

(in millions)	Cash and cash equivalents	Investments	Net assets of consolidated T. Rowe Price investment products	9/30/2018
Cash and discretionary investments	$ 2,090.6	$ 1,607.7	$ 28.7	$ 3,727.0
Seed capital investments	—	250.7	953.8	1,204.5
Investment products used to hedge supplemental savings plan	—	294.6	—	294.6
Total cash and investments in T. Rowe Price products attributable to T. Rowe Price Group	2,090.6	2,153.0	982.5	5,226.1
Investment in UTI and other investments	—	261.4	—	261.4
Total cash and investments attributable to T. Rowe Price Group	2,090.6	2,414.4	982.5	5,487.5
Redeemable non-controlling interests	—	—	860.6	860.6
As reported on unaudited condensed consolidated balance sheet at September 30, 2018	$ 2,090.6	$ 2,414.4	$ 1,843.1	$ 6,348.1

Our unaudited condensed consolidated balance sheet reflects the cash and cash equivalents, investments, other assets and liabilities of those T. Rowe Price investment products we consolidate, as well as redeemable non-controlling interests for the portion of these T. Rowe Price investment products that are held by unrelated third-party investors. Although we can redeem our net interest in these T. Rowe Price investment products at any time, we cannot directly access or sell the assets held by the products to obtain cash for general operations. Additionally, the assets of these T. Rowe Price investment products are not available to our general creditors. Our interest in these T. Rowe Price investment products was used as initial seed capital and is recategorized as discretionary when it is determined by management that the seed capital is no longer needed. We assess the discretionary investment products and when we decide to liquidate our interest, we seek to do so in a way as to not impact the product and ultimately, the unrelated third-party investors.

Our Uses of Liquidity

We increased our quarterly recurring dividend per share in March 2018 by 22.8% to $.70 per share. In the first nine months of 2018, we expended $574.8 million to repurchase 5.4 million shares, or 2.2%, of our outstanding common stock at an average price of $107.38 per share. These dividends and repurchases were expended using existing cash balances and cash generated from operations. We will generally repurchase our common stock over time to offset the dilution created by our equity-based compensation plans.

Since the end of 2015, we have returned $3.3 billion to stockholders through stock repurchases and our regular quarterly dividends, as follows:

(in millions)	Recurring dividend	Stock repurchases	Total cash returned to stockholders
2016	$ 541.2	$ 676.9	$ 1,218.1
2017	562.6	458.1	1,020.7
Nine months ended 9/30/2018	522.5	574.8	1,097.3
Total	$ 1,626.3	$ 1,709.8	$ 3,336.1

We anticipate property and equipment expenditures for the full-year 2018 to be about $170 million, of which about 70% is planned for technology initiatives. Given the availability of our financial resources, we expect to fund our anticipated capital expenditures with operating resources, and do not maintain an available external source of additional liquidity.

Cash Flows

The following table summarizes the cash flows for the nine months ended September 30, 2017 and 2018, that are attributable to T. Rowe Price Group, our consolidated T. Rowe Price investment products, and the related eliminations required in preparing the statement.

	Nine months ended							
	9/30/2017				9/30/2018			
(in millions)	Cash flow attributable to T. Rowe Price Group	Cash flow attributable to consolidated T. Rowe Price investment products	Elims	As reported	Cash flow attributable to T. Rowe Price Group	Cash flow attributable to consolidated T. Rowe Price investment products	Elims	As reported
Cash flows from operating activities								
Net income	$ 1,150.7	$ 117.3	$ (73.4)	$1,194.6	$ 1,485.6	$ 19.4	$ (8.3)	$1,496.7
Adjustments to reconcile net income to net cash provided by (used in) operating activities								
Depreciation and amortization of property and equipment	106.9	—	—	106.9	114.9	—	—	114.9
Stock-based compensation expense	110.6	—	—	110.6	135.3	—	—	135.3
Realized gains on dispositions of available-for-sale T. Rowe Price investment products	(78.0)	—	—	(78.0)	—	—	—	—
Gains recognized upon transfer of an investment in a T. Rowe Price mutual fund from available-for-sale to held as trading	(23.6)	—	—	(23.6)	—	—	—	—
Net gains recognized on investments	(113.8)	—	73.4	(40.4)	(114.5)	—	8.3	(106.2)
Net investments in T. Rowe Price investment products to economically hedge supplemental savings plan liability	(129.0)	—	—	(129.0)	(14.4)	—	—	(14.4)
Net change in trading securities held by consolidated T. Rowe Price investment products	—	(1,210.5)	—	(1,210.5)	—	(578.3)	—	(578.3)
Other changes in assets and liabilities	438.6	(12.9)	(3.5)	422.2	454.0	(11.5)	(4.1)	438.4
Net cash provided by (used in) operating activities	1,462.4	(1,106.1)	(3.5)	352.8	2,060.9	(570.4)	(4.1)	1,486.4
Net cash provided by (used in) investing activities	(63.2)	(46.0)	184.6	75.4	(923.7)	(22.5)	115.8	(830.4)
Net cash provided by (used in) financing activities	(734.7)	1,186.4	(181.1)	270.6	(949.3)	597.9	(111.7)	(463.1)
Effect of exchange rate changes on cash and cash equivalents of consolidated T. Rowe Price investment products	—	6.9	—	6.9	—	(2.4)	—	(2.4)
Net change in cash and cash equivalents during period	664.5	41.2	—	705.7	187.9	2.6	—	190.5
Cash and cash equivalents at beginning of year	1,204.9	65.6	—	1,270.5	1,902.7	103.1	—	2,005.8
Cash and cash equivalents at end of period	$ 1,869.4	$ 106.8	$ —	$1,976.2	$ 2,090.6	$ 105.7	$ —	$2,196.3

Operating activities attributable to T. Rowe Price Group during the first nine months of 2018 provided cash flows of $2,060.9 million, an increase of $598.5 million from the 2017 period, as higher net income, non-cash depreciation expense, and non-cash stock-based compensation expense recognized during the first nine months of 2018 added cash flows of $367.6 million. A decrease of $100.9 million in adjustments for investment gains also increased cash flows as a result of a change in accounting guidance that we adopted on January 1, 2018. See Note 1 to our unaudited condensed consolidated financial statements for more information. We invested $129.0 million into certain investment products in 2017 to establish the hedge and invested an additional $14.4 million in 2018 in order to maintain it. Timing differences on the cash settlement of our assets and liabilities, including insurance receivables related to the Dell appraisal rights, increased cash flows by $15.4 million. Our interim operating cash flows do not include the cash impact of variable compensation that is accrued throughout the year before being substantially paid out in December. The remaining change in reported operating cash flows is attributable to the net change in trading securities held in our consolidated investment products' underlying portfolios.

Net cash used in investing activities that are attributable to T. Rowe Price Group totaled $923.7 million in the first nine months of 2018, an increase of $860.5 million compared with the 2017 period. During the first nine months of 2018, we rebalanced our cash and discretionary investments portfolio resulting in the reallocation of cash and cash equivalents of $1,003.0 million to certain T. Rowe Price funds. Excluding these reallocations, we received net proceeds of $227.9 million upon the sale of certain T. Rowe Price investment products during the first nine months of 2018, compared with $256.8 million of net proceeds received during the 2017 period. A portion of the net proceeds received in 2017 were used to fund the newly established economic hedge of our supplemental savings liability mentioned above. These investing cash flows were offset by a $7.6 million decrease in property and equipment expenditures, a $95.0 million change in other investing activity, primarily relating to the sale of our 10% interest in Daiwa SB Investments Ltd. during the third quarter, and a $68.8 million decrease in seed capital provided during the first nine months of 2018 compared with the 2017 period. Since we consolidate the seed capital in T. Rowe Price investment products, our seed capital was eliminated in preparing our unaudited condensed consolidated statement of cash flows. The remaining change in reported cash flows from investing activities is attributable to a $23.5 million decrease in net cash removed from our balance sheet from consolidating and deconsolidating investment products during the first nine months of 2018 compared with the 2017 period.

Net cash used in financing activities attributable to T. Rowe Price Group were $949.3 million in the first nine months of 2018 compared with $734.7 million in the 2017 period. The increase in cash used in financing activities includes a $101.5 million increase in dividends paid resulting from a nearly 23% increase in our quarterly dividend per share and an increase in cash paid for common stock repurchases of $86.3 million. Additionally, fewer stock options were exercised during 2018 which resulted in a $26.8 million decrease in cash proceeds compared with the 2017 period. The remaining change in reported cash flows from financing activities is primarily attributable to a $519.1 million decrease in net subscriptions received from redeemable non-controlling interest holders of our consolidated investment products during the first nine months of 2018 compared to the 2017 period.

CRITICAL ACCOUNTING POLICIES.

The preparation of financial statements often requires the selection of specific accounting methods and policies from among several acceptable alternatives. Further, significant estimates and judgments may be required in selecting and applying those methods and policies in the recognition of the assets and liabilities in our unaudited condensed consolidated balance sheets, the revenues and expenses in our unaudited condensed consolidated statements of income, and the information that is contained in our significant accounting policies and notes to unaudited condensed consolidated financial statements. Making these estimates and judgments requires the analysis of information concerning events that may not yet be complete and of facts and circumstances that may change over time. Accordingly, actual amounts or future results can differ materially from those estimates that we include currently in our unaudited condensed consolidated financial statements, significant accounting policies, and notes.

We adopted Accounting Standards Update No. 2016-01 — Financial Instruments — Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities on January 1, 2018. The guidance eliminated the available-for-sale investment category for equity securities, which required unrealized holding gains to be recognized in accumulated other comprehensive income. As a result, our other-than-temporary impairment policy for available-for-sale investments is no longer considered a critical accounting policy as of January 1, 2018.

There have been no other material changes in the critical accounting policies previously identified in our 2017 Annual Report on Form 10-K.

NEW ACCOUNTING STANDARDS.

See *The Company and Basis of Preparation* note within *Item 1. Financial Statements* for a discussion of newly issued but not yet adopted accounting guidance.

FORWARD-LOOKING INFORMATION.

From time to time, information or statements provided by or on behalf of T. Rowe Price, including those within this report, may contain certain forward-looking information, including information or anticipated information relating to: our revenues, net income, and earnings per share on common stock; changes in the amount and composition of our assets under management; our expense levels; the impact of U.S. tax reform enacted in December 2017, and tax changes in Maryland in 2018, including on our estimated effective income tax rate; and our expectations regarding financial markets, future transactions, dividends, investments, capital expenditures, and other conditions. Readers are cautioned that any forward-looking information provided by or on behalf of T. Rowe Price is not a guarantee of future performance. Actual results may differ materially from those in forward-looking information because of various factors including, but not limited to, those discussed below and in Item 1A, Risk Factors, of our Form 10-K Annual Report. Further, forward-looking statements speak only as of the date on which they are made, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which it is made or to reflect the occurrence of unanticipated events.

Our future revenues and results of operations will fluctuate primarily due to changes in the total value and composition of assets under our management. Such changes result from many factors, including, among other things: cash inflows and outflows in the U.S. mutual funds and other investment products, fluctuations in global financial markets that result in appreciation or depreciation of the assets under our management, our introduction of new mutual funds and investment products, and changes in retirement savings trends relative to participant-directed investments and defined contribution plans. The ability to attract and retain investors' assets under our management is dependent on investor sentiment and confidence; the relative investment performance of the U.S. mutual funds and other investment products as compared to competing offerings and market indexes; the ability to maintain our investment management and administrative fees at appropriate levels; competitive conditions in the mutual fund, asset management, and broader financial services sectors; and our level of success in implementing our strategy to expand our business. Our revenues are substantially dependent on fees earned under contracts with the Price funds and could be adversely affected if the independent directors of one or more of the Price funds terminated or significantly altered the terms of the investment management or related administrative services agreements. Non-operating investment income will also fluctuate primarily due to the size of our investments, changes in their market valuations, or, in the case of our equity method investments, our proportionate share of the investees' net income.

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 and promotion expenses in response to market conditions, including our efforts to expand our investment advisory business to investors outside the U.S. and to further penetrate our distribution channels within the U.S.; the pace and level of spending to support key strategic priorities; variations in the level of total compensation expense due to, among other things, bonuses, restricted stock units and other equity grants, other incentive awards, changes in our employee count and mix, and competitive factors; any goodwill or other asset 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 fund and product recordkeeping, 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 our investment products and investing in general or in particular classes of mutual funds or other investments.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Our investments in T. Rowe Price investment products expose us to market risk as they are measured at fair value each reporting period based the products' net asset value per share. Investments in these products generally moderate market risk as they are diversified and invest in a number of different financial instruments. T. Rowe Price further manages its exposure to market risk by diversifying its investments among many domestic and international products as well as diversification among equity and fixed income portfolios. In addition, investment holdings may be altered from time to time in response to changes in market risks and other factors, as management deems appropriate.

In order to quantify the sensitivity of our T. Rowe Price investment products to changes in market valuations, we have chosen to use a variant of each product's net asset value to quantify the equity price risk, as we believe the volatility in each product's net asset value best reflects the underlying risk potential as well as the market trends surrounding each of its investment objectives. The potential future loss of value, before any income tax benefits, of these investments at each reporting period is determined by using the lower of each product's lowest net asset value per share during the period or its net asset value per share at the end of the reporting period, reduced by 10%. In considering this presentation, it is important to note that: not all products experienced their lowest net asset value per share on the same day; it is likely that the composition of the investment portfolio would be changed if adverse market conditions persisted; and we could experience future losses in excess of those presented.

Our market risk sensitivity analysis on our investments in T. Rowe Price investment products at September 30, 2018, indicates that the total potential loss in value on these investments is materially the same as what we reported in our Form 10-K Annual Report for 2017. However, the implementation of the new financial instrument guidance would result in the total potential loss in value to be recognized in our unaudited condensed consolidated statements of income rather than a portion being recognized within accumulated other comprehensive income in our unaudited condensed consolidated balance sheets as discussed in the Form 10-K. Other than these changes, there has been no other material change in the information provided in Item 7A of the Form 10-K Annual Report for 2017.

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, 2018. Based on that evaluation, our principal executive and principal financial officers have concluded that our disclosure controls and procedures as of September 30, 2018, are effective at the reasonable assurance level to ensure that the information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934, including this Form 10-Q quarterly report, is recorded, processed, summarized, and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms, and to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Our management, including our principal executive and principal financial officers, has evaluated any change in our internal control over financial reporting that occurred during the third quarter of 2018, and has concluded that there was no change during the third quarter of 2018 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 February 14, 2017, T. Rowe Price Group, Inc., T. Rowe Price Associates, Inc., T. Rowe Price Trust Company, current and former members of the management committee, and trustees of the T. Rowe Price U.S. Retirement Program were named as defendants in a lawsuit filed in the United States District Court for the District of Maryland. The lawsuit alleges breaches of ERISA's fiduciary duty and prohibited transaction provisions on behalf of a class of all participants and beneficiaries of the T. Rowe Price 401(k) Plan from February 14, 2011, to the time of judgment. The plaintiffs are seeking certification of the complaint as a class action. T. Rowe Price believes the claims are without merit and is vigorously defending the action. This matter is in the early stages of litigation and we cannot predict the eventual outcome or whether it will have a material negative impact on our financial results, or estimate the possible loss or range of loss that may arise from any negative outcome.

On April 27, 2016, certain shareholders in the T. Rowe Price Blue Chip Growth Fund, T. Rowe Price Capital Appreciation Fund, T. Rowe Price Equity Income Fund, T. Rowe Price Growth Stock Fund, T. Rowe Price International Stock Fund, T. Rowe Price High Yield Fund, T. Rowe Price New Income Fund and T. Rowe Price Small Cap Stock Fund (the “Funds”) filed a Section 36(b) complaint under the caption Zoidis v. T. Rowe Price Assoc., Inc., against T. Rowe Price Associates, Inc. (“T. Rowe Price”) in the United States District Court for the Northern District of California. The complaint alleges that the management fees for the identified funds are excessive because T. Rowe Price charges lower advisory fees to subadvised clients with funds in the same strategy. The complaint seeks to recover the allegedly excessive advisory fees received by T. Rowe Price in the year preceding the start of the lawsuit, along with investments’ returns and profits. In the alternative, the complaint seeks the rescission of each fund’s investment management agreement and restitution of any allegedly excessive management fees. T. Rowe Price believes the claims are without merit and is vigorously defending the action. This matter is in the early stages of litigation and we cannot predict the eventual outcome or whether it will have a material negative impact on our financial results, or estimate the possible loss or range of loss that may arise from any negative outcome.

In addition to the matters discussed above, various claims against us arise in the ordinary course of business, including employment-related claims. In the opinion of management, after consultation with counsel, the likelihood of an adverse determination in one or more of these pending ordinary course of business claims that would have a material adverse effect on our financial position or results of operations is remote.

Item 1A. Risk Factors.

Other than the update below, there have been no material changes in the information provided in Item 1A of our Form 10-K Annual Report for 2017.

There has been substantial regulatory and legislative activity at federal and state levels regarding standards of care for financial services firms, related to both retirement and taxable accounts. This includes the U.S. Department of Labor’s (DOL) adoption of a fiduciary rule that was ultimately struck down by the Fifth Circuit Court of Appeals and the SEC’s proposal of a package of related rules and interpretations. The ultimate action taken by the DOL, SEC or other applicable regulatory or legislative body may impact our business activities and increase our costs.

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

(c) Repurchase activity during the third quarter of 2018 is as follows:

Month	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Maximum Number of Shares that May Yet Be Purchased Under the Program
July	63,697	$ 119.23	—	20,954,201
August	37,348	$ 115.77	5,550	20,948,651
September	1,128,405	$ 110.74	1,118,104	19,830,547
Total	1,229,450	$ 111.34	1,123,654	

Shares repurchased by us in a quarter may include repurchases conducted pursuant to publicly announced board authorization, outstanding shares surrendered to the company to pay the exercise price in connection with swap exercises of employee stock options, and shares withheld to cover the minimum tax withholding obligation associated with the vesting of restricted stock awards. Of the total number of shares purchased during the third quarter of 2018, 105,697 were related to shares surrendered in connection with employee stock option exercises and 99 were related to shares withheld to cover tax withholdings associated with the vesting of restricted stock awards.

The 1,123,654 shares of our common stock were repurchased pursuant to the Board of Directors’ December 6, 2016 publicly announced authorization. The maximum number of shares that may yet be purchased as of September 30, 2018, under the Board of Directors’ December 6, 2016, and April 26, 2018, publicly announced authorizations is 19,830,547.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

On October 25, 2018, we issued an earnings release reporting our results of operations for the third quarter of 2018 and first nine months of 2018. A copy of that earnings release is furnished herewith as Exhibit 99.1 This information shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933.

SEC FILINGS.
We make available free of charge through our website our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and any amendments to those reports filed or furnished pursuant to Section 13(a) of the Exchange Act as soon as reasonably practicable after we electronically file them with, or furnish them to, the SEC. To obtain any of this information, access our website at troweprice.com. We use our website as a channel of distribution for material company information, including our monthly disclosure of preliminary assets under management.

Item 6. Exhibits.

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

3(i)	Charter of T. Rowe Price Group, Inc., as reflected by Articles of Restatement dated June 20, 2018. (Incorporated by reference from Form 10-Q Quarterly Report filed on July 25, 2018.)
3(ii)	Amended and Restated By-Laws of T. Rowe Price Group, Inc. as of December 10, 2015. (Incorporated by reference from Form 8-K Current Report filed on December 10, 2015.)
10.03	Transfer Agency and Service Agreement as of January 1, 2018, between T. Rowe Price Services, Inc. and the T. Rowe Price Funds. (Incorporated by reference from Form 485BPOS filed on April 26, 2018.)
10.04	Agreement as of January 1, 2018, between T. Rowe Price Retirement Plan Services, Inc. and certain of the T. Rowe Price Funds. (Incorporated by reference from Form 485BPOS filed on April 26, 2018.)
10.05	Fund Accounting Services Agreement as of August 1, 2015 between T. Rowe Price Associates, Inc. and the T. Rowe Price Funds. (Incorporated by reference from Form 485BPOS filed on April 26, 2018.)
10.16.1	T. Rowe Price Group, Inc. 2018 Annual Incentive Compensation Pool for Executive Officers. (Incorporated by reference from Form 8-K Current Report filed on February 16, 2018).
10.18.12	Form of Statement of Additional Terms Regarding Awards of Restricted Stock Units (Version 4A) issued on or after December 9, 2018 under the T. Rowe Price Group, Inc. 2012 Long-Term Incentive Plan.
10.18.13	Form of Statement of Additional Terms Regarding Awards of Restricted Stock Units (Version 4B) issued on or after December 9, 2018 under the T. Rowe Price Group, Inc. 2012 Long-Term Incentive Plan.
15	Letter from KPMG LLP, independent registered public accounting firm, re unaudited interim financial information.
31(i).1	Rule 13a-14(a) Certification of Principal Executive Officer.
31(i).2	Rule 13a-14(a) Certification of Principal Financial Officer.
32	Section 1350 Certifications.
99.1	Earnings release issued October 25, 2018, reporting our results of operations for the third quarter and first nine months of 2018.

101	The following series of unaudited XBRL-formatted documents are collectively included herewith as Exhibit 101. The financial information is extracted from T. Rowe Price Group's unaudited condensed consolidated interim financial statements and notes that are included in this Form 10-Q Report. 101.INS XBRL Instance Document 101.SCH XBRL Taxonomy Extension Schema Document 101.CAL XBRL Taxonomy Calculation Linkbase Document 101.LAB XBRL Taxonomy Label Linkbase Document 101.PRE XBRL Taxonomy Presentation Linkbase Document 101.DEF XBRL Taxonomy Definition Linkbase Document

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 25, 2018.

T. Rowe Price Group, Inc.

By: /s/ Céline S. Dufétel
Vice President, Chief Financial Officer and Treasurer

T. ROWE PRICE GROUP, INC. 2012 LONG-TERM INCENTIVE PLAN

STATEMENT OF ADDITIONAL TERMS REGARDING AWARDS OF RESTRICTED STOCK UNITS

(*version 4A*)

This Statement of Additional Terms Regarding Awards of Restricted Stock Units made on or after December 9, 2018 (the "***Terms***") and all of the provisions of the T. Rowe Price Group, Inc. 2012 Long-Term Incentive Plan (the "***Plan***") are incorporated into your stock units award, the specifics of which are described on the "Notice of Grant of Restricted Stock Units Award" (the "***Notice***") that you received. Once you have accepted the Notice in accordance with the instructions set forth thereon, the Terms (including its Appendix), the Plan and the Notice, together, constitute a binding and enforceable contract respecting your restricted stock units award. That contract is referred to in this document as the "***Agreement***."

1. Terminology. Capitalized words and phrases used in these Terms are defined in the Glossary at the end of this document or the first place such word or phrase appears in this document.

2. Vesting.

(a) Vested Status upon Grant Date. All of the Stock Units are nonvested and forfeitable as of the Grant Date. Your Stock Units will become vested for purposes of this Agreement only on the applicable vesting dates under the vesting schedule set forth on the correlating Notice or on the dates specified in Section 2(d), Section 2(e), or Section 9, as applicable, notwithstanding the fact that, prior to any such date, subsequent vesting ceases to be conditioned upon your continued employment with the Company or any other substantial risk of forfeiture ceases to exist. A vested Stock Unit remains subject to the terms, conditions and forfeiture provisions provided for in the Plan and in this Agreement.

(b) Vesting Schedule. So long as your Service is continuous from the Grant Date through the applicable date upon which vesting is scheduled to occur and all other conditions for earning the Stock Units as set forth in the Notice have been satisfied, the Stock Units will become vested and nonforfeitable on the vesting dates set forth in the correlating Notice. If the Notice indicates that your restricted stock units award is a Qualified Performance- Based Award, then in no event will vesting under this Section 2(b) occur before the Executive Compensation Committee has certified in writing the extent to which the applicable Performance Threshold has been satisfied. If the Notice reflects that your restricted stock award is subject to satisfaction of a Performance Threshold then, to the extent that satisfaction of the Performance Threshold is determined based on information reported by a Peer Company in financial statements filed with the Securities and Exchange Commission or information otherwise disclosed by a Peer Company in a press release, such a determination shall be final and conclusive and no adjustment thereafter shall be made to the number of Stock Units eligible to vest in the event that a Peer Company thereafter files or discloses restated or updated financial information. To the extent that satisfaction of the Performance Threshold is to be determined based on information reported by Peer Companies, any Peer Company that has not filed

financial statements with the Securities and Exchange Commission or otherwise disclosed in a press release the relevant financial information for the Performance Period within 45 days after the end of the Performance Period in question, will not be considered a Peer Company for purposes of the determination. To the extent that satisfaction of the Performance Threshold is to be determined based on financial information reported for a specified period ending on the close of a calendar quarter and a Peer Company reports its relevant financial information over a fiscal period that does not end on the close of a calendar quarter, the Committee shall use the financial information reported by such Peer Company that most closely correlates to the duration of the Performance Period as reported before the close of the Performance Period.
For example, if the Performance Period is the 12-month period that ends December 31, 2012, and a Peer Company's fiscal year ends on October 31, 2012, then for purposes of calculating the Performance Threshold and the extent to which such Performance Threshold has been satisfied, the relevant financial information for the 12-month period that ends October 31, 2012 will be used for such Peer Company.

(c) Post-employment Vesting Continuation.

(i) If, as of the date on which your Termination of Service occurs, you have attained (i) age 58 and have at least seven years of Service credit with the Company (as determined by the Committee), including Service with any successor to the Company, or (ii) age 60 and have at least ten years of Service credit with the Company (as determined by the Committee), including in each case Service with any successor to the Company, then, except as otherwise provided in this Agreement, the then-unvested Stock Units with a Grant Date on or after December 9, 2018 that have not been previously forfeited and that are scheduled to vest during the period immediately following your Termination of Service will become vested and nonforfeitable as provided in the table below, notwithstanding the fact that your Service has terminated, on their scheduled vesting dates set forth in the correlating Notice provided that all other conditions for earning the Stock Units as set forth in the Notice and these Terms are satisfied.

Age and Years of Service as of Termination of Service	**Nonforfeited, Unvested Stock Units That Will Vest on Their Scheduled Vesting Date Following Termination of Service**
Age 58 with at least 7 but less than 20 years of Service	Stock Units that will vest in the two tranches vesting in the two calendar years immediately following Termination of Service[1]
Age 58 with 20 or more years of Service	Stock Units that will vest in the three tranches vesting in the two calendar years immediately following Termination of Service[2]
Age 60 with 10 or more years of Service	All Stock Units that will vest following Termination of Service

1 Solely for the 2018 performance-based restricted stock unit awards "two tranches vesting in the two calendar years" shall be replaced with "26 whole calendar months".
2 Solely for the 2018 performance-based restricted stock unit awards "three tranches vesting in the three calendar years" shall be replaced with "38 whole calendar months".

(ii) Notwithstanding the provisions of Section 2(c)(i) to the contrary, unless the Committee determines otherwise, your unvested Stock Units and all accrued dividend equivalents with respect to your unvested Stock Units will be immediately forfeited for no consideration, no further vesting will accrue and no shares of Common Stock will be delivered in respect thereof, if you breach any of the restrictive covenants set forth in Section 8.

(d) Vesting upon Death or Disability. All Stock Units that have not already vested or been previously forfeited will become vested and nonforfeitable upon your death or Termination of Service due to your Total and Permanent Disability.

(e) Double-trigger Vesting. If, coincident with or during the 18-month period following the effective date of a Change in Control, your Service is terminated either (i) by the Company or a successor to the Company, other than for Cause, Total and Permanent Disability or death or (ii) by you for Good Reason, then all Stock Units that have not already vested or been previously forfeited or terminated in connection with the Change in Control will become vested and nonforfeitable upon such Termination of Service.

3. Forfeitures Upon Termination of Service.

(a) Termination before Satisfying a Post-employment Vesting Continuation Provision in Section 2(c)(i). If your Service ceases for any reason before you satisfy any one of the post-employment vesting continuation provisions contained in Section 2(c)(i)all Stock Units that are not then vested and nonforfeitable, after giving effect to the applicable provisions of Section 2 above, will be immediately forfeited upon such cessation for no consideration.

(b) Forfeiture of Accrued Dividend Equivalents. Any accrued dividend equivalents attributable to forfeited Stock Units shall also be forfeited if and when the Stock Units are forfeited.

(c) Consequences of Forfeiture. You acknowledge and agree that upon the forfeiture of any unvested Stock Units, your right to receive dividend equivalents on, and all other rights, title or interest in, to or with respect to, the forfeited Stock Units and the shares into which they otherwise may have been converted shall automatically, without further act, terminate.

4. Restrictions on Transfer. Stock Units may not be assigned, transferred, pledged, hypothecated or disposed of in any way, whether by operation of law or otherwise, except by will or the laws of descent and distribution, and Stock Units may not be made subject to execution, attachment or similar process.

5. Dividend Equivalent Payments. On each dividend payment date for each regular cash dividend payable with respect to the Common Stock, the Company will pay to you in cash an amount equal to the product of (a) the per share cash dividend, multiplied by (b) the number of your Stock Units outstanding on the record date regardless of the vested or nonvested status of the Stock Units; provided, however, that if the Notice reflects that your Stock Units are subject to satisfaction of a Performance Threshold then any regular cash dividends that become payable with respect to unvested Stock Units before the Performance Threshold has been determined to have been satisfied will be accrued and held by the Company or an escrow agent appointed by the Committee until a determination has been made by the Executive Compensation Committee as to whether and the extent to which the Performance Threshold has been satisfied. Any such accrued dividends will be paid to you, without interest, within 14 days after the date on which the Executive Compensation Committee determines that, and the extent to which, the Performance Threshold has been satisfied or will be forfeited to the Company if and when the Stock Units to which they relate are forfeited due to a failure to satisfy the Performance Threshold.

6. Settlement of Stock Units. Your Stock Units will be settled automatically, via the issuance of Common Stock as described herein, when or as soon as practicable, but in all events within 30 days, after they become vested and nonforfeitable in accordance with Section 2 or Section 9, as applicable. You may not, directly or indirectly, designate the calendar year in which such settlement will be made. You are not required to make any monetary payment (other than applicable tax withholding, if required) as a condition to settlement of the Stock Units.

The Company will issue to you, in settlement of your Stock Units, the number of whole shares of Common Stock that equals the number of whole Stock Units that vested, and the vested Stock Units will cease to be outstanding upon the issuance of those shares. Unless you request the Company to deliver a share certificate to you, or deliver shares electronically or in certificate form to your designated broker, bank or nominee on your behalf, the Company will retain the shares in uncertificated book entry form.

7. Tax Withholding.

(a) General Authority to Withhold. By accepting the Notice correlating with these Terms, you agree to make adequate provision for foreign (non-United States), federal, state and local taxes and social insurance contributions required by law to be withheld, if any, that arise in connection with the Stock Units. The Company shall have the right to deduct from any compensation or any other payment of any kind due you (including withholding the issuance or delivery of shares of Common Stock) the amount of any foreign (non-United States), federal, state or local taxes and social insurance contributions required by law to be withheld as a result of the vesting or settlement of the Stock Units, in whole or in part, or as otherwise may be required by applicable law; provided, however, that the value of the shares of Common Stock withheld may not exceed, by more than a fractional share, the statutory minimum withholding amount required by law. In lieu of such deduction, the Company may require you to make a cash payment to the Company equal to the amount required to be withheld. If you do not make such payment when requested, the Company may refuse to issue any Common Stock or deliver any stock certificate under this Agreement or otherwise release for transfer any such shares until arrangements satisfactory to the Company for such payment have been made.

(b) Withholding Taxes Satisfied with Shares of Common Stock. The Company may, in its sole discretion, permit or require you to satisfy, in whole or in part, any tax withholding or social insurance contribution obligation that may arise in connection with the Stock Units either by having the Company withhold from the shares to be issued upon vesting that number of shares, or by delivering to the Company already-owned shares, in either case having a fair market value equal to no more than the amount necessary to satisfy the statutory minimum withholding amount due.

8. Restrictive Covenants.

(a) Termination of Vesting. Notwithstanding anything in Section 2 or Section 3 to the contrary, unless the Committee determines otherwise, upon the occurrence of any Prohibited Action set forth in Section 8(b), the following shall occur with respect to your Stock Units: (i) no further Stock Units will become vested and (ii) Stock Units that are not then vested and nonforfeitable will be immediately forfeited for no consideration.

(b) Prohibited Actions. The following actions are considered ***Prohibited Actions*** and subject to the consequences set forth in Section 8(a) above, whether engaged in by you directly or indirectly, either as an employee, employer, consultant, or in any other capacity:

(i) engaging in any Competing Business. "***Competing Business***" shall be defined as the business of investment advisory services to individual and/or institutional investors, retirement plan services, discount brokerage, trust services, and any other business that is competitive with the business activities of the Company;

(ii) soliciting, encouraging, or inducing any customers or clients of the Company who were current or prospective customers or clients as of the date on which your Termination of Service occurred, to terminate or reduce his, her or its relationship with the Company or not to proceed with, or enter into, any business relationship with the Company, or otherwise interfering with any such business relationship with the Company, including by encouraging or suggesting any investment management client of the Company (A) to withdraw any funds for which the Company provides investment management or advisory services, or (B) not to engage the Company to provide investment management or advisory services for any funds;

(iii) (A) soliciting, encouraging, or inducing any officer, director, employee, agent, partner, consultant or independent contractor of the Company to terminate, modify or reduce his or her relationship with the Company, (B) hiring, employing, supervising, managing or engaging any such individual, or (C) otherwise attempting to disrupt or interfere with the Company's relationship with any such individual;

(iv) using, reproducing, or disclosing any Confidential Information of the Company. "***Confidential Information***" shall be defined as client and customer lists, information with respect to the name, address, contact persons or requirements of any customer or client, other information relating to clients and prospective clients from whom the Company has solicited business or plans to solicit business, information relating to business plans and business that is conducted or anticipated to be conducted, research, technology, computer software, processes, products, pricing, costs, business methods, business objectives or strategies, marketing plans and finances;

(v) pleading guilty or *nolo contendere* (or a similar plea) to, or being convicted of, (A) a felony (or its equivalent in a non-United States jurisdiction) or
(B) other conduct of a criminal nature that has or is likely to have a material adverse effect on the reputation or standing in the community of the Company, as determined by the Committee in its sole discretion, or that legally prohibits you from working for the Company;

(vi) breaching a regulatory rule that adversely affects your ability to perform your employment duties to the Company in any material respect; and

(vii) failing, in any material respect, to (A) perform your employment duties, (B) comply with the applicable policies of the Company, (C) follow reasonable directions received from the Company or (D) comply with covenants contained in any contract with the Company to which you are a party.

(c) Blue Pencil. If any of the provisions or terms of this Section 8 is construed by a court of competent jurisdiction to be invalid or unenforceable, it shall not affect the remainder of this Agreement, which shall be given full force and effect without regard to the invalid provision. Any invalid or unenforceable provision shall be reformed to the maximum time, geographic and/or customer limitations permitted by the applicable laws, so as to be valid and enforceable.

(d) Notification To Company. For as long as you have outstanding unvested Stock Units, you covenant and agree that you will disclose to the Company the identity of any new employer within two business days of being employed or engaged by such new employer, and upon request of the Committee in advance of the settlement of any Stock Unit you will provide to the Company information sufficient to confirm that you have not engaged in any Prohibited Actions.

9. Adjustments for Corporate Transactions and Other Events.

(a) Stock Dividend, Stock Split and Reverse Stock Split. Upon a stock dividend of, or stock split or reverse stock split affecting, the Common Stock, the number of outstanding Stock Units and the number of Stock Units eligible to vest on each subsequent vesting date under the vesting schedule set forth on the Notice shall, without further action of the Committee, be adjusted to reflect such event; provided, however, that any fractional Stock Units resulting from any such adjustment shall be eliminated. Adjustments under this paragraph will be made by the Committee, whose determination regarding such adjustments will be final, binding and conclusive.

(b) Discretionary Adjustments. In the case of a merger, consolidation, stock rights offering, liquidation, statutory share exchange or similar event affecting Price Group, the Committee may make such other adjustments to outstanding Stock Units as it determines to be appropriate and desirable, which adjustments may include, without limitation, (i) the cancellation of outstanding Stock Units in exchange for payments of cash, securities or other property or a combination thereof having an aggregate value equal to the value of such Stock Units, as determined by the Committee in its sole discretion, (ii) the substitution of securities or other property (including, without limitation, cash or other securities of Price Group and securities of entities other than Price Group) for the shares of Common Stock subject to outstanding Stock Units, and (iii) the substitution of equivalent awards, as determined in the sole discretion of the Committee, of the surviving or successor entity or a parent thereof; provided, however, that all adjustments shall be made in compliance with the requirements of Section 409A of the Code and provided further that the Committee shall not have the authority to make adjustments pursuant to this paragraph to the extent that the existence of such authority would cause the Stock Units to fail to comply with Section 409A of the Code.

(c) Dissolution or Liquidation. Unless the Committee determines otherwise, all of the Stock Units shall terminate upon the dissolution or liquidation of Price Group.

(d) Change in Control. Notwithstanding anything in this Agreement or the Plan to the contrary, in the event that a Change in Control occurs, outstanding Stock Units will terminate upon the effective time of such Change in Control unless provision is made in connection with the transaction for the continuation or assumption of such Stock Units by, or for the substitution of equivalent units, as determined in the sole discretion of the Committee, of, the surviving or successor entity or a parent thereof. In the event of such termination, (i) the outstanding Stock Units that will terminate upon the effective time of the Change in Control shall, immediately before the effective time of the Change in Control, become fully vested, and
(ii) the Committee may take any of the actions set forth in Section 9(b) with respect to any or all

of the Stock Units. Implementation of the provisions of the immediately foregoing sentence shall be conditioned upon consummation of the Change in Control.

10. Non-Guarantee of Employment. Nothing in the Plan or this Agreement shall alter your employment status with the Company, nor be construed as a contract of employment between the Company and you, or as a contractual right of you to continue in the employ of the Company for any period of time, or as a limitation of the right of the Company to discharge you at any time with or without cause or notice, subject to applicable law, and whether or not such discharge results in the forfeiture of any Stock Units or any other adverse effect on your interests under the Plan.

11. Rights as Stockholder. Except as otherwise provided in this Agreement with respect to dividend equivalent payments, neither you nor any other person claiming through you shall have any rights with respect to any shares of Common Stock subject to the Stock Units, including without limitation, any voting rights, unless and until such shares are duly issued and delivered to you.

12. The Company's Rights. The existence of the Stock Units will not affect in any way the right or power of the Price Group or its stockholders to make or authorize any or all adjustments, recapitalizations, reorganizations or other changes in the Company's capital structure or its business, or any merger or consolidation of the Company, or any issue of bonds, debentures, preferred or other stocks with preference ahead of or convertible into, or otherwise affecting the Common Stock or the rights thereof, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of the Company's assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

13. Notices. All notices and other communications made or given pursuant to this Agreement shall be in writing and shall be sufficiently made or given if hand delivered or mailed by certified mail, addressed to you at the address contained in the records of the Company, or addressed to the Committee, care of the Company for the attention of its Payroll and Stock Transaction Group in the CFO-Finance Department at the Company's principal executive office or, if the receiving party consents in advance, transmitted and received via telecopy or via such other electronic transmission mechanism as may be available to the parties.

14. Electronic Delivery of Documents.

(a) Methods of Delivery. The Company may from time to time electronically deliver, via e-mail or posting on the Company's website, these Terms, information with respect to the Plan or the Stock Units, any amendments to the Agreement, and any reports of the Company provided generally to the Company's stockholders. You may receive from the Company, at no cost to you, a paper copy of any electronically delivered documents by contacting the Payroll and Stock Transaction Group in the CFO-Finance Department in the Baltimore, Maryland – Pratt Street office or by telephone, at 410-345-7716.

(b) Consent and Acknowledgment. By your accepting the Notice correlating to these Terms, you (i) consent to the electronic delivery of this Agreement, all information with respect to the Plan and the Stock Units and any reports of the Company provided generally to the Company's stockholders; (ii) acknowledge that you may receive from the Company a paper copy of any documents delivered electronically at no cost to you by contacting the Company by telephone or in writing; (iii) further acknowledge that you may revoke your consent to the electronic delivery of documents at any time by notifying the Company of such revoked consent by telephone, postal service or electronic mail; and (iv) further acknowledge that you understand that you are not required to consent to electronic delivery of documents.

15. Recoupment. The terms and conditions of the Company's Policy for Recoupment of Incentive Compensation, adopted by the Board of Directors of the Company effective April 14, 2010, as amended from time to time or any successor thereto (the "***Recoupment Policy***"), are incorporated by reference into this Agreement and shall apply to your Stock Units if you on the Grant Date are or subsequently become an executive officer or other senior executive who is subject to the Recoupment Policy.

16. Entire Agreement. This Agreement, together with the correlating Notice and the Plan, contain the entire agreement between you and the Company with respect to the Stock Units awarded hereunder. Any oral or written agreements, representations, warranties, written inducements, or other communications made prior to the acceptance of the Notice correlating to these Terms with respect to the Stock Units awarded hereunder shall be void and ineffective for all purposes.

17. Amendment. Except as otherwise provided in the Plan, the Committee may unilaterally amend the terms of this Agreement, but no such amendment shall materially impair your rights with respect to your Stock Units without your consent, except such an amendment made to cause the Plan or the Agreement to comply with applicable law, applicable rule of any securities exchange on which the Common Stock is listed or admitted for trading, or to prevent adverse tax or accounting consequences for you or the Company or any of its Affiliates. The Company shall give written notice to you of any such alteration or amendment of this Agreement by the Committee as promptly as practical after the adoption thereof. The foregoing shall not restrict the ability of you and the Company by mutual consent to alter or amend this Agreement in any manner that is consistent with the Plan and approved by the Committee.

18. Conformity with Plan. These Terms are intended to conform with, and are subject to all applicable provisions of, the Plan. In the event of any ambiguity in these Terms or any matters as to which these Terms are silent, the Plan shall govern. A copy of the Plan is available at https://home2.troweprice.com/tsso/tssoweb/SSOServlet or in hard copy upon request to the Company's Payroll and Stock Transaction Group in the CFO-Finance Department in the Baltimore, Maryland – Pratt Street office or by telephone, at 410-345-7716.

19. No Funding. This Agreement constitutes an unfunded and unsecured promise by the Company to make payments and issue shares of Common Stock in the future in accordance with its terms. You have the status of a general unsecured creditor of the Company as a result of receiving the award of Stock Units. Any cash payment due under this Agreement with respect to dividend equivalent payments under Section 5 hereof will be paid from the general assets of the Company and nothing in this Agreement will be construed to give you or any other person rights to any specific assets of the Company.

20. Governing Law. The validity, construction and effect of this Agreement, and of any determinations or decisions made by the Committee relating to this Agreement, and the rights of any and all persons having or claiming to have any interest under this Agreement, shall be determined exclusively in accordance with the laws of the State of Maryland, without regard to its provisions concerning the applicability of laws of other jurisdictions. As a condition of this Agreement, you agree that you will not bring any action arising under, as a result of, pursuant to

or relating to, this Agreement in any court other than a federal or state court in the districts that include Baltimore, Maryland, and you hereby agree and submit to the personal jurisdiction of any federal court located in the district that includes Baltimore, Maryland or any state court in the district that includes Baltimore, Maryland. You further agree that you will not deny or attempt to defeat such personal jurisdiction or object to venue by motion or other request for leave from any such court.

21. Resolution of Disputes. Any dispute or disagreement that shall arise under, or as a result of, or pursuant to or relating to, this Agreement shall be determined by the Committee in good faith in its absolute and uncontrolled discretion, and any such determination or any other determination by the Committee under or pursuant to this Agreement and any interpretation by the Committee of the terms of this Agreement, will be final, binding and conclusive on all persons affected thereby. You agree that before you may bring any legal action arising under, as a result of, pursuant to or relating to, this Agreement you will first exhaust your administrative remedies before the Committee. You further agree that in the event that the Committee does not resolve any dispute or disagreement arising under, as a result of, pursuant to or relating to, this Agreement to your satisfaction, no legal action may be commenced or maintained relating to this Agreement more than 24 months after the Committee's decision.

22. Preemption of Applicable Laws or Regulations. Anything in this Agreement to the contrary notwithstanding, if, at any time specified herein for the issue of shares to you, any law, regulation or requirements of any governmental authority having jurisdiction in the premises shall require either the Company or you to take any action in connection with the shares then to be issued, the issue of such shares will be deferred until such action shall have been taken.

23. 409A Savings Clause. This Agreement and the Stock Units awarded hereunder are intended to comply with, or otherwise be exempt from, Section 409A of the Code. This Agreement and the Stock Units shall be administered, interpreted and construed in a manner consistent with this intent. Should any provision of this Agreement or the Stock Units be found not to comply with, or otherwise be exempt from, the provisions of Section 409A of the Code, it shall be modified and given effect, in the sole discretion of the Committee and without requiring your consent, in such manner as the Committee determines to be necessary or appropriate to comply with, or to effectuate an exemption from, Section 409A of the Code. The preceding provisions shall not be construed as a guarantee or warranty by the Company of any particular tax effect of the Stock Units.

24. Service and Employment Acknowledgments. By accepting the Notice, you acknowledge and agree that: (i) the Plan is established voluntarily by the Company, is discretionary in nature and may be modified, amended, suspended or terminated by the Company at any time, unless otherwise provided in the Plan or this Agreement; (ii) you are voluntarily participating in the Plan; (iii) the award of Stock Units is a one-time benefit that does not create any contractual or other right to receive future awards of Stock Units, or compensation or benefits in lieu of Stock Units, even if Stock Units have been awarded repeatedly in the past; (iv) all determinations with respect to any such future awards, including, but not limited to, the times when Stock Units shall be awarded or shall become vested and the number of Stock Units subject to each award, will be at the sole discretion of the Committee;
(v) the value of the Stock Units is an extraordinary item of compensation that is outside the scope of your employment contract, if any;
(vi) the value of the Stock Units is not part of normal or expected compensation or salary for any purpose, including, but not limited to, calculating

any termination, severance, resignation, redundancy, end of service payments or similar payments, or bonuses, long-service awards, pension, welfare or retirement benefits; (vii) the vesting of the Stock Units ceases upon termination of Service with the Company or transfer of employment from the Company, or other cessation of eligibility for any reason, except as may otherwise be explicitly provided in this Agreement; (viii) the value of the Stock Units and the underlying Shares cannot be predicted with certainty and will change over time and the Company does not guarantee any future value; (ix) if you are not an employee of the Company, the Stock Units grant will not be interpreted to form an employment contract or relationship with the Company; nothing in this Agreement shall confer upon you any right to continue in the service of the Company or interfere in any way with any right of the Company to terminate your service as a director, an employee or consultant, as the case may be, at any time, subject to applicable law; the Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your participation in the Plan or your acquisition or sale of the Shares underlying the Stock Units; and (x) no claim or entitlement to compensation or damages arises if the value of the Stock Units or the underlying Shares decreases and in consideration for the grant of the Stock Units you irrevocably release the Company from any claim or entitlement to compensation or damages that does arise in connection with the Stock Units.

25. Data Privacy Consent. For purposes of the implementation, administration and management of the Stock Units and the Plan or the effectuation of any acquisition, equity or debt financing, joint venture, merger, reorganization, consolidation, recapitalization, business combination, liquidation, dissolution, share exchange, sale of stock, sale of material assets or other similar corporate transaction involving the Company (a "Corporate Transaction"), you explicitly and unambiguously consent, by accepting the Notice, to the collection, receipt, use, retention and transfer, in electronic or other form, of your personal data by and among the Company, its Affiliates and its third party vendors or any potential party to a potential Corporate Transaction. You understand that personal data (including but not limited to, name, home address, telephone number, employee number, employment status, social insurance number, tax identification number, date of birth, nationality, job title or duties, salary and payroll location, data for tax withholding purposes and Stock Units awarded, cancelled, vested and unvested) is held by the Company or its Affiliates and may be transferred to any broker designated by the Committee or third parties assisting in the implementation, administration and management of the Stock Units or the Plan or the effectuation of a Corporate Transaction and you expressly authorize such transfer as well as the retention, use, and the subsequent transfer of the data, in electronic or other form, by the recipient(s) for these purposes. You understand that these recipients may be located in your country or elsewhere, and that the recipient's country may have different data privacy laws and protections than your country, including those that the European Commission or your jurisdiction does not consider to be equivalent to the protections in your country. You understand that personal data will be held only as long as is necessary to implement, administer and manage the Stock Units or Plan or effect a Corporate Transaction. You understand that, to the extent required by applicable law, you may, at any time, request a list with the names and addresses of any potential recipients of the personal data, view data, request additional information about the storage and processing of data, require any necessary amendments to data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing the Company's Payroll and Stock Transaction Group in the CFO-Finance Department in the Baltimore, Maryland – Pratt Street office. If you do not consent, or if you later seek to

revoke your consent, your Service and career with your employer will not be adversely affected; the only adverse consequence of refusing or withdrawing your consent is that the Company would not be able to grant you Stock Units or other equity awards or administer or maintain such awards. Therefore, you understand that refusing or withdrawing your consent may affect your ability to participate in the Plan. You also understand that you have the right to discontinue the collection, processing, or use of your data, or supplement, correct, or request deletion of any of your data. Further, you understand that you are providing the consents herein on a purely voluntary basis. You understand that your consent will be sought and obtained for any processing or transfer of your data for any purpose other than as described in the Agreement and any other Plan materials.

26. Headings. The headings in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

27. Country-Specific Terms and Conditions and Notices. Notwithstanding any provisions in this Agreement, the grant of Stock Units shall be subject to any special terms and conditions for your country set forth in any appendix to this Agreement (the "***Appendix***"). Moreover, if you relocate to one of the countries included in the Appendix, the special terms and conditions for such country will apply to you, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix constitutes part of this Agreement.

{*Glossary begins on next page*}

GLOSSARY

(a) "***Affiliate***" means any entity, whether previously, now or hereafter existing, in which the Company, directly or indirectly, at the relevant time has a proprietary interest by reason of stock ownership or otherwise (including, but not limited to, joint ventures, limited liability companies, and partnerships) or any entity that provides services to the Company or a subsidiary or affiliated entity of the Company.

(b) "***Agreement***" means the contract consisting of the Notice, the Terms and the Plan.

(c) "***Cause***" means: (i) your plea of guilty or *nolo contendere* (or a similar plea) to, or conviction of, (A) a felony (or its equivalent in a non-United States jurisdiction) or (B) other conduct of a criminal nature that has or is likely to have a material adverse effect on the reputation or standing in the community of the Company, as determined by the Committee in its sole discretion, or that legally prohibits you from working for the Company; (ii) your breach of a regulatory rule that adversely affects your ability to perform your employment duties to the Company in any material respect; or (iii) your failure, in any material respect, to (A) perform your employment duties, (B) comply with the applicable policies of the Company, (C) follow reasonable directions received from the Company or (D) comply with covenants contained in any contract with the Company to which you are a party; provided, however, that you shall be provided a written notice describing in reasonable detail the facts that are considered to give rise to a breach described in this clause (iii) and you shall have 30 days following receipt of such written notice during which you may remedy the condition and, if so remedied, no Cause for Termination of Service shall exist.

(d) "***Change in Control***" has the meaning ascribed to such term in the Plan.

(e) "***Code***" means the Internal Revenue Code of 1986, as amended from time to time, and any successor thereto, the Treasury Regulations thereunder and other relevant interpretive guidance issued by the Internal Revenue Service or the Treasury Department. Reference to any specific section of the Code shall be deemed to include such regulations and guidance, as well as any successor section, regulations and guidance.

(f) "***Committee***" means the Executive Compensation Committee, or such other committee(s) or officer(s) duly appointed by the Board or the Executive Compensation Committee to administer the Plan or delegated limited authority to perform administrative actions under the Plan, and having such powers as shall be specified by the Board or the Executive Compensation Committee; provided, however, that at any time the Board may serve as the Committee in lieu of or in addition to the Executive Compensation Committee or such other committee(s) or officer(s) to whom administrative authority has been delegated.

(g) "***Common Stock***" means shares of common stock of T. Rowe Price Group, Inc., par value twenty cents ($0.20) per share and any capital securities into which they are converted.

(h) "***Company***" means T. Rowe Price Group, Inc. and its Affiliates and successors, except where the context otherwise requires. For purposes of determining whether a Change in Control has occurred, Company shall mean only T. Rowe Price Group, Inc.

(i) “***Corporate Transaction***” means the consummation of a reorganization, merger, tender offer, share exchange, consolidation or other business combination, acquisition of Price Group equity securities, or sale or other disposition of all or substantially all of the assets of Price Group or the acquisition of assets of another entity.

(j) “***Executive Compensation Committee***” means the Executive Compensation Committee of the Board of Directors of T. Rowe Price Group, Inc.

(k) “***Good Reason***” means, during the 18-month period following a Change in Control, actions taken by the Company or any successor corporation or other entity in a Corporate Transaction resulting in a material negative change in your employment relationship in one or more of the following ways:

(i) the assignment to you of duties materially inconsistent with your position (including offices, titles and reporting requirements), authority, duties or responsibilities, or a material diminution in such position, authority, duties or responsibilities, in each case from those in effect immediately prior to the Change in Control;

(ii) a material reduction of your aggregate annual compensation, including, without limitation, base salary and annual bonus and incentive compensation opportunity, from that in effect immediately prior to the Change in Control; or

(iii) a change in your principal place of employment that increases your commute by 75 or more miles as compared to your commute immediately prior to the Change in Control.

In order to invoke a Termination of Service for Good Reason, you must provide written notice to the Company or any successor corporation or other entity in a Corporate Transaction with respect to which you are employed or providing services (as applicable, the “***Service Recipient***”) of the existence of one or more of the conditions constituting Good Reason within 90 days following your knowledge of the initial existence of such condition or conditions, specifying in reasonable detail the conditions constituting Good Reason, and the Service Recipient shall have 30 days following receipt of such written notice (the “***Cure Period***”) during which it may remedy the condition. In the event that the Service Recipient fails to remedy the condition constituting Good Reason during the applicable Cure Period, your Termination of Service must occur, if at all, within 90 days following the expiration of such Cure Period in order for such termination as a result of such condition to constitute a Termination of Service for Good Reason.

(l) “***Grant Date***” means the date set forth on the Notice indicating when the grant of Stock Units was approved by the Committee.

(m) “***Notice***” means the Notice of Grant of Restricted Stock Units Award that correlates with these Terms and sets forth the specifics of the applicable award of Stock Units.

(n) “***Peer Company***” or collectively “***Peer Companies***” means each of the entities listed on the correlating Notice and each Peer Company’s successor; so long as each

Peer Company has a class of common securities listed for public trade on a national securities exchange or market from the beginning through the end of the Performance Period or otherwise files financial statements with the Securities and Exchange Commission, as defined on the correlating Notice. The Peer Companies shall be changed as follows:

(i) In the event that, at any time during the Performance Period, a Peer Company is no longer included in the same Standard & Poor's Global Industry Classification Standard ("GICS") Sub-Industry as Price Group, such company shall no longer be a Peer Company.

(ii) In the event of a merger, acquisition or business combination transaction of a Peer Company with or by another Peer Company, the surviving entity shall remain a Peer Company, provided that the surviving entity is still in the same GICS Sub-Industry as Price Group.

(iii) In the event of a merger of a Peer Company with or by an entity that is not a Peer Company, or the acquisition or business combination transaction of a Peer Company with an entity that is not a Peer Company, in each case, where the Peer Company is the surviving entity, the surviving entity shall remain a Peer Company, provided that the surviving entity is still in the same GICS Sub-Industry as Price Group.

(iv) In the event of a merger or acquisition or business combination transaction of a Peer Company with or by an entity that is not a Peer Company, other form of "going private" transaction relating to any Peer Company or the liquidation of any Peer Company, where such Peer Company is not the surviving entity or is otherwise no longer publicly traded, the company shall no longer be a Peer Company.

(v) In the event of a bankruptcy of a Peer Company, such company shall remain a Peer Company.

(o) "***Performance Threshold***" means the performance objective(s) set forth on the Notice, if any, which must be satisfied in order for any Stock Units to become vested, except as otherwise provided in this Agreement.

(p) "***Plan***" means the T. Rowe Price Group, Inc. 2012 Long-Term Incentive Plan.

(q) "***Price Group***" means T. Rowe Price Group, Inc.

(r) "***Qualified Performance-Based Award***" means a grant that is intended by the Executive Compensation Committee to qualify for the exemption from the limitation on deductibility imposed by Section 162(m)(4)(C) of the Code.

(s) "***Service***" means your employment with the Company, inclusive of any period of credited service that may be allocated to you by the Company in writing for periods during which you were not employed with the Company. Your Service will be considered to have ceased with the Company if, immediately after a sale, merger or other corporate transaction, the trade, business or entity with which you are employed is not T. Rowe Price Group, Inc. or its successor or an Affiliate of T. Rowe Price Group, Inc. or its successor.

(t) “***Stock Unit***” means a bookkeeping entry used by the Company to record and account for the grant of a restricted stock unit until such time as such restricted stock unit is settled, forfeited or terminated, as the case may be. Each Stock Unit represents a contractual obligation of the Company to deliver one share of Common Stock to the holder upon vesting of the Stock Unit.

(u) “***Termination of Service***” means the termination of your employment with the Company. Temporary absences from employment because of illness, vacation or leave of absence and transfers among entities that comprise the Company, including all Affiliates, shall not be considered Terminations of Service; provided, however, that the Committee has discretion to determine that a Termination of Service has occurred if, for six continuous months, you are absent or otherwise unable for any reason to perform substantially all the essential duties of your position, as determined by the Committee. The Committee has discretion to determine the date upon which you incur a Termination of Service.

(v) “***Terms***” mean this Statement of Additional Terms Regarding Awards of Restricted Stock Units.

(w) “***Total and Permanent Disability***” means that you are (i) unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to last until your death or result in death, or (ii) determined to be totally disabled by the Social Security Administration or other governmental or quasi-governmental body that administers a comparable social insurance program outside of the United States in which you participate and that conditions the right to receive benefits under such program on your being unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to last until your death or result in death. The Committee may require such medical or other evidence as it deems necessary to judge the nature and permanency of your condition.

(x) “***You***”; “***Your***”. You, whether or not capitalized, means the recipient of the Stock Units as reflected in the Notice. Whenever the word “you” or “your” is used in any provision of this Agreement under circumstances where the provision should logically be construed, as determined by the Committee, to apply to the estate, personal representative, or beneficiary to whom the Stock Units may be transferred by will or by the laws of descent and distribution, the words “you” and “your” shall be deemed to include such person.

{*Appendix begins on next page*}

APPENDIX TO THE STATEMENT OF ADDITIONAL TERMS REGARDING AWARDS OF STOCK UNITS (*VERSION 2A*) UNDER THE T.ROWE PRICE GROUP, INC. 2012 LONG-TERM INCENTIVE PLAN

Terms and Conditions

This Appendix includes additional terms and conditions that govern the Stock Units granted to you under the Plan if you reside in one of the countries listed below. Certain capitalized terms used but not defined in this Appendix have the meanings set forth in the Plan and/or the main body of the Agreement.

Notifications

This Appendix also includes information regarding exchange controls and certain other issues of which you should be aware with respect to your participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of January 2015. Such laws are often complex and change frequently. As a result, the Company strongly recommends that you not rely on the information in this Appendix as the only source of information relating to the consequences of your participation in the Plan because the information may be out of date at the time your Stock Units vest or you sell the shares of Common Stock acquired under the Plan.

In addition, the information contained herein is general in nature and may not apply to your particular situation, and the Company is not in a position to assure you of any particular result. Accordingly, you are advised to seek appropriate professional advice as to how the relevant laws of your country may apply to your situation.

Finally, if you are a citizen or resident of a country other than the one in which you are currently working or transfer to another country after the grant of the Stock Units, or you are considered a resident of another country for local law purposes, the information contained herein may not be applicable to you in the same manner. In addition, the Company shall, in its discretion, determine to what extent the terms and conditions contained herein shall apply to you under these circumstances.

AUSTRALIA

Notifications

Securities Law Information. The offering and resale of shares of Common Stock acquired under the Plan to a person or entity resident in Australia may be subject to disclosure requirements under Australian law. You are encouraged to obtain legal advice regarding any applicable disclosure requirements prior to making any such offer.

DENMARK

Terms and Conditions

Exchange Control/Tax Reporting Information. You understand and acknowledge that if you establish an account holding shares or an account holding cash outside Denmark, you may need to report such account to the Danish Tax Administration. You understand that you are encouraged to consult your personal tax and legal advisors on these and any other matters related to your participation in the Plan.

Statement under Section 3(1) of the Act on Stock Options. You understand that pursuant to Section 3(1) of the Act on Stock Options in employment relations (the "Stock Option Act"), you are entitled to receive information regarding the Plan in a separate written statement. The full statement containing the information about your rights under the Plan and the Stock Option Act is attached as a separate written statement provided at the same time as this Agreement.

Notifications

Securities Disclaimer. The grant of Stock Units under the Plan is exempt from the requirement to publish a prospectus under the EU Prospectus Directive as implemented in Denmark.

CANADA

Terms and Conditions

Language Consent. The parties acknowledge that it is their express wish that this Agreement, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Les parties reconnaissent avoir expressement souhaité que la convention [“Agreement”], ainsi que tous les documents, avis et procédures judiciaries, éxecutés, donnés ou intentés en vertu de, ou lié, directement ou indirectement à la présente convention, soient rédigés en langue anglaise.

GERMANY

Notifications

Exchange Control Information. If you remit proceeds in excess of €12,500 out of or into Germany, such cross-border payment must be reported monthly to the State Central Bank. In the event that you make or receive a payment in excess of this amount, you are responsible for obtaining the appropriate form from a German bank and complying with applicable reporting requirements. In addition, you must also report on an annual basis in the unlikely event that you hold shares of Common Stock exceeding 10% of the total voting capital of the Company.

Securities Disclaimer. The participation in the Plan is exempt or excluded from the requirement to publish a prospectus under the EU Prospectus Directive as implemented in Germany.

HONG KONG

Notification

Securities Law Notice. Neither the Stock Units nor the shares of Common Stock issued upon vesting of the Stock Units constitute a public offering of securities under Hong Kong law and are available only to employees of the Company. The Agreement, including this Appendix, the Plan and other incidental communication materials have not been prepared in accordance with and are not intended to constitute a “prospectus” for a public offering of securities under the applicable securities legislation in Hong Kong, nor have the documents been reviewed by any regulatory authority in Hong Kong. The Stock Units are intended only for the personal use of each eligible employee of the Company or its subsidiaries and may not be distributed to any other person. If you are in any doubt about any of the contents of the Agreement, including this Appendix, or the Plan, you should obtain independent professional advice.

ITALY

Terms and Conditions

Authorization to Release and Transfer Necessary Personal Information. This provision replaces in its entirety Section 25 of the Terms:

You understand that your employer (the "Employer") and/or the Company may hold certain personal information about you, including, but not limited to, your name, home address and telephone number, date of birth, social security number (or any other social or national identification number), salary, nationality, job title, number of shares held and the details of all Stock Units granted or any other entitlement to shares awarded, cancelled, vested, unvested or outstanding (the "Data") for the purpose of implementing, administering and managing your participation in the Plan. You are aware that providing the Company with your Data is necessary for the performance of this Agreement and that your refusal to provide such Data would make it impossible for the Company to perform its contractual obligations and may affect your ability to participate in the Plan.

The data Controller, the Milan Branch of T. Rowe Price International, Limited, with offices at Torino 2, 20123 Milan, Italy, and pursuant to D.lgs 196/2003 appoints both T. Rowe Price Group, Inc. and T. Rowe Price Associates, Inc. as the Co-Controllers and Processors of the personal data for the purposes described herein. You understand that the Data may be transferred to the Company or any of its subsidiaries or affiliates, or to any third parties assisting in the implementation, administration and management of the Plan, including any transfer required to a broker or other third party with whom shares acquired pursuant to the vesting or exercise of the Options or cash from the sale of such shares may be deposited. Furthermore, the recipients that may receive, possess, use, retain and transfer such Data for the above mentioned purposes may be located in Italy or elsewhere, including outside of the European Union and that the recipients' country (e.g., the United States) may have different data privacy laws and protections than your country. The processing activity, including the transfer of your personal data abroad, outside of the European Union, as herein specified and pursuant to applicable laws and regulations, does not require your consent thereto as the processing is necessary for the performance of contractual obligations related to the implementation, administration and management of the Plan. You understand that Data processing relating to the purposes above specified shall take place under automated or non-automated conditions, anonymously when possible, that comply with the purposes for which Data are collected and with confidentiality and security provisions as set forth by applicable laws and regulations, with specific reference to D.lgs. 196/2003.

You understand that Data will be held only as long as is required by law or as necessary to implement, administer and manage your participation in the Plan. You understand that pursuant to art. 7 of D.lgs 196/2003, you have the right, including but not limited to, access, delete, update, request the rectification of your Data and cease, for legitimate reasons, the Data processing. Furthermore, you are aware that your Data will not be used for direct marketing purposes. In addition, the Data provided can be reviewed and questions or complaints can be addressed by contacting a local representative available at the following address: 100 E. Pratt Street, Baltimore, Maryland 21202.

Plan Document Acknowledgment. In accepting the Stock Units, you acknowledge that you have received a copy of the Plan and the Agreement and have reviewed the Plan and the Agreement, including this Appendix, in their entirety and fully understand and accept all provisions of the Plan and the Agreement, including this Appendix.

Notifications

Exchange Control Information. You are required to report in your annual tax return: (a) any transfers of cash or shares to or from Italy exceeding €10,000 or the equivalent amount in U.S. dollars; and (b) any foreign investments or investments (including proceeds from the sale of shares of Common Stock acquired under the Plan) held outside of Italy exceeding €10,000 or the equivalent amount in U.S. dollars, if the investment may give rise to income in Italy. You are exempt from the formalities in (a) if the investments are made through an authorized broker resident in Italy, as the broker will comply with the reporting obligation on your behalf.

Securities Disclaimer. The grant of the Stock Units is exempt or excluded from the requirement to publish a prospectus under the EU Prospectus Directive as implemented in Italy.

JAPAN

Notifications

Offshore Assets Reporting. You are required to report details of any assets held outside of Japan as of December 31st (including but not limited to any shares of Common Stock acquired under the Plan), to the extent such assets have a total net fair market value exceeding
¥50,000,000. Such report is due by March 15th each year. You should consult with your personal tax advisor as to whether the reporting obligation applies to you and whether you will be required to report details of any outstanding Stock Units or shares of Common Stock held by you in the report.

LUXEMBOURG

No country-specific terms or conditions.

NETHERLANDS

Notifications

You should be aware of the Dutch insider trading rules, which may affect the sale of shares of Common Stock acquired under the Plan. In particular, you may be prohibited from effecting certain share transactions if you have insider information regarding the Company. Below is a discussion of the applicable restrictions. You are advised to read the discussion carefully to determine whether the insider rules could apply to you. If it is uncertain whether the insider rules apply, the Company recommends that you consult with a legal advisor. The Company cannot be held liable if you violate the Dutch insider trading rules. You are responsible for ensuring your compliance with these rules.

Prohibition Against Insider Trading

Dutch securities laws prohibit insider trading. The regulations are based upon the European Market Abuse Directive and are stated in section 5:56 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht or Wft*) and in section 2 of the Market Abuse Decree (*Besluit marktmisbruik Wft*). For further information, you are referred to the website of the Authority for the Financial Markets (*AFM*); http://www.afm.nl/~/media/Files/brochures/2012/insider- dealing.ashx.

Given the broad scope of the definition of inside information, certain employees of the Company working at its Dutch affiliate may have inside information and thus are prohibited from making a transaction in securities in the Netherlands at a time when they have such inside information. By entering into this Agreement and participating in the Plan, you acknowledge having read and understood the notification above and acknowledge that it is your responsibility to comply with the Dutch insider trading rules, as discussed herein.

Securities Disclaimer. The grant of the Stock Units is exempt or excluded from the requirement to publish a prospectus under the EU Prospectus Directive as implemented in the Netherlands.

SINGAPORE

Notifications

Securities Law Information. The grant of the Stock Units is being made pursuant to the “Qualifying Person” exemption under section 273(1)(f) of the Singapore Securities and Futures Act (Chapter 289, 2006 Ed.) (“SFA”). The Plan has not been lodged or registered as a prospectus with the Monetary Authority of Singapore. You should note that the Stock Units are subject to section 257 of the SFA and you will not be able to make any subsequent sale in Singapore of the shares of Common Stock acquired through the vesting of the Stock Units or any offer of such sale in Singapore unless such sale or offer is made pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the SFA.

Director Notification Obligation. If you are a director, associate director or shadow director of a Singapore subsidiary, you are subject to certain notification requirements under the Singapore Companies Act. Among these requirements is an obligation to notify the Singapore subsidiary in writing when you receive an interest (*e.g.*, Stock Units or shares of Common Stock) in the

Company or any subsidiary. In addition, you must notify the Singapore subsidiary when you sell shares of Common Stock of the Company or any subsidiary (including when you sell shares of Common Stock acquired through the vesting of Stock Units). These notifications must be made within two business days of acquiring or disposing of any interest in the Company or any subsidiary. In addition, a notification must be made of your interests in the Company or any subsidiary within two business days of becoming a director.

SPAIN

Terms and Conditions

Nature of Grant. This provision supplements Section 24 of the Terms:

In accepting the Stock Units, you consent to participate in the Plan and acknowledge that you have received a copy of the Plan.

You understand that the Company has unilaterally, gratuitously, and in its sole discretion decided to grant Stock Units under the Plan to individuals who may be employees of the Company or one of its Affiliates throughout the world. The decision is a limited decision that is entered into upon the express assumption and condition that any grant will not bind the Company or any Affiliate, other than to the extent set forth in the Agreement and its Terms.
Consequently, you understand that the grant of Stock Units is made on the assumption and condition that the Stock Units and any shares acquired under the Plan are not part of any employment contract (either with the Company or any Affiliate), and shall not be considered a mandatory benefit, salary for any purposes (including severance compensation) or any other right whatsoever. Further, you understand that the grant of the Stock Units would not be made but for the assumptions and conditions referred to above; thus, you acknowledge and freely accept that, should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason, then any grant of or right to the Stock Units shall be null and void.

Notifications

Tax Reporting Obligation for Assets Held Abroad. Individuals in Spain are required to report assets and rights located outside of Spain (which would include shares or any funds held in a
U.S. brokerage account) on Form 720 by March 31st after each calendar year. A report is not required if the value of assets held outside of Spain is EUR 50,000 or less or if the assets held outside of Spain have not increased by more than EUR 20,000 compared to the previous year (assuming that a prior report has been filed reporting these assets). You should consult your personal tax advisor for more information on how to complete the report and the specific information on what types of assets are required to be reported.

Exchange Control Information. You must declare the acquisition of stock in a foreign company (including Shares acquired under the Plan) to the Dirección General de Política Comercial e Inversiones Exteriores (“DGPCIE”) of the Ministerio de Economia for statistical purposes. You must also declare ownership of any stock in a foreign company (including shares acquired under the Plan) with the Directorate of Foreign Transactions each January while the stock is owned. In addition, if you wish to import the share certificates into Spain, you must declare the importation of such securities to the DGPCIE.

When receiving foreign currency payments derived from the ownership of the shares (*i.e.*, dividends or sale proceeds), you must inform the financial institution receiving the payment of the basis upon which such payment is made. You will need to provide the following information: (i) your name, address, and fiscal identification number; (ii) the name and corporate domicile of the Company; (iii) the amount of the payment and the currency used; (iv) the country of origin; (v) the reasons for the payment; and (vi) any further information that may be required.

Securities Disclaimer. The grant of the Stock Units is exempt or excluded from the requirement to publish a prospectus under the EU Prospectus Directive as implemented in Spain.

SWEDEN

Notifications

Securities Disclosure. Your participation in the Plan and the grant of the Stock Units are exempt from the requirement to publish a prospectus under the EU Prospectus Directive as implemented in Sweden.

Exchange Control. You understand and agree that foreign and local banks or financial institutions (including brokers) engaged in cross-border transactions generally may be required to report any payments to or from a foreign country exceeding a certain amount to The National Tax Board, which receives the information on behalf of the Swedish Central Bank (Sw.Riksbanken). This requirement may apply even if you have a brokerage account with a foreign broker.

SWITZERLAND

Notifications

Securities Disclosure. The grant of Stock Units is considered a private offering in Switzerland; therefore, it is not subject to registration in Switzerland.

UNITED KINGDOM

Terms and Conditions

Tax Reporting and Payment Liability. The following provision supplements Section 7 of the Terms:

You agree that the Company or your U.K. employer may calculate the any taxes or National Insurance Contributions required to be withheld and accounted for in connection with the Stock Units by reference to the maximum applicable rates, without prejudice to any right you may have to recover any overpayment from relevant U.K. tax authorities. If payment or withholding of any income tax liability arising in connection with your participation in the Plan is not made by you to the U.K. employer within ninety (90) days of the event giving rise to such income tax liability or such other period specified in Section 222(1)(c) of the U.K. Income Tax (Earnings and Pensions) Act 2003 (the “Due Date”), you understand and agree that the amount of any uncollected income tax will constitute a loan owed by you to the U.K. employer, effective on the Due Date. You understand and agree that the loan will bear interest at the then-current official rate of Her Majesty’s Revenue and Customs, it will be immediately due and repayable by you, and the Company and/or your employer may recover it at any time thereafter by any of the means referred to in the Plan and/or this Agreement. Notwithstanding the foregoing, you understand and agree that if you are a director or an executive officer of the Company (within the meaning of such terms for purposes of Section 13(k) of the Exchange Act), you will not be eligible for such a loan to cover the income tax liability. In the event that you are a director or executive officer and the income tax is not collected from or paid by you by the Due Date, you understand that the amount of any uncollected income tax will constitute an additional benefit to you on which additional income tax and National Insurance Contributions will be payable. You understand and agree that you will be responsible for reporting and paying any income tax due on this additional benefit directly to Her Majesty's Revenue and Customs under the self-assessment regime and for reimbursing the Company or the U.K. employer (as appropriate) for the value of any primary national insurance contributions due on this additional benefit that the Company or the U.K. employer may recover from you by any of the means referred to in the Plan and/or this Agreement.

Notification

Securities Disclaimer. Neither this Agreement nor this Appendix is an approved prospectus for the purposes of section 85(1) of the Financial Services and Markets Act 2000 ("FSMA") and no offer of transferable securities to the public (for the purposes of section 102B of FSMA) is being made in connection with the Plan. The Plan and the Stock Units are exclusively available in the U.K. to bona fide employees and former employees of the Company and any other U.K. subsidiary.

End of the Appendix

{*end of document*}

T. ROWE PRICE GROUP, INC. 2012 LONG-TERM INCENTIVE PLAN

STATEMENT OF ADDITIONAL TERMS REGARDING AWARDS OF RESTRICTED STOCK UNITS

(*version 4B*)

This Statement of Additional Terms Regarding Awards of Restricted Stock Units applies to Stock Unit grants made on or after December 9, 2018 (the "***Terms***") and all of the provisions of the T. Rowe Price Group, Inc. 2012 Long-Term Incentive Plan (the "***Plan***") are incorporated into your stock units award, the specifics of which are described on the "Notice of Grant of Restricted Stock Units Award" (the "***Notice***") that you received. Once you have accepted the Notice in accordance with the instructions set forth thereon, the Terms (including its Appendix), the Plan and the Notice, together, constitute a binding and enforceable contract respecting your restricted stock units award. That contract is referred to in this document as the "***Agreement***."

1. Terminology. Capitalized words and phrases used in these Terms are defined in the Glossary at the end of this document or the first place such word or phrase appears in this document.

2. Vesting.

(a) Vested Status upon Grant Date. All of the Stock Units are nonvested and forfeitable as of the Grant Date. Your Stock Units will become vested for purposes of this Agreement only on the applicable vesting dates under the vesting schedule set forth on the correlating Notice or on the dates specified in Section 2(d), Section 2(e), or Section 9, as applicable, notwithstanding the fact that, prior to any such date, subsequent vesting ceases to be conditioned upon your continued employment with the Company or any other substantial risk of forfeiture ceases to exist. A vested Stock Unit remains subject to the terms, conditions and forfeiture provisions provided for in the Plan and in this Agreement.

(b) Vesting Schedule. So long as your Service is continuous from the Grant Date through the applicable date upon which vesting is scheduled to occur and all other conditions for earning the Stock Units as set forth in the Notice have been satisfied, the Stock Units will become vested and nonforfeitable on the vesting dates set forth in the correlating Notice. If the Notice indicates that your restricted stock units award is a Qualified Performance- Based Award, then in no event will vesting under this Section 2(b) occur before the Executive Compensation Committee has certified in writing the extent to which the applicable Performance Threshold has been satisfied. If the Notice reflects that your restricted stock award is subject to satisfaction of a Performance Threshold then, to the extent that satisfaction of the Performance Threshold is determined based on information reported by a Peer Company in financial statements filed with the Securities and Exchange Commission or information otherwise disclosed by a Peer Company in a press release, such a determination shall be final and conclusive and no adjustment thereafter shall be made to the number of Stock Units eligible to vest in the event that a Peer Company thereafter files or discloses restated or updated financial information. To the extent that satisfaction of the Performance Threshold is to be determined based on information reported by Peer Companies, any Peer Company that has not filed

financial statements with the Securities and Exchange Commission or otherwise disclosed in a press release the relevant financial information for the Performance Period within 45 days after the end of the Performance Period in question, will not be considered a Peer Company for purposes of the determination. To the extent that satisfaction of the Performance Threshold is to be determined based on financial information reported for a specified period ending on the close of a calendar quarter and a Peer Company reports its relevant financial information over a fiscal period that does not end on the close of a calendar quarter, the Committee shall use the financial information reported by such Peer Company that most closely correlates to the duration of the Performance Period as reported before the close of the Performance Period.
For example, if the Performance Period is the 12-month period that ends December 31, 2012, and a Peer Company's fiscal year ends on October 31, 2012, then for purposes of calculating the Performance Threshold and the extent to which such Performance Threshold has been satisfied, the relevant financial information for the 12-month period that ends October 31, 2012 will be used for such Peer Company.

(c) Post-employment Vesting Continuation.

(i) If, as of the date on which your Termination of Service occurs, (i) you have attained (A) age 58 and have at least seven years of Service credit with the Company (as determined by the Committee), including Service with any successor to the Company, or (B) age 60 and have at least ten years of Service credit with the Company (as determined by the Committee), or (ii) you (X) have at least 35 years of Credited Service and at least ten years of that Credited Service is attributable to Service with the Company (as determined by the Committee), and (Y) your Termination of Service occurs prior to January 1, 2024, Service in case including Service with any successor to the Company, then, except as otherwise provided in this Agreement, the then-unvested Stock Units with a Grant Date on or after December 9, 2018 that have not been previously forfeited and that are scheduled to vest during the period immediately following your Termination of Service will become vested and nonforfeitable as provided in the table below, notwithstanding the fact that your Service has terminated, on their scheduled vesting dates set forth in the correlating Notice provided that all other conditions for earning the Stock Units as set forth in the Notice and these Terms are satisfied.

Age and Years of Service as of Termination of Service	**Nonforfeited, Unvested Stock Units That Will Vest on Their Scheduled Vesting Date Following Termination of Service**
Age 58 with at least 7 but less than 20 years of Service	Stock Units that will vest in the two tranches vesting in the two calendar years immediately following Termination of Service[1]
Age 58 with 20 or more years of Service	Stock Units that will vest in the three tranches vesting in the two calendar years immediately following Termination of Service[2]
(i) Age 60 or (ii) 35 years of Credited Service, each with 10 or more years of Service	All Stock Units that will vest following Termination of Service

1 Solely for the 2018 performance-based restricted stock unit awards "two tranches vesting in the two calendar years" shall be replaced with "26 whole calendar months".
2 Solely for the 2018 performance-based restricted stock unit awards "three tranches vesting in the three calendar years" shall be replaced with "38 whole calendar months".

(ii) Notwithstanding the provisions of Section 2(c)(i) to the contrary, unless the Committee determines otherwise, your unvested Stock Units and all accrued dividend equivalents with respect to your unvested Stock Units will be immediately forfeited for no consideration, no further vesting will accrue and no shares of Common Stock will be delivered in respect thereof, if you breach any of the restrictive covenants set forth in Section 8.

(d) Vesting upon Death or Disability. All Stock Units that have not already vested or been previously forfeited will become vested and nonforfeitable upon your death or Termination of Service due to your Total and Permanent Disability.

(e) Double-trigger Vesting. If, coincident with or during the 18-month period following the effective date of a Change in Control, your Service is terminated either (i) by the Company or a successor to the Company, other than for Cause, Total and Permanent Disability or death or (ii) by you for Good Reason, then all Stock Units that have not already vested or been previously forfeited or terminated in connection with the Change in Control will become vested and nonforfeitable upon such Termination of Service.

3. Forfeitures Upon Termination of Service.

(a) Termination before Satisfying a Post-employment Vesting Continuation Provision in Section 2(c)(i). If your Service ceases for any reason before you satisfy any one of the post-employment vesting continuation provisions contained in Section 2(c)(i) all Stock Units that are not then vested and nonforfeitable, after giving effect to the applicable provisions of Section 2 above, will be immediately forfeited upon such cessation for no consideration.

(b) Forfeiture of Accrued Dividend Equivalents. Any accrued dividend equivalents attributable to forfeited Stock Units shall also be forfeited if and when the Stock Units are forfeited.

(c) Consequences of Forfeiture. You acknowledge and agree that upon the forfeiture of any unvested Stock Units, your right to receive dividend equivalents on, and all other rights, title or interest in, to or with respect to, the forfeited Stock Units and the shares into which they otherwise may have been converted shall automatically, without further act, terminate.

4. Restrictions on Transfer. Stock Units may not be assigned, transferred, pledged, hypothecated or disposed of in any way, whether by operation of law or otherwise, except by will or the laws of descent and distribution, and Stock Units may not be made subject to execution, attachment or similar process.

5. Dividend Equivalent Payments. On each dividend payment date for each regular cash dividend payable with respect to the Common Stock, the Company will pay to you in cash an amount equal to the product of (a) the per share cash dividend, multiplied by (b) the number of your Stock Units outstanding on the record date regardless of the vested or nonvested status of the Stock Units; provided, however, that if the Notice reflects that your Stock Units are subject to satisfaction of a Performance Threshold then any regular cash dividends that become payable with respect to unvested Stock Units before the Performance Threshold has been determined to have been satisfied will be accrued and held by the Company or an escrow agent appointed by the Committee until a determination has been made by the Executive Compensation Committee as to whether and the extent to which the Performance Threshold has been satisfied. Any such accrued dividends will be paid to you, without interest, within 14 days after the date on which the Executive Compensation Committee determines that, and the extent to which, the Performance Threshold has been satisfied or will be forfeited to the Company if and

when the Stock Units to which they relate are forfeited due to a failure to satisfy the Performance Threshold.

6. Settlement of Stock Units. Your Stock Units will be settled automatically, via the issuance of Common Stock as described herein, when or as soon as practicable, but in all events within 30 days, after they become vested and nonforfeitable in accordance with
Section 2 or Section 9, as applicable. You may not, directly or indirectly, designate the calendar year in which such settlement will be made. You are not required to make any monetary payment (other than applicable tax withholding, if required) as a condition to settlement of the Stock Units. The Company will issue to you, in settlement of your Stock Units, the number of whole shares of Common Stock that equals the number of whole Stock Units that vested, and the vested Stock Units will cease to be outstanding upon the issuance of those shares. Unless you request the Company to deliver a share certificate to you, or deliver shares electronically or in certificate form to your designated broker, bank or nominee on your behalf, the Company will retain the shares in uncertificated book entry form.

7. Tax Withholding.

(a) General Authority to Withhold. By accepting the Notice correlating with these Terms, you agree to make adequate provision for foreign (non-United States), federal, state and local taxes and social insurance contributions required by law to be withheld, if any, that arise in connection with the Stock Units. The Company shall have the right to deduct from any compensation or any other payment of any kind due you (including withholding the issuance or delivery of shares of Common Stock) the amount of any foreign (non-United States), federal, state or local taxes and social insurance contributions required by law to be withheld as a result of the vesting or settlement of the Stock Units, in whole or in part, or as otherwise may be required by applicable law; provided, however, that the value of the shares of Common Stock withheld may not exceed, by more than a fractional share, the statutory minimum withholding amount required by law. In lieu of such deduction, the Company may require you to make a cash payment to the Company equal to the amount required to be withheld. If you do not make such payment when requested, the Company may refuse to issue any Common Stock or deliver any stock certificate under this Agreement or otherwise release for transfer any such shares until arrangements satisfactory to the Company for such payment have been made.

(b) Withholding Taxes Satisfied with Shares of Common Stock. The Company may, in its sole discretion, permit or require you to satisfy, in whole or in part, any tax withholding or social insurance contribution obligation that may arise in connection with the Stock Units either by having the Company withhold from the shares to be issued upon vesting that number of shares, or by delivering to the Company already-owned shares, in either case having a fair market value equal to no more than the amount necessary to satisfy the statutory minimum withholding amount due.

8. Restrictive Covenants.

(a) Termination of Vesting. Notwithstanding anything in Section 2 or Section 3 to the contrary, unless the Committee determines otherwise, upon the occurrence of any Prohibited Action set forth in Section 8(b), the following shall occur with respect to your Stock Units: (i) no further Stock Units will become vested and (ii) Stock Units that are not then vested and nonforfeitable will be immediately forfeited for no consideration.

(b) Prohibited Actions. The following actions are considered ***Prohibited Actions*** and subject to the consequences set forth in Section 8(a) above, whether engaged in by you directly or indirectly, either as an employee, employer, consultant, or in any other capacity:

(i) engaging in any Competing Business. "***Competing Business***" shall be defined as the business of investment advisory services to individual and/or institutional investors, retirement plan services, discount brokerage, trust services, and any other business that is competitive with the business activities of the Company;

(ii) soliciting, encouraging, or inducing any customers or clients of the Company who were current or prospective customers or clients as of the date on which your Termination of Service occurred, to terminate or reduce his, her or its relationship with the Company or not to proceed with, or enter into, any business relationship with the Company, or otherwise interfering with any such business relationship with the Company, including by encouraging or suggesting any investment management client of the Company (A) to withdraw any funds for which the Company provides investment management or advisory services, or (B) not to engage the Company to provide investment management or advisory services for any funds;

(iii) (A) soliciting, encouraging, or inducing any officer, director, employee, agent, partner, consultant or independent contractor of the Company to terminate, modify or reduce his or her relationship with the Company, (B) hiring, employing, supervising, managing or engaging any such individual, or (C) otherwise attempting to disrupt or interfere with the Company's relationship with any such individual;

(iv) using, reproducing, or disclosing any Confidential Information of the Company. "***Confidential Information***" shall be defined as client and customer lists, information with respect to the name, address, contact persons or requirements of any customer or client, other information relating to clients and prospective clients from whom the Company has solicited business or plans to solicit business, information relating to business plans and business that is conducted or anticipated to be conducted, research, technology, computer software, processes, products, pricing, costs, business methods, business objectives or strategies, marketing plans and finances;

(v) pleading guilty or *nolo contendere* (or a similar plea) to, or being convicted of, (A) a felony (or its equivalent in a non-United States jurisdiction) or
(B) other conduct of a criminal nature that has or is likely to have a material adverse effect on the reputation or standing in the community of the Company, as determined by the Committee in its sole discretion, or that legally prohibits you from working for the Company;

(vi) breaching a regulatory rule that adversely affects your ability to perform your employment duties to the Company in any material respect; and

(vii) failing, in any material respect, to (A) perform your employment duties, (B) comply with the applicable policies of the Company, (C) follow reasonable directions received from the Company or (D) comply with covenants contained in any contract with the Company to which you are a party.

(c) Blue Pencil. If any of the provisions or terms of this Section 8 is construed by a court of competent jurisdiction to be invalid or unenforceable, it shall not affect the remainder of this Agreement, which shall be given full force and effect without regard to the invalid provision. Any invalid or unenforceable provision shall be reformed to the maximum time, geographic and/or customer limitations permitted by the applicable laws, so as to be valid and enforceable.

(d) Notification To Company. For as long as you have outstanding unvested Stock Units, you covenant and agree that you will disclose to the Company the identity of any new employer within two business days of being employed or engaged by such new employer, and upon request of the Committee in advance of the settlement of any Stock Unit you will provide to the Company information sufficient to confirm that you have not engaged in any Prohibited Actions.

9. Adjustments for Corporate Transactions and Other Events.

(a) Stock Dividend, Stock Split and Reverse Stock Split. Upon a stock dividend of, or stock split or reverse stock split affecting, the Common Stock, the number of outstanding Stock Units and the number of Stock Units eligible to vest on each subsequent vesting date under the vesting schedule set forth on the Notice shall, without further action of the Committee, be adjusted to reflect such event; provided, however, that any fractional Stock Units resulting from any such adjustment shall be eliminated. Adjustments under this paragraph will be made by the Committee, whose determination regarding such adjustments will be final, binding and conclusive.

(b) Discretionary Adjustments. In the case of a merger, consolidation, stock rights offering, liquidation, statutory share exchange or similar event affecting Price Group, the Committee may make such other adjustments to outstanding Stock Units as it determines to be appropriate and desirable, which adjustments may include, without limitation, (i) the cancellation of outstanding Stock Units in exchange for payments of cash, securities or other property or a combination thereof having an aggregate value equal to the value of such Stock Units, as determined by the Committee in its sole discretion, (ii) the substitution of securities or other property (including, without limitation, cash or other securities of Price Group and securities of entities other than Price Group) for the shares of Common Stock subject to outstanding Stock Units, and (iii) the substitution of equivalent awards, as determined in the sole discretion of the Committee, of the surviving or successor entity or a parent thereof; provided, however, that all adjustments shall be made in compliance with the requirements of Section 409A of the Code and provided further that the Committee shall not have the authority to make adjustments pursuant to this paragraph to the extent that the existence of such authority would cause the Stock Units to fail to comply with Section 409A of the Code.

(c) Dissolution or Liquidation. Unless the Committee determines otherwise, all of the Stock Units shall terminate upon the dissolution or liquidation of Price Group.

(d) Change in Control. Notwithstanding anything in this Agreement or the Plan to the contrary, in the event that a Change in Control occurs, outstanding Stock Units will terminate upon the effective time of such Change in Control unless provision is made in connection with the transaction for the continuation or assumption of such Stock Units by, or for the substitution of equivalent units, as determined in the sole discretion of the Committee, of, the surviving or successor entity or a parent thereof. In the event of such termination, (i) the

outstanding Stock Units that will terminate upon the effective time of the Change in Control shall, immediately before the effective time of the Change in Control, become fully vested, and
(ii) the Committee may take any of the actions set forth in Section 9(b) with respect to any or all of the Stock Units. Implementation of the provisions of the immediately foregoing sentence shall be conditioned upon consummation of the Change in Control.

10. Non-Guarantee of Employment. Nothing in the Plan or this Agreement shall alter your employment status with the Company, nor be construed as a contract of employment between the Company and you, or as a contractual right of you to continue in the employ of the Company for any period of time, or as a limitation of the right of the Company to discharge you at any time with or without cause or notice, subject to applicable law, and whether or not such discharge results in the forfeiture of any Stock Units or any other adverse effect on your interests under the Plan.

11. Rights as Stockholder. Except as otherwise provided in this Agreement with respect to dividend equivalent payments, neither you nor any other person claiming through you shall have any rights with respect to any shares of Common Stock subject to the Stock Units, including without limitation, any voting rights, unless and until such shares are duly issued and delivered to you.

12. The Company's Rights. The existence of the Stock Units will not affect in any way the right or power of the Price Group or its stockholders to make or authorize any or all adjustments, recapitalizations, reorganizations or other changes in the Company's capital structure or its business, or any merger or consolidation of the Company, or any issue of bonds, debentures, preferred or other stocks with preference ahead of or convertible into, or otherwise affecting the Common Stock or the rights thereof, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of the Company's assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

13. Notices. All notices and other communications made or given pursuant to this Agreement shall be in writing and shall be sufficiently made or given if hand delivered or mailed by certified mail, addressed to you at the address contained in the records of the Company, or addressed to the Committee, care of the Company for the attention of its Payroll and Stock Transaction Group in the CFO-Finance Department at the Company's principal executive office or, if the receiving party consents in advance, transmitted and received via telecopy or via such other electronic transmission mechanism as may be available to the parties.

14. Electronic Delivery of Documents.

(a) Methods of Delivery. The Company may from time to time electronically deliver, via e-mail or posting on the Company's website, these Terms, information with respect to the Plan or the Stock Units, any amendments to the Agreement, and any reports of the Company provided generally to the Company's stockholders. You may receive from the Company, at no cost to you, a paper copy of any electronically delivered documents by contacting the Payroll and Stock Transaction Group in the CFO-Finance Department in the Baltimore, Maryland – Pratt Street office or by telephone, at 410-345-7716.

(b) Consent and Acknowledgment. By your accepting the Notice correlating to these Terms, you (i) consent to the electronic delivery of this Agreement, all information with respect to the Plan and the Stock Units and any reports of the Company provided generally to the Company's stockholders; (ii) acknowledge that you may receive from the Company a paper copy of any documents delivered electronically at no cost to you by contacting the Company by telephone or in writing; (iii) further acknowledge that you may revoke your consent to the electronic delivery of documents at any time by notifying the Company of such revoked consent by telephone, postal service or electronic mail; and (iv) further acknowledge that you understand that you are not required to consent to electronic delivery of documents.

15. Recoupment. The terms and conditions of the Company's Policy for Recoupment of Incentive Compensation, adopted by the Board of Directors of the Company effective April 14, 2010, as amended from time to time or any successor thereto (the "***Recoupment Policy***"), are incorporated by reference into this Agreement and shall apply to your Stock Units if you on the Grant Date are or subsequently become an executive officer or other senior executive who is subject to the Recoupment Policy.

16. Entire Agreement. This Agreement, together with the correlating Notice and the Plan, contain the entire agreement between you and the Company with respect to the Stock Units awarded hereunder. Any oral or written agreements, representations, warranties, written inducements, or other communications made prior to the acceptance of the Notice correlating to these Terms with respect to the Stock Units awarded hereunder shall be void and ineffective for all purposes.

17. Amendment. Except as otherwise provided in the Plan, the Committee may unilaterally amend the terms of this Agreement, but no such amendment shall materially impair your rights with respect to your Stock Units without your consent, except such an amendment made to cause the Plan or the Agreement to comply with applicable law, applicable rule of any securities exchange on which the Common Stock is listed or admitted for trading, or to prevent adverse tax or accounting consequences for you or the Company or any of its Affiliates. The Company shall give written notice to you of any such alteration or amendment of this Agreement by the Committee as promptly as practical after the adoption thereof. The foregoing shall not restrict the ability of you and the Company by mutual consent to alter or amend this Agreement in any manner that is consistent with the Plan and approved by the Committee.

18. Conformity with Plan. These Terms are intended to conform with, and are subject to all applicable provisions of, the Plan. In the event of any ambiguity in these Terms or any matters as to which these Terms are silent, the Plan shall govern. A copy of the Plan is available at https://home2.troweprice.com/tsso/tssoweb/SSOServlet or in hard copy upon request to the Company's Payroll and Stock Transaction Group in the CFO-Finance Department in the Baltimore, Maryland – Pratt Street office or by telephone, at 410-345-7716.

19. No Funding. This Agreement constitutes an unfunded and unsecured promise by the Company to make payments and issue shares of Common Stock in the future in accordance with its terms. You have the status of a general unsecured creditor of the Company as a result of receiving the award of Stock Units. Any cash payment due under this Agreement with respect to dividend equivalent payments under Section 5 hereof will be paid from the general assets of the Company and nothing in this Agreement will be construed to give you or any other person rights to any specific assets of the Company.

20. Governing Law. The validity, construction and effect of this Agreement, and of any determinations or decisions made by the Committee relating to this Agreement, and the rights of any and all persons having or claiming to have any interest under this Agreement, shall

be determined exclusively in accordance with the laws of the State of Maryland, without regard to its provisions concerning the applicability of laws of other jurisdictions. As a condition of this Agreement, you agree that you will not bring any action arising under, as a result of, pursuant to or relating to, this Agreement in any court other than a federal or state court in the districts that include Baltimore, Maryland, and you hereby agree and submit to the personal jurisdiction of any federal court located in the district that includes Baltimore, Maryland or any state court in the district that includes Baltimore, Maryland. You further agree that you will not deny or attempt to defeat such personal jurisdiction or object to venue by motion or other request for leave from any such court.

21. Resolution of Disputes. Any dispute or disagreement that shall arise under, or as a result of, or pursuant to or relating to, this Agreement shall be determined by the Committee in good faith in its absolute and uncontrolled discretion, and any such determination or any other determination by the Committee under or pursuant to this Agreement and any interpretation by the Committee of the terms of this Agreement, will be final, binding and conclusive on all persons affected thereby. You agree that before you may bring any legal action arising under, as a result of, pursuant to or relating to, this Agreement you will first exhaust your administrative remedies before the Committee. You further agree that in the event that the Committee does not resolve any dispute or disagreement arising under, as a result of, pursuant to or relating to, this Agreement to your satisfaction, no legal action may be commenced or maintained relating to this Agreement more than 24 months after the Committee's decision.

22. Preemption of Applicable Laws or Regulations. Anything in this Agreement to the contrary notwithstanding, if, at any time specified herein for the issue of shares to you, any law, regulation or requirements of any governmental authority having jurisdiction in the premises shall require either the Company or you to take any action in connection with the shares then to be issued, the issue of such shares will be deferred until such action shall have been taken.

23. 409A Savings Clause. This Agreement and the Stock Units awarded hereunder are intended to comply with, or otherwise be exempt from, Section 409A of the Code. This Agreement and the Stock Units shall be administered, interpreted and construed in a manner consistent with this intent. Should any provision of this Agreement or the Stock Units be found not to comply with, or otherwise be exempt from, the provisions of Section 409A of the Code, it shall be modified and given effect, in the sole discretion of the Committee and without requiring your consent, in such manner as the Committee determines to be necessary or appropriate to comply with, or to effectuate an exemption from, Section 409A of the Code. The preceding provisions shall not be construed as a guarantee or warranty by the Company of any particular tax effect of the Stock Units.

24. Service and Employment Acknowledgments. By accepting the Notice, you acknowledge and agree that: (i) the Plan is established voluntarily by the Company, is discretionary in nature and may be modified, amended, suspended or terminated by the Company at any time, unless otherwise provided in the Plan or this Agreement; (ii) you are voluntarily participating in the Plan; (iii) the award of Stock Units is a one-time benefit that does not create any contractual or other right to receive future awards of Stock Units, or compensation or benefits in lieu of Stock Units, even if Stock Units have been awarded repeatedly in the past; (iv) all determinations with respect to any such future awards, including, but not limited to, the times when Stock Units shall be awarded or shall become vested and the number of Stock Units subject to each award, will be at the sole discretion of the Committee;

(v) the value of the Stock Units is an extraordinary item of compensation that is outside the scope of your employment contract, if any; (vi) the value of the Stock Units is not part of normal or expected compensation or salary for any purpose, including, but not limited to, calculating any termination, severance, resignation, redundancy, end of service payments or similar payments, or bonuses, long-service awards, pension, welfare or retirement benefits; (vii) the vesting of the Stock Units ceases upon termination of Service with the Company or transfer of employment from the Company, or other cessation of eligibility for any reason, except as may otherwise be explicitly provided in this Agreement; (viii) the value of the Stock Units and the underlying Shares cannot be predicted with certainty and will change over time and the Company does not guarantee any future value; (ix) if you are not an employee of the Company, the Stock Units grant will not be interpreted to form an employment contract or relationship with the Company; nothing in this Agreement shall confer upon you any right to continue in the service of the Company or interfere in any way with any right of the Company to terminate your service as a director, an employee or consultant, as the case may be, at any time, subject to applicable law; the Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your participation in the Plan or your acquisition or sale of the Shares underlying the Stock Units; and (x) no claim or entitlement to compensation or damages arises if the value of the Stock Units or the underlying Shares decreases and in consideration for the grant of the Stock Units you irrevocably release the Company from any claim or entitlement to compensation or damages that does arise in connection with the Stock Units.

25. <u>Data Privacy Consent</u>. For purposes of the implementation, administration and management of the Stock Units and the Plan or the effectuation of any acquisition, equity or debt financing, joint venture, merger, reorganization, consolidation, recapitalization, business combination, liquidation, dissolution, share exchange, sale of stock, sale of material assets or other similar corporate transaction involving the Company (a "Corporate Transaction"), you explicitly and unambiguously consent, by accepting the Notice, to the collection, receipt, use, retention and transfer, in electronic or other form, of your personal data by and among the Company, its Affiliates and its third party vendors or any potential party to a potential Corporate Transaction. You understand that personal data (including but not limited to, name, home address, telephone number, employee number, employment status, social insurance number, tax identification number, date of birth, nationality, job title or duties, salary and payroll location, data for tax withholding purposes and Stock Units awarded, cancelled, vested and unvested) is held by the Company or its Affiliates and may be transferred to any broker designated by the Committee or third parties assisting in the implementation, administration and management of the Stock Units or the Plan or the effectuation of a Corporate Transaction and you expressly authorize such transfer as well as the retention, use, and the subsequent transfer of the data, in electronic or other form, by the recipient(s) for these purposes. You understand that these recipients may be located in your country or elsewhere, and that the recipient's country may have different data privacy laws and protections than your country, including those that the European Commission or your jurisdiction does not consider to be equivalent to the protections in your country. You understand that personal data will be held only as long as is necessary to implement, administer and manage the Stock Units or Plan or effect a Corporate Transaction. You understand that, to the extent required by applicable law, you may, at any time, request a list with the names and addresses of any potential recipients of the personal data, view data, request additional information about the storage and processing of data, require any necessary amendments to data or refuse or

withdraw the consents herein, in any case without cost, by contacting in writing the Company's Payroll and Stock Transaction Group in the CFO-Finance Department in the Baltimore, Maryland – Pratt Street office. If you do not consent, or if you later seek to revoke your consent, your Service and career with your employer will not be adversely affected; the only adverse consequence of refusing or withdrawing your consent is that the Company would not be able to grant you Stock Units or other equity awards or administer or maintain such awards. Therefore, you understand that refusing or withdrawing your consent may affect your ability to participate in the Plan. You also understand that you have the right to discontinue the collection, processing, or use of your data, or supplement, correct, or request deletion of any of your data. Further, you understand that you are providing the consents herein on a purely voluntary basis. You understand that your consent will be sought and obtained for any processing or transfer of your data for any purpose other than as described in the Agreement and any other Plan materials.

26. Headings. The headings in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

27. Country-Specific Terms and Conditions and Notices. Notwithstanding any provisions in this Agreement, the grant of Stock Units shall be subject to any special terms and conditions for your country set forth in any appendix to this Agreement (the "***Appendix***"). Moreover, if you relocate to one of the countries included in the Appendix, the special terms and conditions for such country will apply to you, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix constitutes part of this Agreement.

{*Glossary begins on next page*}

GLOSSARY

(a) "***Affiliate***" means any entity, whether previously, now or hereafter existing, in which the Company, directly or indirectly, at the relevant time has a proprietary interest by reason of stock ownership or otherwise (including, but not limited to, joint ventures, limited liability companies, and partnerships) or any entity that provides services to the Company or a subsidiary or affiliated entity of the Company.

(b) "***Agreement***" means the contract consisting of the Notice, the Terms and the Plan.

(c) "***Cause***" means: (i) your plea of guilty or *nolo contendere* (or a similar plea) to, or conviction of, (A) a felony (or its equivalent in a non-United States jurisdiction) or (B) other conduct of a criminal nature that has or is likely to have a material adverse effect on the reputation or standing in the community of the Company, as determined by the Committee in its sole discretion, or that legally prohibits you from working for the Company; (ii) your breach of a regulatory rule that adversely affects your ability to perform your employment duties to the Company in any material respect; or (iii) your failure, in any material respect, to (A) perform your employment duties, (B) comply with the applicable policies of the Company, (C) follow reasonable directions received from the Company or (D) comply with covenants contained in any contract with the Company to which you are a party; provided, however, that you shall be provided a written notice describing in reasonable detail the facts that are considered to give rise to a breach described in this clause (iii) and you shall have 30 days following receipt of such written notice during which you may remedy the condition and, if so remedied, no Cause for Termination of Service shall exist.

(d) "***Change in Control***" has the meaning ascribed to such term in the Plan.

(e) "***Code***" means the Internal Revenue Code of 1986, as amended from time to time, and any successor thereto, the Treasury Regulations thereunder and other relevant interpretive guidance issued by the Internal Revenue Service or the Treasury Department. Reference to any specific section of the Code shall be deemed to include such regulations and guidance, as well as any successor section, regulations and guidance.

(f) "***Committee***" means the Executive Compensation Committee, or such other committee(s) or officer(s) duly appointed by the Board or the Executive Compensation Committee to administer the Plan or delegated limited authority to perform administrative actions under the Plan, and having such powers as shall be specified by the Board or the Executive Compensation Committee; provided, however, that at any time the Board may serve as the Committee in lieu of or in addition to the Executive Compensation Committee or such other committee(s) or officer(s) to whom administrative authority has been delegated.

(g) "***Common Stock***" means shares of common stock of T. Rowe Price Group, Inc., par value twenty cents ($0.20) per share and any capital securities into which they are converted.

(h) "***Company***" means T. Rowe Price Group, Inc. and its Affiliates and successors, except where the context otherwise requires. For purposes of determining whether a Change in Control has occurred, Company shall mean only T. Rowe Price Group, Inc.

(i) "***Corporate Transaction***" means the consummation of a reorganization, merger, tender offer, share exchange, consolidation or other business combination, acquisition of Price Group equity securities, or sale or other disposition of all or substantially all of the assets of Price Group or the acquisition of assets of another entity.

(j) "***Credited Service***" means the sum of the period(s) during which you are in Service with the Company plus any period of service that may be allocated to you by the Committee, in its sole discretion, in writing for periods during which you were not employed with the Company but you were engaged in activities through which you gained relevant industry experience, as determined in the Committee's discretion.

(k) "***Executive Compensation Committee***" means the Executive Compensation Committee of the Board of Directors of T. Rowe Price Group, Inc.

(l) "***Good Reason***" means, during the 18-month period following a Change in Control, actions taken by the Company or any successor corporation or other entity in a Corporate Transaction resulting in a material negative change in your employment relationship in one or more of the following ways:

(i) the assignment to you of duties materially inconsistent with your position (including offices, titles and reporting requirements), authority, duties or responsibilities, or a material diminution in such position, authority, duties or responsibilities, in each case from those in effect immediately prior to the Change in Control;

(ii) a material reduction of your aggregate annual compensation, including, without limitation, base salary and annual bonus and incentive compensation opportunity, from that in effect immediately prior to the Change in Control; or

(iii) a change in your principal place of employment that increases your commute by 75 or more miles as compared to your commute immediately prior to the Change in Control.

In order to invoke a Termination of Service for Good Reason, you must provide written notice to the Company or any successor corporation or other entity in a Corporate Transaction with respect to which you are employed or providing services (as applicable, the "***Service Recipient***") of the existence of one or more of the conditions constituting Good Reason within 90 days following your knowledge of the initial existence of such condition or conditions, specifying in reasonable detail the conditions constituting Good Reason, and the Service Recipient shall have 30 days following receipt of such written notice (the "***Cure Period***") during which it may remedy the condition. In the event that the Service Recipient fails to remedy the condition constituting Good Reason during the applicable Cure Period, your Termination of Service must occur, if at all, within 90 days following the expiration of such Cure Period in order for such termination as a result of such condition to constitute a Termination of Service for Good Reason.

(m) "***Grant Date***" means the date set forth on the Notice indicating when the grant of Stock Units was approved by the Committee.

(n) "***Notice***" means the Notice of Grant of Restricted Stock Units Award that correlates with these Terms and sets forth the specifics of the applicable award of Stock Units.

(o) "***Peer Company***" or collectively "***Peer Companies***" means each of the entities listed on the correlating Notice and each Peer Company's successor; so long as each Peer Company has a class of common securities listed for public trade on a national securities exchange or market from the beginning through the end of the Performance Period or otherwise files financial statements with the Securities and Exchange Commission, as defined on the correlating Notice. The Peer Companies shall be changed as follows:

(i) In the event that, at any time during the Performance Period, a Peer Company is no longer included in the same Standard & Poor's Global Industry Classification Standard ("GICS") Sub-Industry as Price Group, such company shall no longer be a Peer Company.

(ii) In the event of a merger, acquisition or business combination transaction of a Peer Company with or by another Peer Company, the surviving entity shall remain a Peer Company, provided that the surviving entity is still in the same GICS Sub-Industry as Price Group.

(iii) In the event of a merger of a Peer Company with or by an entity that is not a Peer Company, or the acquisition or business combination transaction of a Peer Company with an entity that is not a Peer Company, in each case, where the Peer Company is the surviving entity, the surviving entity shall remain a Peer Company, provided that the surviving entity is still in the same GICS Sub-Industry as Price Group.

(iv) In the event of a merger or acquisition or business combination transaction of a Peer Company with or by an entity that is not a Peer Company, other form of "going private" transaction relating to any Peer Company or the liquidation of any Peer Company, where such Peer Company is not the surviving entity or is otherwise no longer publicly traded, the company shall no longer be a Peer Company.

(v) In the event of a bankruptcy of a Peer Company, such company shall remain a Peer Company.

(p) "***Performance Threshold***" means the performance objective(s) set forth on the Notice, if any, which must be satisfied in order for any Stock Units to become vested, except as otherwise provided in this Agreement.

(q) "***Plan***" means the T. Rowe Price Group, Inc. 2012 Long-Term Incentive Plan.

(r) "***Price Group***" means T. Rowe Price Group, Inc.

(s) "***Qualified Performance-Based Award***" means a grant that is intended by the Executive Compensation Committee to qualify for the exemption from the limitation on deductibility imposed by Section 162(m)(4)(C) of the Code.

(t) "***Service***" means your employment with the Company. Your Service will be considered to have ceased with the Company if, immediately after a sale, merger or other corporate transaction, the trade, business or entity with which you are employed is not T. Rowe Price Group, Inc. or its successor or an Affiliate of T. Rowe Price Group, Inc. or its successor.

(u) "***Stock Unit***" means a bookkeeping entry used by the Company to record and account for the grant of a restricted stock unit until such time as such restricted stock unit is settled, forfeited or terminated, as the case may be. Each Stock Unit represents a contractual obligation of the Company to deliver one share of Common Stock to the holder upon vesting of the Stock Unit.

(v) "***Termination of Service***" means the termination of your employment with the Company. Temporary absences from employment because of illness, vacation or leave of absence and transfers among entities that comprise the Company, including all Affiliates, shall not be considered Terminations of Service; provided, however, that the Committee has discretion to determine that a Termination of Service has occurred if, for six continuous months, you are absent or otherwise unable for any reason to perform substantially all the essential duties of your position, as determined by the Committee. The Committee has discretion to determine the date upon which you incur a Termination of Service.

(w) "***Terms***" mean this Statement of Additional Terms Regarding Awards of Restricted Stock Units.

(x) "***Total and Permanent Disability***" means that you are (i) unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to last until your death or result in death, or (ii) determined to be totally disabled by the Social Security Administration or other governmental or quasi-governmental body that administers a comparable social insurance program outside of the United States in which you participate and that conditions the right to receive benefits under such program on your being unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to last until your death or result in death. The Committee may require such medical or other evidence as it deems necessary to judge the nature and permanency of your condition.

(y) "***You***"; "***Your***". You, whether or not capitalized, means the recipient of the Stock Units as reflected in the Notice. Whenever the word "you" or "your" is used in any provision of this Agreement under circumstances where the provision should logically be construed, as determined by the Committee, to apply to the estate, personal representative, or beneficiary to whom the Stock Units may be transferred by will or by the laws of descent and distribution, the words "you" and "your" shall be deemed to include such person.

{*Appendix begins on next page*}

APPENDIX TO THE STATEMENT OF ADDITIONAL TERMS REGARDING AWARDS OF STOCK UNITS (*VERSION 2B*) UNDER THE T. ROWE PRICE GROUP, INC. 2012 LONG-TERM INCENTIVE PLAN

Terms and Conditions

This Appendix includes additional terms and conditions that govern the Stock Units granted to you under the Plan if you reside in one of the countries listed below. Certain capitalized terms used but not defined in this Appendix have the meanings set forth in the Plan and/or the main body of the Agreement.

Notifications

This Appendix also includes information regarding exchange controls and certain other issues of which you should be aware with respect to your participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of January 2015. Such laws are often complex and change frequently. As a result, the Company strongly recommends that you not rely on the information in this Appendix as the only source of information relating to the consequences of your participation in the Plan because the information may be out of date at the time your Stock Units vest or you sell the shares of Common Stock acquired under the Plan.

In addition, the information contained herein is general in nature and may not apply to your particular situation, and the Company is not in a position to assure you of any particular result. Accordingly, you are advised to seek appropriate professional advice as to how the relevant laws of your country may apply to your situation.

Finally, if you are a citizen or resident of a country other than the one in which you are currently working or transfer to another country after the grant of the Stock Units, or you are considered a resident of another country for local law purposes, the information contained herein may not be applicable to you in the same manner. In addition, the Company shall, in its discretion, determine to what extent the terms and conditions contained herein shall apply to you under these circumstances.

AUSTRALIA

Notifications

<u>Securities Law Information</u>. The offering and resale of shares of Common Stock acquired under the Plan to a person or entity resident in Australia may be subject to disclosure requirements under Australian law. You are encouraged to obtain legal advice regarding any applicable disclosure requirements prior to making any such offer.

DENMARK

Terms and Conditions

Exchange Control/Tax Reporting Information. You understand and acknowledge that if you establish an account holding shares or an account holding cash outside Denmark, you may need to report such account to the Danish Tax Administration. You understand that you are encouraged to consult your personal tax and legal advisors on these and any other matters related to your participation in the Plan.

Statement under Section 3(1) of the Act on Stock Options. You understand that pursuant to Section 3(1) of the Act on Stock Options in employment relations (the "Stock Option Act"), you are entitled to receive information regarding the Plan in a separate written statement. The full statement containing the information about your rights under the Plan and the Stock Option Act is attached as a separate written statement provided at the same time as this Agreement.

Notifications

Securities Disclaimer. The grant of Stock Units under the Plan is exempt from the requirement to publish a prospectus under the EU Prospectus Directive as implemented in Denmark.

CANADA

Terms and Conditions

Language Consent. The parties acknowledge that it is their express wish that this Agreement, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Les parties reconnaissent avoir expressement souhaité que la convention [“Agreement”], ainsi que tous les documents, avis et procédures judiciaries, éxecutés, donnés ou intentés en vertu de, ou lié, directement ou indirectement à la présente convention, soient rédigés en langue anglaise.

GERMANY

Notifications

Exchange Control Information. If you remit proceeds in excess of €12,500 out of or into Germany, such cross-border payment must be reported monthly to the State Central Bank. In the event that you make or receive a payment in excess of this amount, you are responsible for obtaining the appropriate form from a German bank and complying with applicable reporting requirements. In addition, you must also report on an annual basis in the unlikely event that you hold shares of Common Stock exceeding 10% of the total voting capital of the Company.

Securities Disclaimer. The participation in the Plan is exempt or excluded from the requirement to publish a prospectus under the EU Prospectus Directive as implemented in Germany.

HONG KONG

Notification

Securities Law Notice. Neither the Stock Units nor the shares of Common Stock issued upon vesting of the Stock Units constitute a public offering of securities under Hong Kong law and are available only to employees of the Company. The Agreement, including this Appendix, the Plan and other incidental communication materials have not been prepared in accordance with and are not intended to constitute a “prospectus” for a public offering of securities under the applicable securities legislation in Hong Kong, nor have the documents been reviewed by any regulatory authority in Hong Kong. The Stock Units are intended only for the personal use of each eligible employee of the Company or its subsidiaries and may not be distributed to any other person. If you are in any doubt about any of the contents of the Agreement, including this Appendix, or the Plan, you should obtain independent professional advice.

ITALY

Terms and Conditions

Authorization to Release and Transfer Necessary Personal Information. This provision replaces in its entirety Section 25 of the Terms:

You understand that your employer (the "Employer") and/or the Company may hold certain personal information about you, including, but not limited to, your name, home address and telephone number, date of birth, social security number (or any other social or national identification number), salary, nationality, job title, number of shares held and the details of all Stock Units granted or any other entitlement to shares awarded, cancelled, vested, unvested or outstanding (the "Data") for the purpose of implementing, administering and managing your participation in the Plan. You are aware that providing the Company with your Data is necessary for the performance of this Agreement and that your refusal to provide such Data would make it impossible for the Company The data Controller, the Milan Branch of T. Rowe Price International, Limited, with offices at Torino 2, 20123 Milan, Italy, and pursuant to D.lgs 196/2003 appoints both T. Rowe Price Group, Inc. and T. Rowe Price Associates, Inc. as the Co-Controllers and Processors of the personal data for the purposes described herein. You understand that the Data may be transferred to the Company or any of its subsidiaries or affiliates, or to any third parties assisting in the implementation, administration and management of the Plan, including any transfer required to a broker or other third party with whom shares acquired pursuant to the vesting or exercise of the Options or cash from the sale of such shares may be deposited. Furthermore, the recipients that may receive, possess, use, retain and transfer such Data for the above mentioned purposes may be located in Italy or elsewhere, including outside of the European Union and that the recipients' country (e.g., the United States) may have different data privacy laws and protections than your country. The processing activity, including the transfer of your personal data abroad, outside of the European Union, as herein specified and pursuant to applicable laws and regulations, does not require your consent thereto as the processing is necessary for the performance of contractual obligations related to the implementation, administration and management of the Plan. You understand that Data processing relating to the purposes above specified shall take place under automated or non-automated conditions, anonymously when possible, that comply with the purposes for which Data are collected and with confidentiality and security provisions as set forth by applicable laws and regulations, with specific reference to D.lgs. 196/2003.

You understand that Data will be held only as long as is required by law or as necessary to implement, administer and manage your participation in the Plan. You understand that pursuant to art. 7 of D.lgs 196/2003, you have the right, including but not limited to, access, delete, update, request the rectification of your Data and cease, for legitimate reasons, the Data processing. Furthermore, you are aware that your Data will not be used for direct marketing purposes. In addition, the Data provided can be reviewed and questions or complaints can be addressed by contacting a local representative available at the following address: 100 E. Pratt Street, Baltimore, Maryland 21202.

Plan Document Acknowledgment. In accepting the Stock Units, you acknowledge that you have received a copy of the Plan and the Agreement and have reviewed the Plan and the Agreement, including this Appendix, in their entirety and fully understand and accept all provisions of the Plan and the Agreement, including this Appendix.

Notifications

Exchange Control Information. You are required to report in your annual tax return: (a) any transfers of cash or shares to or from Italy exceeding €10,000 or the equivalent amount in U.S. dollars; and (b) any foreign investments or investments (including proceeds from the sale of shares of Common Stock acquired under the Plan) held outside of Italy exceeding €10,000 or the equivalent amount in U.S. dollars, if the investment may give rise to income in Italy. You are exempt from the formalities in (a) if the investments are made through an authorized broker resident in Italy, as the broker will comply with the reporting obligation on your behalf.

Securities Disclaimer. The grant of the Stock Units is exempt or excluded from the requirement to publish a prospectus under the EU Prospectus Directive as implemented in Italy.

JAPAN

Notifications

Offshore Assets Reporting. You are required to report details of any assets held outside of Japan as of December 31st (including but not limited to any shares of Common Stock acquired under the Plan), to the extent such assets have a total net fair market value exceeding
¥50,000,000. Such report is due by March 15th each year. You should consult with your personal tax advisor as to whether the reporting obligation applies to you and whether you will be required to report details of any outstanding Stock Units or shares of Common Stock held by you in the report.

LUXEMBOURG

No country-specific terms or conditions.

NETHERLANDS

Notifications

You should be aware of the Dutch insider trading rules, which may affect the sale of shares of Common Stock acquired under the Plan. In particular, you may be prohibited from effecting certain share transactions if you have insider information regarding the Company. Below is a discussion of the applicable restrictions. You are advised to read the discussion carefully to determine whether the insider rules could apply to you. If it is uncertain whether the insider rules apply, the Company recommends that you consult with a legal advisor. The Company cannot be held liable if you violate the Dutch insider trading rules. You are responsible for ensuring your compliance with these rules.

Prohibition Against Insider Trading

Dutch securities laws prohibit insider trading. The regulations are based upon the European Market Abuse Directive and are stated in section 5:56 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht or Wft*) and in section 2 of the Market Abuse Decree (*Besluit marktmisbruik Wft*). For further information, you are referred to the website of the Authority for the Financial Markets (*AFM*); http://www.afm.nl/~/media/Files/brochures/2012/insider- dealing.ashx.

Given the broad scope of the definition of inside information, certain employees of the Company working at its Dutch affiliate may have inside information and thus are prohibited from making a transaction in securities in the Netherlands at a time when they have such inside information. By entering into this Agreement and participating in the Plan, you acknowledge having read and understood the notification above and acknowledge that it is your responsibility to comply with the Dutch insider trading rules, as discussed herein.

Securities Disclaimer. The grant of the Stock Units is exempt or excluded from the requirement to publish a prospectus under the EU Prospectus Directive as implemented in the Netherlands.

SINGAPORE

Notifications

Securities Law Information. The grant of the Stock Units is being made pursuant to the “Qualifying Person” exemption under section 273(1)(f) of the Singapore Securities and Futures Act (Chapter 289, 2006 Ed.) (“SFA”). The Plan has not been lodged or registered as a prospectus with the Monetary Authority of Singapore. You should note that the Stock Units are subject to section 257 of the SFA and you will not be able to make any subsequent sale in Singapore of the shares of Common Stock acquired through the vesting of the Stock Units or any offer of such sale in Singapore unless such sale or offer is made pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the SFA.

Director Notification Obligation. If you are a director, associate director or shadow director of a Singapore subsidiary, you are subject to certain notification requirements under the Singapore Companies Act. Among these requirements is an obligation to notify the Singapore subsidiary in writing when you receive an interest (*e.g.*, Stock Units or shares of Common Stock) in the Company or any subsidiary. In addition, you must notify the Singapore subsidiary when you sell shares of Common Stock of the Company or any subsidiary (including when you sell shares of Common Stock acquired through the vesting of Stock Units). These notifications must be made within two business days of acquiring or disposing of any interest in the Company or any subsidiary. In addition, a notification must be made of your interests in the Company or any subsidiary within two business days of becoming a director.

SPAIN

Terms and Conditions

Nature of Grant. This provision supplements Section 24 of the Terms:

In accepting the Stock Units, you consent to participate in the Plan and acknowledge that you have received a copy of the Plan.

You understand that the Company has unilaterally, gratuitously, and in its sole discretion decided to grant Stock Units under the Plan to individuals who may be employees of the Company or one of its Affiliates throughout the world. The decision is a limited decision that is entered into upon the express assumption and condition that any grant will not bind the Company or any Affiliate, other than to the extent set forth in the Agreement and its Terms.
Consequently, you understand that the grant of Stock Units is made on the assumption and condition that the Stock Units and any shares acquired under the Plan are not part of any employment contract (either with the Company or any Affiliate), and shall not be considered a mandatory benefit, salary for any purposes (including severance compensation) or any other right whatsoever. Further, you understand that the grant of the Stock Units would not be made but for the assumptions and conditions referred to above; thus, you acknowledge and freely accept that, should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason, then any grant of or right to the Stock Units shall be null and void.

Notifications

Tax Reporting Obligation for Assets Held Abroad. Individuals in Spain are required to report assets and rights located outside of Spain (which would include shares or any funds held in a U.S. brokerage account) on Form 720 by March 31st after each calendar year. A report is not required if the value of assets held outside of Spain is EUR 50,000 or less or if the assets held outside of Spain have not increased by more than EUR 20,000 compared to the previous year (assuming that a prior report has been filed reporting these assets). You should consult your personal tax advisor for more information on how to complete the report and the specific information on what types of assets are required to be reported.

Exchange Control Information. You must declare the acquisition of stock in a foreign company (including Shares acquired under the Plan) to the Dirección General de Política Comercial e Inversiones Exteriores (“DGPCIE”) of the Ministerio de Economia for statistical purposes. You must also declare ownership of any stock in a foreign company (including shares acquired under the Plan) with the Directorate of Foreign Transactions each January while the stock is owned. In addition, if you wish to import the share certificates into Spain, you must declare the importation of such securities to the DGPCIE.

When receiving foreign currency payments derived from the ownership of the shares (*i.e.*, dividends or sale proceeds), you must inform the financial institution receiving the payment of the basis upon which such payment is made. You will need to provide the following information: (i) your name, address, and fiscal identification number; (ii) the name and corporate domicile of the Company; (iii) the amount of the payment and the currency used; (iv) the country of origin; (v) the reasons for the payment; and (vi) any further information that may be required.

Securities Disclaimer. The grant of the Stock Units is exempt or excluded from the requirement to publish a prospectus under the EU Prospectus Directive as implemented in Spain.

SWEDEN

Notifications

Securities Disclosure. Your participation in the Plan and the grant of the Stock Units are exempt from the requirement to publish a prospectus under the EU Prospectus Directive as implemented in Sweden.

Exchange Control. You understand and agree that foreign and local banks or financial institutions (including brokers) engaged in cross-border transactions generally may be required to report any payments to or from a foreign country exceeding a certain amount to The National Tax Board, which receives the information on behalf of the Swedish Central Bank (Sw.Riksbanken). This requirement may apply even if you have a brokerage account with a foreign broker.

SWITZERLAND

Notifications

Securities Disclosure. The grant of Stock Units is considered a private offering in Switzerland; therefore, it is not subject to registration in Switzerland.

UNITED KINGDOM

Terms and Conditions

Tax Reporting and Payment Liability. The following provision supplements Section 7 of the Terms:

You agree that the Company or your U.K. employer may calculate the any taxes or National Insurance Contributions required to be withheld and accounted for in connection with the Stock Units by reference to the maximum applicable rates, without prejudice to any right you may have to recover any overpayment from relevant U.K. tax authorities. If payment or withholding of any income tax liability arising in connection with your participation in the Plan is not made by you to the U.K. employer within ninety (90) days of the event giving rise to such income tax liability or such other period specified in Section 222(1)(c) of the U.K. Income Tax (Earnings and Pensions) Act 2003 (the “Due Date”), you understand and agree that the amount of any uncollected income tax will constitute a loan owed by you to the U.K. employer, effective on the Due Date. You understand and agree that the loan will bear interest at the then-current official rate of Her Majesty’s Revenue and Customs, it will be immediately due and repayable by you, and the Company and/or your employer may recover it at any time thereafter by any of the means referred to in the Plan and/or this Agreement. Notwithstanding the foregoing, you understand and agree that if you are a director or an executive officer of the Company (within the meaning of such terms for purposes of Section 13(k) of the Exchange Act), you will not be eligible for such a loan to cover the income tax liability. In the event that you are a director or executive officer and the income tax is not collected from or paid by you by the Due Date, you understand that the amount of any uncollected income tax will constitute an additional benefit to you on which additional income tax and National Insurance Contributions will be payable. You understand and agree that you will be responsible for reporting and paying any income tax due on this additional benefit directly to Her Majesty's Revenue and Customs under the self- assessment regime and for reimbursing the Company or the U.K. employer (as appropriate) for the value of any primary national insurance contributions due on this additional benefit that the Company or the U.K. employer may recover from you by any of the means referred to in the Plan and/or this Agreement.

Notification

Securities Disclaimer. Neither this Agreement nor this Appendix is an approved prospectus for the purposes of section 85(1) of the Financial Services and Markets Act 2000 ("FSMA") and no offer of transferable securities to the public (for the purposes of section 102B of FSMA) is being made in connection with the Plan. The Plan and the Stock Units are exclusively available in the U.K. to bona fide employees and former employees of the Company and any other U.K. subsidiary.

End of the Appendix

{*end of document*}

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

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

Re: Registration Statements on Form S-8: No. **33-7012**, No. **333-59714**, No. **333-120882**, No. **333-120883**, No. **333-142092**, No. **333-167317**, No. **333-180904**, No. **333-199560**, No. **333-212705** , and **333-217483**.

With respect to the subject registration statements, we acknowledge our awareness of the use therein of our report dated October 25, 2018 related to our review of interim financial information.

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

/s/ KPMG LLP

Baltimore, Maryland
October 25, 2018

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

I, William J. Stromberg, certify that:

1. I have reviewed this Form 10-Q Quarterly Report for the quarterly period ended September 30, 2018 of T. Rowe Price Group, Inc.;

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

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

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

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

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

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

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

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

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

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

October 25, 2018

/s/ William J. Stromberg
President and Chief Executive Officer

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

I, Céline S. Dufétel, certify that:

1. I have reviewed this Form 10-Q Quarterly Report for the quarterly period ended September 30, 2018 of T. Rowe Price Group, Inc.;

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

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

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

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

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

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

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

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

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

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

October 25, 2018

/s/ Céline S. Dufétel
Vice President, Chief Financial Officer and Treasurer

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, 2018, of T. Rowe Price Group, Inc., that:

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

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

October 25, 2018

/s/ William J. Stromberg
President and Chief Executive Officer

/s/ Céline S. Dufétel
Vice President, Chief Financial Officer and Treasurer

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

NEWS RELEASE

T. ROWE PRICE GROUP REPORTS THIRD QUARTER 2018 RESULTS

Assets Under Management End Quarter at $1.084 Trillion

BALTIMORE (October 25, 2018) - T. Rowe Price Group, Inc. (NASDAQ-GS: TROW) today reported its third quarter of 2018 results, including net revenues of $1.4 billion, net income of $583.0 million, and diluted earnings per common share of $2.30. The firm's U.S. GAAP results for the third quarter of 2018 include a realized gain of $.27 in diluted earnings per share from the sale of its 10% holding in Daiwa SB Investments Ltd. For the third quarter of 2017, net revenues were $1.2 billion, net income was $390.9 million, and diluted earnings per share was $1.56. On a non-GAAP basis, diluted earnings per share for the third quarter of 2018 was $1.99, compared with $1.45 in the 2017 quarter.

Financial Highlights

The table below presents financial results on a U.S. GAAP basis, as well as a non-GAAP basis that adjusts, among other items, for the impact of consolidated T. Rowe Price investment products, the impact of market movements on the supplemental savings plan liability and related economic hedges, investment income related to certain other investments, and certain nonrecurring charges and gains. The firm believes the non-GAAP financial measures below provide relevant and meaningful information to investors about its core operating results.

						Nine months ended		
(in millions, except per-share data)	Q3 2017[1]	Q3 2018	% change	Q2 2018	Q3 2018 vs. Q2 2018	9/30/2017[1]	9/30/2018	% change
U.S. GAAP basis								
Investment advisory fees	$ 1,098.9	$ 1,263.3	15.0%	$ 1,214.4	4.0 %	$ 3,137.6	$ 3,666.9	16.9%
Net revenues	$ 1,238.7	$ 1,394.6	12.6%	$ 1,345.0	3.7 %	$ 3,557.3	$ 4,067.6	14.3%
Operating expenses	$ 690.2	$ 754.0	9.2%	$ 750.3	0.5 %	$ 1,979.5	$ 2,248.5	13.6%
Net operating income	$ 548.5	$ 640.6	16.8%	$ 594.7	7.7 %	$ 1,577.8	$ 1,819.1	15.3%
Non-operating income[2]	$ 67.3	$ 124.9	n/m	$ 34.1	n/m	$ 294.3	$ 175.1	n/m
Net income attributable to T. Rowe Price Group	$ 390.9	$ 583.0	49.1%	$ 448.9	29.9 %	$ 1,150.7	$ 1,485.6	29.1%
Diluted earnings per common share	$ 1.56	$ 2.30	47.4%	$ 1.77	29.9 %	$ 4.60	$ 5.85	27.2%
Weighted average common shares outstanding assuming dilution	244.4	247.5	1.3%	247.4	— %	244.3	248.2	1.6%
Adjusted-non-GAAP basis[3]								
Operating expenses	$ 682.7	$ 744.5	9.1%	$ 745.3	(.1)%	$ 2,018.5	$ 2,230.8	10.5%
Net income attributable to T. Rowe Price Group	$ 362.1	$ 505.0	39.5%	$ 472.8	6.8 %	$ 977.2	$ 1,423.4	45.7%
Diluted earnings per common share	$ 1.45	$ 1.99	37.2%	$ 1.87	6.4 %	$ 3.91	$ 5.60	43.2%
Assets under Management (in billions)								
Average AUM	$ 927.4	$ 1,072.4	15.6%	$ 1,036.5	3.5 %	$ 886.3	$ 1,045.0	17.9%
Ending AUM	$ 947.9	$ 1,083.8	14.3%	$ 1,044.1	3.8 %	$ 947.9	$ 1,083.8	14.3%

[1] Results for 2017 were recast to reflect the adoption of the new revenue recognition accounting guidance on January 1, 2018. For further information, refer to the Form 10-Q for the period-ended September 30, 2018, filed with the SEC on October 25, 2018.
[2] The percentage change in non-operating income is not meaningful (n/m).
[3] See the reconciliation to the comparable U.S. GAAP measures at the end of this earnings release.

Assets Under Management

Assets under management increased $39.7 billion in the third quarter of 2018 to $1.084 trillion at September 30, 2018. The firm's net cash inflows were $2.7 billion in the third quarter of 2018. Clients transferred $3.2 billion in net assets from the U.S. mutual funds to other investment products, including the retirement date trusts, in the third quarter of 2018. The components of the change in assets under management, by vehicle and asset class, are shown in the tables below.

	Quarter ended 9/30/2018				Nine months ended 9/30/2018			
(in billions)	U.S. mutual funds	Subadvised and separate accounts	Other investment products	Total	U.S. mutual funds	Subadvised and separate accounts	Other investment products	Total
Assets under management at beginning of period	$ 626.1	$ 268.8	$ 149.2	$ 1,044.1	$ 606.3	$ 255.2	$ 129.6	$ 991.1
Net cash flows before client transfers	(.5)	1.5	1.7	2.7	11.6	2.0	8.0	21.6
Client transfers	(3.2)	—	3.2	—	(16.8)	2.6	14.2	—
Net cash flows after client transfers	(3.7)	1.5	4.9	2.7	(5.2)	4.6	22.2	21.6
Net market appreciation and income	22.5	11.0	3.6	37.1	44.5	21.5	5.9	71.9
Distributions not reinvested	(.1)	—	—	(.1)	(.8)	—	—	(.8)
Change during the period	18.7	12.5	8.5	39.7	38.5	26.1	28.1	92.7
Assets under management at September 30, 2018	$ 644.8	$ 281.3	$ 157.7	$ 1,083.8	$ 644.8	$ 281.3	$ 157.7	$ 1,083.8

	Quarter ended 9/30/2018				Nine months ended 9/30/2018			
(in billions)	Equity	Fixed income, including money market	Multi-asset[(1)]	Total	Equity	Fixed income, including money market	Multi-asset[(1)]	Total
Assets under management at beginning of period	$ 603.6	$ 136.4	$ 304.1	$ 1,044.1	$ 564.1	$ 134.4	$ 292.6	$ 991.1
Net cash flows	(.7)	1.0	2.4	2.7	5.9	4.3	11.4	21.6
Net market appreciation/(depreciation) and income[(2)]	28.8	.5	7.7	37.0	61.7	(.8)	10.2	71.1
Change during the period	28.1	1.5	10.1	39.7	67.6	3.5	21.6	92.7
Assets under management at September 30, 2018	$ 631.7	$ 137.9	$ 314.2	$ 1,083.8	$ 631.7	$ 137.9	$ 314.2	$ 1,083.8

(1) The underlying assets under management of the multi-asset portfolios have been aggregated and presented in this category and not reported in the equity and fixed income columns.

(2) Reported net of distributions not reinvested.

The assets under management in the firm's target date retirement products, which are reported as part of the multi-asset column in the table above, were $252.1 billion at September 30, 2018, compared with $244.2 billion at June 30, 2018, and $233.8 billion at December 31, 2017. Net cash flows into these portfolios were $1.7 billion in the third quarter of 2018 and $10.2 billion for the nine months ended September 30, 2018.

Investors domiciled outside the United States accounted for about 6% of the firm's assets under management at September 30, 2018 and December 31, 2017.

Financial Results

Investment advisory revenues earned in the third quarter of 2018 from the firm's U.S. mutual funds were $877.3 million, an increase of 11.6% from the comparable 2017 quarter. Average assets under management in these funds increased 11.4% to $641.5 billion.

Investment advisory revenues earned in the third quarter of 2018 from subadvised and separate accounts as well as other investment products were $386.0 million, an increase of 23.4% from the comparable 2017 quarter. Average assets under management for these products increased 22.7% to $430.9 billion.

Administrative, distribution, and servicing fees in the third quarter of 2018 were $131.3 million, a decrease of $8.5 million from the comparable 2017 quarter. The decrease was primarily attributable to lower transfer agent and distribution servicing revenue earned from the T. Rowe Price U.S. mutual funds due to client transfers among vehicles and share classes.

Operating expenses were $754.0 million in the third quarter of 2018 compared with $690.2 million in the third quarter of 2017, and $750.3 million in the second quarter of 2018. On a non-GAAP basis, the firm's operating expenses in the third quarter of 2018 increased 9.1% to $744.5 million compared to the 2017 quarter and were lower than the $745.3 million recognized in the second quarter of 2018. The 9.1% increase in non-GAAP operating expenses from the third quarter of 2017 was due primarily to higher market driven expenses and continued strategic investments. The firm continues to expect its 2018 non-GAAP operating expenses to grow in the range of 8% to 11%. This expense growth range factors in the firm's cost optimization efforts and any contemplated uses of its expected U.S. tax reform benefits.

Compensation and related costs were $454.3 million in the third quarter of 2018, an increase of 8.8% over the third quarter of 2017, due primarily to an increase in average headcount, the interim accrual of the annual bonus, and stock-based compensation expense. The firm's average staff size increased 4.2% from the third quarter of 2017. The firm employed 6,946 associates at September 30, 2018.

Advertising and promotion expense was $20.2 million in the third quarter of 2018, an increase of 44.3% over the $14.0 million recognized in the third quarter of 2017. The increase was primarily driven by the launch of the firm's new media advertising campaign in the third quarter of 2018.

Technology, occupancy, and facility costs were $96.5 million in the third quarter of 2018, an increase of 11.8% compared to the $86.3 million recognized in the third quarter of 2017. The increase was due primarily to incremental investment in the firm's technology capabilities, including related depreciation, hosted solution licenses, and maintenance programs.

General, administrative, and other costs were $73.7 million in the third quarter of 2018, an increase of 9.7% compared to the $67.2 million recognized in the third quarter of 2017. The increase reflects growing operational and regulatory business demands.

Non-operating income was $124.9 million in the third quarter of 2018, an increase of $57.6 million from the third quarter of 2017. The increase is due primarily to the gain the firm realized from the sale of its 10% holding in Daiwa SB Investments Ltd. This realized gain was partially offset by a decrease in net investment gains from the consolidated T. Rowe Price sponsored investment products. The components of non-operating income for the third quarter and the first nine months of 2017 and 2018, are included in the tables at the back of this release.

The firm's effective tax rate for the third quarter of 2018 was 24.0%, compared with 34.4% in the 2017 quarter, as U.S. tax reform reduced the U.S. federal corporate tax rate from 35% to 21% on January 1, 2018. The third quarter rate of 24.0% contributes to an effective tax rate for nine months ended September 30, 2018 of 24.9%. The following reconciles the statutory federal income tax rate to the firm's effective tax rate for the nine months ended September 30, 2018:

Statutory U.S. federal income tax rate	21.0 %
Impact of nonrecurring charge related to U.S. tax reform recognized in the second quarter	1.0 %
Impact of nonrecurring charge related to new Maryland state tax legislation recognized in the second quarter	.4 %
State income taxes for current year, net of federal income tax benefits[1]	4.6 %
Net income attributable to redeemable non-controlling interests	(.2)%
Net excess tax benefits from stock-based compensation plans activity	(1.8)%
Other items	(.1)%
Effective income tax rate	24.9 %

[1] State income tax benefits are reflected in the total benefits for net income attributable to redeemable non-controlling interests and stock-based compensation plans activity.

The firm estimates its effective tax rate for the full-year 2018 will be in the range of 24% to 26%.

Capital Management

T. Rowe Price remains debt-free with ample liquidity, including cash and investments in T. Rowe Price products as follows:

(in millions)	12/31/2017	9/30/2018
Cash and cash equivalents	$ 1,902.7	$ 2,090.6
Discretionary investments	780.3	1,636.4
Total cash and discretionary investments	2,683.0	3,727.0
Redeemable seed capital investments	1,188.9	1,204.5
Investments used to hedge the supplemental savings plan liability	268.2	294.6
Total cash and investments in T. Rowe Price products	$ 4,140.1	$ 5,226.1

The firm's common shares outstanding were 242.6 million at September 30, 2018, compared with 245.1 million at the end of 2017. During the third quarter of 2018, the firm expended $124.5 million to repurchase 1.1 million shares of its common stock at an average price of $110.76. These repurchases bring the total amount expended for the nine months ended September 30, 2018, to $574.8 million, representing 5.4 million shares, or 2.2%, of outstanding common shares at an average price of $107.38. The firm invested $121.5 million during the first nine months of 2018 in capitalized facilities and technology, and expects capital expenditures for 2018 to be about $170 million, of which about 70% is planned for technology initiatives. These expenditures are expected to continue to be funded from operating resources.

Management Commentary

William J. Stromberg, the company's president and chief executive officer, commented: "In the third quarter, the combination of strong stock returns and solid net client inflows helped increase our assets under management by 3.8%. We are pleased with the pace and diversity of new sales across geographies and channels, and with our organic growth through the third quarter.

"Our long-term investment performance versus our peers remains strong, and we remain highly focused on delivering for our clients. We also continue to execute on our strategic plan across investment capabilities, distribution, and technology, including creating operational efficiency gains. Recent highlights include:

- Investment Capabilities - We continue to build out our investment professional staff globally, including additions to our equity research and dedicated multi-asset investment teams. We filed to launch the Dynamic Credit Fund and also expect to launch several other new products in 2019.
- Americas Distribution - In our U.S. intermediary segment, continued hiring across our sales and relationship management teams is deepening client engagement and generating net inflows, particularly in the broker-dealer and DCIO channels. We remain pleased with the traction we have gained on no transaction fee

platforms. We also continue to build out our managed accounts program with the launch of dual contracts and the addition of clients and assets to our model portfolios and retail separately managed accounts.

- EMEA and APAC Distribution - Supporting client interest in our investment strategies, we added new sub-funds and share classes to our SICAV lineup. We also extended the lineup of SICAV funds available for distribution in Hong Kong, with more planned, and remain on track for the upcoming launch of locally domiciled Japan Investment Trusts. Our progress in these regions is also underpinned by continued improvement in brand recognition with intermediaries and institutions.
- Technology and Client Experience - We are growing our technology teams outside the U.S., building on progress being made to transform our clients' digital experiences, and further expanding innovation resources and activities in Maryland and New York.

"While our business is very competitive, our positioning remains strong. With the continued hard work of our associates around the world we are confident in our ability to add significant value for our clients and stockholders over time."

Investment Performance[1]

The percentage of the firm's U.S. mutual funds (across primary share classes) that outperformed their comparable Morningstar median on a total return basis and that are in the top Morningstar quartile for the one-, three-, five-, and 10-years ended September 30, 2018, were:

	1 year	3 years	5 years	10 years
Outperformed Morningstar median				
All funds	47%	70%	81%	79%
Multi-asset funds	42%	81%	88%	89%
Top Morningstar quartile				
All funds	22%	39%	45%	53%
Multi-asset funds	15%	53%	53%	84%

[1] Source: © 2018 Morningstar, Inc. All rights reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete, or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results. Historically, the firm has disclosed the percentage of U.S. mutual funds (across all share classes) that outperformed their comparable Lipper averages on a total return basis and that are in the top Lipper quartile for the same periods. Investment performance results using the new measures are similar to the Lipper results.

In addition, 81% of the firm's rated U.S. mutual funds' assets under management ended the quarter with an overall rating of four or five stars from Morningstar. The performance of the firm's institutional strategies against their benchmarks remains competitive, especially over longer time periods.

Other Matters

The financial results presented in this release are unaudited. The firm expects that it will file its Form 10-Q Quarterly Report for the third quarter of 2018 with the U.S. Securities and Exchange Commission later today. The Form 10-Q will include additional information on the firm's unaudited financial results at September 30, 2018.

Certain statements in this earnings release may represent “forward-looking information,” including information relating to anticipated changes in revenues, net income and earnings per common share, anticipated changes in the amount and composition of assets under management, anticipated expense levels, estimated tax rates, and expectations regarding financial results, future transactions, new products and services, investments, capital expenditures, dividends, stock repurchases, and other market conditions. For a discussion concerning risks and other factors that could affect future results, see the firm's 2017 Form 10-K and Form 10-Q for the third quarter of 2018.

Founded in 1937, Baltimore-based T. Rowe Price (troweprice.com) 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.

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Unaudited Consolidated Statements of Income

(in millions, except per-share amounts)

	Three months ended			Three months ended		Nine months ended		
Revenues	9/30/2017[1]	9/30/2018	Q3 2018 vs. Q3 2017[2]	6/30/2018	Q3 2018 vs. Q2 2018[2]	9/30/2017[1]	9/30/2018	% change[2]
Investment advisory fees	$ 1,098.9	$ 1,263.3	15.0 %	$ 1,214.4	4.0 %	$ 3,137.6	$ 3,666.9	16.9 %
Administrative, distribution, and servicing fees	139.8	131.3	(6.1)%	130.6	0.5 %	419.7	400.7	(4.5)%
Net revenues	1,238.7	1,394.6	12.6 %	1,345.0	3.7 %	3,557.3	4,067.6	14.3 %
Operating expenses[3]								
Compensation and related costs	417.4	454.3	8.8 %	456.0	(0.4)%	1,218.6	1,351.7	10.9 %
Distribution and servicing	67.4	71.4	5.9 %	71.6	(0.3)%	192.0	213.3	11.1 %
Advertising and promotion	14.0	20.2	44.3 %	19.0	6.3 %	58.4	63.8	9.2 %
Product-related costs	37.9	37.9	— %	37.1	2.2 %	110.9	117.1	5.6 %
Technology, occupancy, and facility costs	86.3	96.5	11.8 %	93.2	3.5 %	254.7	283.8	11.4 %
General, administrative, and other	67.2	73.7	9.7 %	73.4	0.4 %	194.9	218.8	12.3 %
Nonrecurring insurance recoveries related to Dell appraisal rights matter	—	—	—	—	—	(50.0)	—	n/m
Total operating expenses	690.2	754.0	9.2 %	750.3	.5 %	1,979.5	2,248.5	13.6 %
Net operating income	548.5	640.6	16.8 %	594.7	7.7 %	1,577.8	1,819.1	15.3 %
Non-operating income								
Net gains on investments	28.9	116.1	n/m	17.4	n/m	165.1	147.9	n/m
Net gains on consolidated investment products	37.5	8.7	n/m	19.1	n/m	125.8	28.6	n/m
Other income (loss)	.9	.1	n/m	(2.4)	n/m	3.4	(1.4)	n/m
Total non-operating income	67.3	124.9	n/m	34.1	n/m	294.3	175.1	n/m
Income before income taxes	615.8	765.5	24.3 %	628.8	21.7 %	1,872.1	1,994.2	6.5 %
Provision for income taxes	211.6	183.9	(13.1)%	169.2	8.7 %	677.5	497.5	(26.6)%
Net income	404.2	581.6	43.9 %	459.6	26.5 %	1,194.6	1,496.7	25.3 %
Less: net income attributable to redeemable non-controlling interests	13.3	(1.4)	(110.5)%	10.7	(113.1)%	43.9	11.1	(74.7)%
Net income attributable to T. Rowe Price Group	390.9	583.0	49.1 %	448.9	29.9 %	1,150.7	1,485.6	29.1 %
Less: net income allocated to outstanding restricted stock and stock unit holders	8.8	13.7	55.7 %	10.5	30.5 %	26.0	34.8	33.8 %
Net income allocated to T. Rowe Price Group common stockholders	$ 382.1	$ 569.3	49.0 %	$ 438.4	29.9 %	$ 1,124.7	$ 1,450.8	29.0 %
Earnings per share								
Basic	$ 1.59	$ 2.34	47.2 %	$ 1.81	29.3 %	$ 4.67	$ 5.97	27.8 %
Diluted	$ 1.56	$ 2.30	47.4 %	$ 1.77	29.9 %	$ 4.60	$ 5.85	27.2 %
Weighted-average common shares								
Outstanding	240.3	242.8	1.0 %	242.2	.2 %	240.7	243.1	1.0 %
Outstanding assuming dilution	244.4	247.5	1.3 %	247.4	— %	244.3	248.2	1.6 %
Dividends declared per share	$ .57	$ .70	22.8 %	$ .70	— %	$ 1.71	$ 2.10	22.8 %

[1] Results for 2017 were recast to reflect the adoption of the new revenue recognition accounting guidance on January 1, 2018. For further information, refer to the Form 10-Q for the period ended September 30, 2018 filed with the SEC on October 25, 2018.

[2] The percentage change in non-operating income and nonrecurring insurance recoveries is not meaningful (n/m).

[3] Certain 2017 amounts have been reclassified to conform to the firm's new income statement presentation. For a recast of 2017 quarterly financial results, refer to the Form 10-Q for the period ended September 30, 2018, filed with the SEC on October 25, 2018.

Investment Advisory Revenues (in millions)	Three months ended		Nine months ended	
	9/30/2017	9/30/2018	9/30/2017	9/30/2018
U.S. mutual funds				
Equity and blended assets	$ 657.0	$ 745.5	$ 1,880.1	$ 2,169.0
Fixed income, including money market	129.1	131.8	379.8	388.1
	786.1	877.3	2,259.9	2,557.1
Subadvised and separate accounts and other investment products				
Equity and blended assets	259.6	326.0	727.8	931.0
Fixed income, including money market	53.2	60.0	149.9	178.8
	312.8	386.0	877.7	1,109.8
Total	$ 1,098.9	$ 1,263.3	$ 3,137.6	$ 3,666.9

Assets Under Management (in billions)	Average during					
	Three months ended		Nine months ended		As of	
	9/30/2017	9/30/2018	9/30/2017	9/30/2018	12/31/2017	9/30/2018
U.S. mutual funds						
Equity and blended assets	$ 452.9	$ 511.6	$ 438.2	$ 500.8	$ 480.5	$ 515.1
Fixed income, including money market	123.2	129.9	119.6	128.6	125.8	129.7
	576.1	641.5	557.8	629.4	606.3	644.8
Subadvised and separate accounts and other investment products						
Equity and blended assets	264.6	331.8	247.0	318.4	291.9	338.8
Fixed income, including money market	86.7	99.1	81.5	97.2	92.9	100.2
	351.3	430.9	328.5	415.6	384.8	439.0
Total	$ 927.4	$ 1,072.4	$ 886.3	$ 1,045.0	$ 991.1	$ 1,083.8

Net Cash Flows After Client Transfers (by investment vehicle and underlying asset class)[(1)(2)]	Three months ended	Nine months ended
(in billions)	9/30/2018	9/30/2018
U.S. mutual funds		
Equity and blended assets	$ (4.6)	$ (10.2)
Fixed income, including money market	.9	5.0
	(3.7)	(5.2)
Subadvised and separate accounts and other investment products		
Equity and blended assets	4.0	18.6
Fixed income, including money market	2.4	8.2
	6.4	26.8
Total net cash flows after client transfers	$ 2.7	$ 21.6

[(1)] The asset class net cash flows above include, in addition to net client flows, rebalancing within the target date portfolios in order to maintain their targeted asset allocations.

[(2)] The underlying assets of the multi-asset portfolios that invest in T. Rowe Price products have been broken out and included in their respective vehicle and asset class amounts.

Non-Operating Income (in millions)	Three months ended		Nine months ended	
	9/30/2017	9/30/2018	9/30/2017	9/30/2018
Net gains from non-consolidated T. Rowe Price investment products				
Net realized gains on dispositions of available-for-sale investments	$ .1	$ —	$ 78.0	$ —
Ordinary and capital gain dividend distributions	5.3	14.4	11.2	33.7
Market gains (losses) on equity method and other investments at fair value	(16.3)	7.1	26.0	(6.5)
Gains reclassified from accumulated other comprehensive income upon transfer of an available-for-sale sponsored investment portfolio to sponsored investment portfolios held as trading	23.6	—	23.6	—
Net gain recognized upon deconsolidation	.1	—	.1	3.6
Dividends and market gains on investment products used to hedge the supplemental savings plan liability	6.1	6.3	6.1	14.2
Total net gains from non-consolidated T. Rowe Price investment products	18.9	27.8	145.0	45.0
Other investment income	10.0	88.3	20.1	102.9
Net gains on investments	28.9	116.1	165.1	147.9
Net gains (losses) on consolidated sponsored investment portfolios	37.5	8.7	125.8	28.6
Other income, including foreign currency gains and losses	.9	.1	3.4	(1.4)
Non-operating income	$ 67.3	$ 124.9	$ 294.3	$ 175.1

Unaudited Condensed Consolidated Cash Flows Information (in millions)	Nine months ended					
	9/30/2017			9/30/2018		
	Cash flow attributable to T. Rowe Price Group	Cash flow attributable to consolidated T. Rowe Price investment products, net of eliminations	As reported on statement of cash flows	Cash flow attributable to T. Rowe Price Group	Cash flow attributable to consolidated T. Rowe Price investment products, net of eliminations	As reported on statement of cash flows
Cash provided by (used in) operating activities, including $135.3 of stock-based compensation expense and $114.9 of depreciation expense in 2018	$ 1,462.4	$ (1,109.6)	$ 352.8	$ 2,060.9	$ (574.5)	$ 1,486.4
Cash provided by (used in) investing activities attributable to T. Rowe Price Group in 2018, including ($121.5) for additions to property and equipment and ($1,118.7) of additions to T. Rowe Price investment products	(63.2)	138.6	75.4	(923.7)	93.3	(830.4)
Cash provided by (used in) financing activities, including T. Rowe Price Group common stock repurchases of ($543.0) and dividends paid of ($522.3) in 2018	(734.7)	1,005.3	270.6	(949.3)	486.2	(463.1)
Effect of exchange rate changes on cash and cash equivalents	—	6.9	6.9	—	(2.4)	(2.4)
Net change in cash and cash equivalents during period	$ 664.5	$ 41.2	$ 705.7	$ 187.9	$ 2.6	$ 190.5

Unaudited Condensed Consolidated Balance Sheet Information (in millions)	As of	
	12/31/2017	9/30/2018
Cash and cash equivalents	$ 1,902.7	$ 2,090.6
Accounts receivable and accrued revenue	565.3	583.1
Investments	1,477.3	2,414.4
Assets of consolidated T. Rowe Price investment products	2,048.4	1,917.8
Property and equipment, net	652.0	657.0
Goodwill	665.7	665.7
Other assets	224.0	202.0
Total assets	7,535.4	8,530.6
Total liabilities, includes $55.9 at December 31, 2017, and $74.7 at September 30, 2018, from consolidated T. Rowe Price investment products	718.2	1,209.5
Redeemable non-controlling interests	992.8	860.6
Stockholders' equity, 242.6 common shares outstanding at September 30, 2018	$ 5,824.4	$ 6,460.5

Cash, Cash Equivalents, and Investments Information (in millions)	Cash and cash equivalents	Investments	Net assets of consolidated T. Rowe Price investment products	9/30/2018
Cash and discretionary investments	$ 2,090.6	$ 1,607.7	$ 28.7	$ 3,727.0
Seed capital investments	—	250.7	953.8	1,204.5
Investment products used to hedge supplemental savings plan	—	294.6	—	294.6
Total cash and investments in T. Rowe Price products attributable to T. Rowe Price Group	2,090.6	2,153.0	982.5	5,226.1
Investment in UTI and other investments	—	261.4	—	261.4
Total cash and investments attributable to T. Rowe Price Group	2,090.6	2,414.4	982.5	5,487.5
Redeemable non-controlling interests	—	—	860.6	860.6
As reported on unaudited condensed consolidated balance sheet at September 30, 2018	$ 2,090.6	$ 2,414.4	$ 1,843.1	$ 6,348.1

Non-GAAP Information and Reconciliation

The firm believes the non-GAAP financial measures below provide relevant and meaningful information to investors about its core operating results. These measures have been established in order to increase transparency for the purpose of evaluating the firm's core business, for comparing current results with prior period results, and to enable more appropriate comparison with industry peers. However, non-GAAP financial measures should not be considered as a substitute for financial measures calculated in accordance with U.S. GAAP and may be calculated differently by other companies. The following schedule reconciles U.S. GAAP financial measures to non-GAAP financial measures for the three- and nine-month periods ended September 30, 2017 and 2018.

	Three months ended		Nine months ended	
(in millions, except for per-share amounts)	9/30/2017	9/30/2018	9/30/2017	9/30/2018
Operating expenses, GAAP basis	$ 690.2	$ 754.0	$ 1,979.5	$ 2,248.5
Non-GAAP adjustments:				
Expenses of consolidated T. Rowe Price investment products, net of elimination of its related management and administrative fees[1]	(1.8)	(2.1)	(5.3)	(4.6)
Compensation expense related to market valuation changes in the supplemental savings plan liability[2]	(5.7)	(7.4)	(5.7)	(13.1)
Insurance recoveries related to Dell appraisal rights matter[4]	—	—	50.0	—
Adjusted operating expenses	$ 682.7	$ 744.5	$ 2,018.5	$ 2,230.8
Net income attributable to T. Rowe Price Group, GAAP basis	$ 390.9	$ 583.0	$ 1,150.7	$ 1,485.6
Non-GAAP adjustments:				
Net income of consolidated T. Rowe Price investment products, net of redeemable non-controlling interests[1]	(21.0)	(6.5)	(73.4)	(8.3)
Non-operating income of investments designated as an economic hedge of the supplemental savings plan liability less related compensation expense[2]	(.4)	1.1	(.4)	(1.1)
Other non-operating income[3]	(23.7)	(92.2)	(162.4)	(106.6)
Insurance recoveries related to Dell appraisal rights matter[4]	—	—	(50.0)	—
Income tax impacts of non-GAAP adjustments[5]	16.3	19.6	112.7	25.1
Nonrecurring charge related to enactment of U.S. tax reform[6]	—	—	—	20.8
Nonrecurring charge related to enactment of Maryland state tax legislation[7]	—	—	—	7.9
Adjusted net income attributable to T. Rowe Price Group	$ 362.1	$ 505.0	$ 977.2	$ 1,423.4
Diluted earnings per common share, GAAP basis	$ 1.56	$ 2.30	$ 4.60	$ 5.85
Non-GAAP adjustments:				
Consolidated T. Rowe Price investment products[1]	(.05)	(.02)	(.18)	(.03)
Other non-operating income[3]	(.06)	(.29)	(.39)	(.33)
Insurance recoveries related to Dell appraisal rights matter[4]	—	—	(.12)	—
Nonrecurring charge related to enactment of U.S. tax reform[6]	—	—	—	.08
Nonrecurring charge related to enactment of Maryland state tax legislation[7]	$ —	$ —	$ —	$ .03
Adjusted diluted earnings per common share[8]	$ 1.45	$ 1.99	$ 3.91	$ 5.60

[1] The non-GAAP adjustments add back the management and administrative fees that the firm earns from the consolidated T. Rowe Price investment products and subtract the investment income and operating expenses of these products that have been included in the firm's U.S. GAAP consolidated statements of income. Management believes the consolidated T. Rowe Price investment products may impact the reader's ability to understand the firm's core operating results. The following table details the calculation of operating expenses of consolidated T. Rowe Price investment products, net of elimination of its related management and administrative fees.

	Three months ended		Nine months ended	
	9/30/2017	9/30/2018	9/30/2017	9/30/2018
Operating expenses before eliminations	$ 3.2	$ 3.6	$ 8.5	$ 9.2
Operating expenses eliminated in consolidation	(1.4)	(1.5)	(3.2)	(4.6)
Total operating expenses, net of eliminations	$ 1.8	$ 2.1	$ 5.3	$ 4.6

The following table details the calculation of net income of consolidated T. Rowe Price investment products, net of redeemable non-controlling interests:

	Three months ended		Nine months ended	
	9/30/2017	9/30/2018	9/30/2017	9/30/2018
Net investment gains	$ 37.5	$ 8.7	$ 125.8	$ 28.6
Operating expenses	(3.2)	(3.6)	(8.5)	(9.2)
Net income	34.3	5.1	117.3	19.4
Less: net income attributable to redeemable non-controlling interests	13.3	(1.4)	43.9	11.1
T. Rowe Price Group's portion of net income	$ 21.0	$ 6.5	$ 73.4	$ 8.3

(2) This non-GAAP adjustment removes the impact of market movements on the supplemental savings plan liability and related economic hedges of the liability beginning July 1, 2017. Amounts deferred under the supplemental savings plan are adjusted for appreciation (depreciation) of hypothetical investments chosen by the employees. Since the firm economically hedges the exposure to these market movements, management believes it is useful to offset the non-operating investment income earned on the hedges against the related compensation expense to increase comparability period to period. The following table details the supplemental savings plan related items:

	Three months ended		Nine months ended	
	9/30/2017	9/30/2018	9/30/2017	9/30/2018
Non-operating income of investments designated as an economic hedge of supplemental savings plan liability	$ 6.1	$ 6.3	$ 6.1	$ 14.2
Compensation expense from market valuation changes in supplemental savings plan liability	(5.7)	(7.4)	(5.7)	(13.1)
Non-operating income of investments designated as an economic hedge of supplemental savings plan liability less compensation expense	$ .4	$ (1.1)	$ .4	$ 1.1

(3) This non-GAAP adjustment removes the non-operating income that remains after backing out the portion related to the consolidated T. Rowe Price investment products and the investments designated as an economic hedge of our supplemental savings plan liability. Beginning in the second quarter of 2018, management modified the non-GAAP adjustment to no longer adjust for the investment gains recognized on its cash and discretionary investments, as the income earned on these assets are considered part of the firm's core operations. The impact on previously reported non-GAAP measures is immaterial. Management believes adjusting for the remaining non-operating income helps the reader's ability to understand the firm's core operating results and increases comparability to prior years. Additionally, management does not emphasize the impact of the portion of non-operating income removed when managing and evaluating the firm's performance.

	Three months ended		Nine months ended	
	9/30/2017	9/30/2018	9/30/2017	9/30/2018
Total non-operating income	$ 67.3	$ 124.9	$ 294.3	$ 175.1
Less: net investment gains of consolidated T. Rowe Price investment products	37.5	8.7	125.8	28.6
Less: non-operating income from investments designated as an economic hedge of supplemental savings plan liability	6.1	6.3	6.1	14.2
Less: investment gains earned on cash and discretionary investments	—	17.7	—	25.7
Total other non-operating income	$ 23.7	$ 92.2	$ 162.4	$ 106.6

(4) In the first quarter of 2017, the firm recognized insurance recoveries of $50.0 million related to the Dell appraisal rights matter as a reduction in operating expenses. Management believes it is useful to readers of the firm's condensed consolidated statements of income to adjust for these insurance recoveries given the nonrecurring nature of the initial charge and related insurance recoveries.

[5] The income tax impacts were calculated in order to achieve an overall year-to-date non-GAAP effective tax rate of 36.6% for 2017 and 23.8% for 2018. As such, the non-GAAP effective tax rate for the third quarter was 35.0% for 2017 and 24.5% for 2018. The firm estimates its effective tax rate for the full-year 2018 on a non-GAAP basis will be in the range of 23% to 25%.

[6] During the second quarter of 2018, the firm recognized a nonrecurring charge of $20.8 million for an adjustment made to the charge taken in 2017 related to the enactment of U.S. tax reform. Management believes it is useful to readers of our consolidated statements of income to adjust for this nonrecurring charge in arriving at net income attributable to T. Rowe Price Group and diluted earnings per share.

[7] During the second quarter of 2018 the firm recognized a nonrecurring charge of $7.9 million for the remeasurement of the firm's deferred tax assets and liabilities to reflect the effect of Maryland state tax legislation enacted on April 24, 2018. Management believes it is useful to readers of our consolidated statements of income to adjust for this nonrecurring charge in arriving at net income attributable to T. Rowe Price Group and diluted earnings per share.

[8] This non-GAAP measure was calculated by applying the two-class method to adjusted net income attributable to T. Rowe Price Group divided by the weighted-average common shares outstanding assuming dilution.