

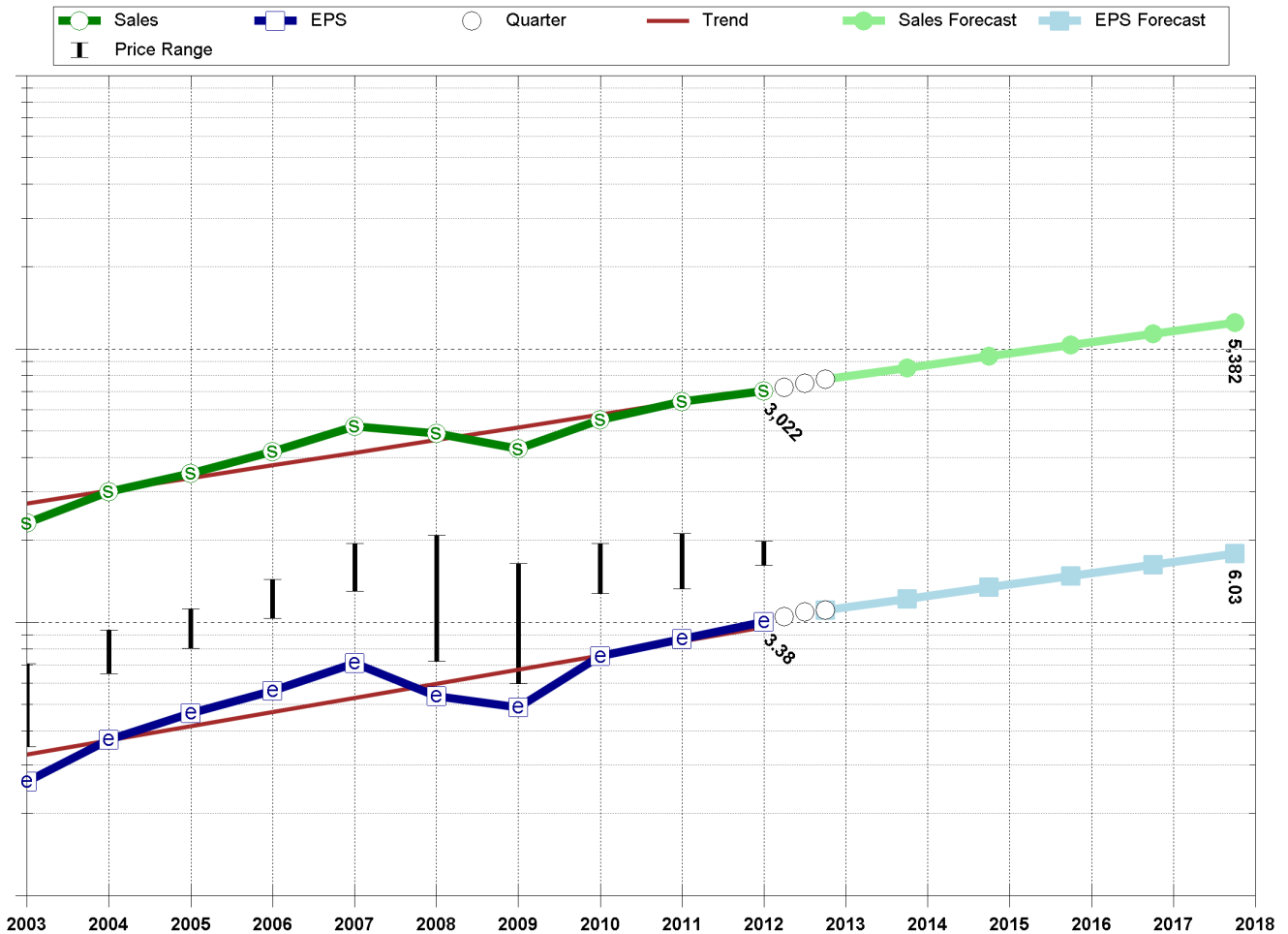
Company	T. Rowe Price Group		Date	11/19/2013	
Prepared by	HUNT		Data taken from	BI Stock Data	
Where traded	NAS	Industry	Asset Management		
Capitalization ---	Outstanding Amounts	Reference			
Preferred (\$M)	0.0	% Insiders	% Institution		
Common (M Shares)	258.7	6.7	74.3		
Debt (\$M)	0.0	% to Tot Cap	0.0	% Pot Dil	3.0

# Stock Selection Guide

Symbol: TROW

## 1 VISUAL ANALYSIS of Sales, Earnings, and Price

FY2012 Quarter Ending (09/13)	Sales (\$M)	Earnings Per Share
Latest Quarter	884.4	1.01
Year Ago Quarter	769.7	0.95
Percentage Change	14.90%	6.74%



- |                                   |        |  |        |
|-----------------------------------|--------|--|--------|
| (1) Historical Sales Growth       | 11.3%  | (3) Historical Earnings Per Share Growth       | 12.7%  |
| (2) Estimated Future Sales Growth | 10.00% | (4) Estimated Future Earnings Per Share Growth | 10.00% |

## 2 EVALUATING Management

T. Rowe Price Group

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Last 5 Year Avg.
Pre-tax Profit on Sales (Net Before Taxes/Sales)	36.59%	41.80%	44.93%	47.29%	48.32%	37.62%	36.80%	45.20%	45.52%	47.48%	42.53%
% Earned on Equity (E/S / Book Value)	16.58%	18.95%	20.22%	20.64%	22.82%	18.87%	14.83%	19.90%	21.74%	22.62%	19.59%

## 3 PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is building block for translating earnings into future stock prices.

PRESENT PRICE 80.0

HIGH THIS YEAR 80.66

LOW THIS YEAR 63.39

	A	B	C	D	E	F	G	H
Year	Price		Earnings	Price Earnings Ratio		Dividend	% Payout	% High Yield
	High	Low	Per Share	High A / C	Low B / C	Per Share	F / C * 100	F / B * 100
1 2008	70.20	24.26	1.82	38.64	13.35	0.960	52.83	3.96
2 2009	55.48	20.09	1.65	33.56	12.15	1.000	60.50	4.98
3 2010	65.38	43.02	2.54	25.78	16.96	1.080	42.59	2.51
4 2011	71.29	44.68	2.94	24.27	15.21	1.240	42.22	2.78
5 2012	66.95	54.47	3.39	19.78	16.09	1.360	40.18	2.50
6 TOTAL		186.5		142.0	73.8		238.3	
7 AVERAGE		37.3		28.4	14.8		47.7	
8 AVERAGE PRICE EARNINGS RATIO 21.6					9 CURRENT PRICE EARNINGS RATIO 21.4			

## 4 EVALUATING RISK and REWARD over the next 5 years

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

### A HIGH PRICE - NEXT 5 YEARS

Avg. High P/E 24.00 X Estimate High Earnings/Share 6.03 = Forecasted High Price \$ 144.72

### B LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E 15.00 X Estimate Low Earnings/Share 3.74 = Forecasted Low Price \$ 56.10

(b) Avg. Low Price of Last 5 Years 37.30

(c) Recent Market Low Price 44.68

(d) Price Dividend Will Support  $\frac{\text{Present Dividend}}{\text{High Yield}} = \frac{1.520}{2.50\%} = 60.80$

Selected Forecasted Low Price 56.10

### C ZONING using 25%-50%-25%

Forecasted High Price 144.72 Minus Forecasted Low Price 56.10 = 88.62 Range. 25% of Range 22.16

Buy Zone 56.10 to 78.26

Hold Zone 78.26 to 122.57

Sell Zone 122.57 to 144.72

Present Market Price of 80.00 is in the **Hold** Zone

### D UPSIDE DOWNSIDE RATIO (POTENTIAL GAIN VS. RISK OR LOSS)

$\frac{\text{High Price} - \text{Present Price}}{\text{Present Price}} = \frac{144.72 - 80.00}{80.00} = 0.81$   
 $\frac{\text{Present Price} - \text{Low Price}}{\text{Present Price} - \text{Low Price}} = \frac{80.00 - 56.10}{80.00 - 56.10} = 1.00$   
 Ratio =  $\frac{0.81}{1.00} = 0.81$  To 1

### E PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

$\frac{\text{High Price} - \text{Present Market Price}}{\text{Present Market Price}} = \frac{144.72 - 80.00}{80.00} = 0.81$   
 $0.81 \times 100 = 81\%$  X 100 = 180.90 - 100 = 80.90 % Appreciation

## 5 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

A  $\frac{\text{Present Full Year's Dividend } \$ 1.520}{\text{Present Price of Stock } 80.00} = 0.02 = 1.90\%$  Present Yield

### B AVERAGE YIELD - USING FORECAST HIGH P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast High PE}} = \frac{47.66\%}{24.00} = 1.99\%$

### AVERAGE YIELD - USING FORECAST AVERAGE P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast Average PE}} = \frac{47.66\%}{19.50} = 2.44\%$

### C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E

Annualized Appreciation 12.59 %  
 Average Yield 1.99 %  
 Annualized Rate of Return 14.57 %

### COMPOUND ANNUAL RETURN - USING FORECAST AVG P/E

Annualized Appreciation 8.01 %  
 Average Yield 2.44 %  
 Annualized Rate of Return 10.45 %