

PRICE T ROWE GROUP INC  
Form 10-Q  
October 26, 2017

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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FORM 10-Q

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QUARTERLY REPORT PURSUANT TO SECTION 13 OF THE SECURITIES EXCHANGE ACT OF 1934  
For the quarterly period ended September 30, 2017  
Commission File Number: 000-32191

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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)

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days.  Yes  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.  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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
(do not check if smaller reporting company)		Emerging growth company	<input type="checkbox"/>

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  No

The number of shares outstanding of the issuer's common stock (\$.20 par value), as of the latest practicable date, October 24, 2017, is 242,310,036.

The exhibit index is at Item 6 on page 40.

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## PART I – FINANCIAL INFORMATION

## Item 1. Financial Statements.

## UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

(in millions, except share data)

	12/31/2016	9/30/2017
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,204.9	\$ 1,869.4
Accounts receivable and accrued revenue	455.1	507.9
Investments	1,257.5	1,359.3
Assets of consolidated sponsored investment portfolios (\$1,446.1 million at December 31, 2016, and \$1,845.5 million at September 30, 2017, related to variable interest entities)	1,680.5	2,082.1
Property and equipment, net	615.1	635.0
Goodwill	665.7	665.7
Other assets	346.2	260.2
Total assets	\$ 6,225.0	\$ 7,379.6
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 180.8	\$ 193.5
Liabilities of consolidated sponsored investment portfolios (\$56.8 million at December 31, 2016, and \$43.3 million at September 30, 2017, related to variable interest entities)	65.6	53.8
Accrued compensation and related costs	92.6	453.8
Supplemental savings plan liability	150.9	179.9
Income taxes payable	39.3	16.8
Total liabilities	529.2	897.8
Commitments and contingent liabilities		
Redeemable non-controlling interests	687.2	953.8
<b>STOCKHOLDERS' EQUITY</b>		
Preferred stock, undesignated, \$.20 par value – authorized and unissued 20,000,000 shares	—	—
Common stock, \$.20 par value—authorized 750,000,000; issued 244,784,000 shares at December 31, 2016, and 242,214,000 at September 30, 2017	49.0	48.4
Additional capital in excess of par value	654.5	751.9
Retained earnings	4,293.6	4,728.2
Accumulated other comprehensive income (loss)	11.5	(.5 )
Total permanent stockholders' equity	5,008.6	5,528.0
Total liabilities, redeemable non-controlling interests, and permanent stockholders' equity	\$ 6,225.0	\$ 7,379.6

The accompanying notes are an integral part of these statements.

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## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(in millions, except per-share amounts)

	Three months ended		Nine months ended	
	9/30/2016	9/30/2017	9/30/2016	9/30/2017
Revenues				
Investment advisory fees	\$970.5	\$1,096.7	\$2,761.9	\$3,131.7
Administrative fees	85.7	87.6	263.6	266.2
Distribution and servicing fees	36.7	37.4	106.2	109.0
Net revenues	1,092.9	1,221.7	3,131.7	3,506.9
Operating expenses				
Compensation and related costs	386.2	417.4	1,112.4	1,218.6
Advertising and promotion	14.7	14.0	52.7	58.2
Distribution and servicing costs	36.7	37.4	106.2	109.0
Depreciation and amortization of property and equipment	34.0	35.0	100.0	106.9
Occupancy and facility costs	45.3	49.0	127.5	141.2
Other operating expenses	100.3	120.4	296.6	345.2
Nonrecurring charge (insurance recoveries) related to Dell appraisal rights matter	—	—	166.2	(50.0)
Total operating expenses	617.2	673.2	1,961.6	1,929.1
Net operating income	475.7	548.5	1,170.1	1,577.8
Non-operating income				
Net investment income on investments	14.5	28.9	91.1	165.1
Net investment income on consolidated sponsored investment portfolios	73.8	37.5	124.0	125.8
Other income (expense)	—	.9	(.2)	3.4
Total non-operating income	88.3	67.3	214.9	294.3