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August 23, 2010

Ms. Elizabeth M. Murphy
Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549-1090

Re: *Request for Comment on Proposed Rule Regarding Investment Company Advertising: Target Date Retirement Fund Names and Marketing (File Number S7-12-10)*

Dear Ms. Murphy:

T. Rowe Price Investment Services, Inc. ("**T. Rowe Price**") appreciates the opportunity to submit its comments on the SEC's proposed amendments to rules 482 and 156 under the Securities Act of 1933 and rule 34b-1 under the Investment Company Act of 1940 (the "**Proposal**") regarding target date retirement fund marketing materials ("**TDF Marketing Materials**"). T. Rowe Price is a registered broker-dealer under the Securities Exchange Act of 1934, FINRA member firm, and acts as principal underwriter to the T. Rowe Price family of funds ("**Price Funds**"). As of June 30, 2010, there are 127 Price Funds with assets of approximately $233 billion, with more than eight million individual and institutional accounts. All Price Funds may be purchased on a direct basis with no front-end or deferred sales loads or 12b-1 fees. Certain Price Funds are distributed through intermediaries via two separate share classes with 12b-1 fees. Accordingly, communications with the public through fund advertising and sales literature are the primary means by which T. Rowe Price promotes and solicits interest in the Price Funds.

We support the comments of the Investment Company Institute in their comment letter dated August 23, 2010. In addition, we have a few comments of our own on the Proposal and some recommendations for additional changes that we believe will benefit investors.

T. Rowe Price is an active participant in the dialogue over the appropriate disclosure standards for target date funds[1] and we support the Commission's efforts to improve the quality of information provided to investors about these funds as reflected in this Proposal. We generally favor the approach taken by the Commission in the Proposal to communicate key features of target date funds in advertisements and sales literature through the use of a "glide

[1] Rich Whitney, Vice President and Director of Asset Allocation at T. Rowe Price Group, Inc., who leads the team responsible for the T. Rowe Price Retirement Funds, testified before the DOL/SEC Target Date Fund Hearing on June 18, 2009.

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path" illustration. Although we agree that the complexity of target date funds requires full and complete disclosure about their investment strategies, changing asset allocations, and risks, we are concerned that the Proposal's specific, prescribed content requirements for TDF Marketing Materials do not adequately allow for the differences in how target date funds are constructed and managed. In order to ensure that target date funds are marketed in a way that promotes clarity and understanding of the unique features of particular target date funds, it is crucial that the mutual fund industry be allowed flexibility in the manner in which it describes such funds and the means it uses to educate investors about the funds' distinctive characteristics. We believe that the revisions to the Proposal outlined below in our comments will provide fund groups with needed flexibility to comply with the new disclosure requirements without sacrificing investor protections.

T. Rowe Price Retirement Funds.

The T. Rowe Price Retirement Funds ("**Retirement Funds**") incepted in 2002. As of June 30, 2010, the Retirement Funds have assets of $44.5 billion and represent over 15% of the target date mutual fund universe. T. Rowe Price is the third largest provider of target date funds in the industry. In addition to their use by individual retail investors, target date funds are used as investment options in over 80% of the 401(k) plans for which T. Rowe Price is the record keeper and 25% of eligible retirement plan assets are invested in the Retirement Funds.

The Retirement Funds offer investors an array of diversified portfolios with the goal of simplifying the retirement savings process by delivering a complete, professionally managed investment program. The investment strategy of the Retirement Funds is based on three key philosophical principles: the risk of outliving retirement assets should be the key driver of managing retirement portfolios; time horizon should drive asset allocation throughout an investor's life; and long-term performance can be enhanced through active management. We have found that plan participants and other retirement investors benefit from the diversification provided by the Retirement Funds, avoiding a common pitfall of retirement investors, i.e., over-concentrating their assets in either equity or fixed income investments.

The Retirement Funds invest in a set of underlying T. Rowe Price mutual funds representing various broad asset classes and sectors. Each Retirement Fund (other than the Income Fund) is managed to a specific retirement year (target date) included in its name and each has a "neutral" allocation that will vary over time according to a predetermined "glide path."

The Retirement Funds are allocated among two asset classes: stocks and fixed income. The individual allocations to each of these asset classes are dependent upon expected years to or past retirement. The highest equity allocation (neutral position of 90% stocks) is maintained in the Retirement Funds with the longest time horizons. Beginning at 25 years before the targeted retirement date, each fund's asset allocation becomes more conservative, systematically moving out of equities and into fixed income investments on a quarterly basis. At the expected retirement date, the funds maintain a substantial exposure to equities (neutral position of 55%).

The most conservative allocation (neutral position of 20% stocks) does not occur until thirty years after the expected retirement date.[2]

I. Content Requirements for Target Date Fund Marketing Materials.

A. Scope of Proposal.

The proposed changes would impact TDF Marketing Materials that place "a more than insubstantial focus" on one or more target date funds, a standard that would be based on the particular facts and circumstances. The Release asks if this standard is sufficiently clear and whether the Commission should provide additional clarification regarding specific facts and circumstances that would cause TDF Marketing Materials to fall within this standard. We think that further clarification is necessary since this is a new standard and given the number of different types of marketing materials in which target date funds are mentioned and the wide variation in the level of discussion of these funds. Such materials could range from a list of the descriptions of the funds in a retirement plan overview document included in a participant enrollment kit (*see* attached example) to print ads that mentions target date funds as one of several investment options available to investors (*see* attached examples). FINRA currently requires that specific disclosures be included in all "communications that **discuss or describe** target date funds" (emphasis added) in order to ensure the material provides a sound basis for evaluating the facts as required by NASD Rule 2210(d)(1)(A).[3] Given this difference in the standard between the Commission and FINRA for requiring specific disclosures, we ask that the Proposal include more specific guidance or concrete examples of the types of TDF Marketing Materials to which the new rules will apply. Otherwise, we are concerned that the Proposal will be interpreted by FINRA as applying to any filed advertising and sales literature that contain references to target date funds.

In our view, a reference to target date funds and a brief description of their investment objective in material that contains other information unrelated to the target date funds should not be required to contain the glide path illustration and accompanying disclosure. On the other hand, TDF Marketing Materials that contain performance information, ranking data, portfolio-related characteristics and similar information designed to solicit interest in the target date funds should be covered by the Proposal. Also, we believe there should be an exception for TDF Marketing Material that is accompanied by a prospectus or summary prospectus that includes the same information required by the Proposal. Similarly, if the TDF Marketing Materials fully comply with the proposed disclosure requirements and are sent with other material that references the target date funds, but not in a more prominent manner than the TDF Marketing Materials, we believe there should also be an exception for

[2] It is widely understood that maintaining an adequate retirement portfolio during a retirement that can last 20 years or more requires some exposure to the relatively higher return of stocks. *See, for example,* Evensky, Katz (Editors), *Retirement Income Redesigned; Master Plans for Distribution: An Advisor's Guide for Funding Boomers' Best Years,* (Bloomberg Press 2006). *See also* "Retirees and the Shrinking Nest Egg," Kiplinger's Retirement Report (January 5, 2009), which states "[a]s a general rule, 30% to 60% of a retiree's portfolio should be invested in stocks."

[3] NASD Rule 2210(d)(1)(A) states that "All member communications with the public shall be based on principles of fair dealing and good faith, must be fair and balanced, and must provide a sound basis for evaluating the facts in regard to any particular security or type of security, industry, or service. No member may omit any material fact or qualification if the omission, in the light of the context of the material presented, would cause the communication to be misleading."

this other material. Finally, the Proposal should provide an exception for internet-based materials so that if a landing page for the target date funds contains the required glide path illustration and other disclosures, any references to the target date funds on other pages of the same website that link to this landing page would not.

B. Target Date "Tag Line" Asset Allocation Disclosure.

The Proposal would require that all TDF Marketing Materials for funds that include a target date in their name disclose, immediately adjacent to the first use of the fund's name, its intended percentage allocations among types of investments (e.g., equity, fixed-income, cash) at the target date (or for periods on and after the target date, the fund's actual asset allocation as of the most recent calendar quarter ended prior to the submission of the TDF Marketing Materials for publication or use) in a manner reasonably calculated to draw an investor's attention to the information. The material must also clearly indicate that the percentage allocations are as of the target date.

We are concerned that the use of this "tag line" disclosure may unintentionally mislead investors about a target date fund's asset allocation over time. For example, if an investor sees an advertisement for two target date funds from two different fund families, each of which has a 50% allocation to equities at retirement but one's glide path remains static while the other significantly reduces equity exposure during retirement, an investor will not be able to differentiate the two based on the tag line. In this example, even though the funds' glide paths will be depicted in their respective advertisements, many investors will focus on the prominent tag line disclosure and fail to understand the very different strategies employed by these two funds. Thus, the use of the tag line asset allocation disclosure may actually create greater misunderstanding than clarification.

Also, we do not think that the target date tag line asset allocation disclosure provides meaningful information to investors and that this requirement is duplicative and unnecessary given that the Proposal will require this asset allocation information to be shown as part of the glide path illustration (*see* below). First, it places an inordinate emphasis on the fund's allocation at its target date, which is only one of several important pieces of information that an investor should consider prior to investing in a target date fund. For example, the fund's current and future allocations as depicted in its glide path illustration, including its allocations at the target and landing dates, are on the whole more important than the fund's allocation as of a single date.

Finally, we are concerned that this requirement may cause investors to focus on this one data point to the exclusion of other, more important information, such as the fund's strategy and risks. In addition, because in most cases a target date fund's asset allocation at its target date will include a lower allocation to equities than it currently holds, this information may mislead investors about the level of market risk the fund carries.

C. Table, Chart or Graph Requirement.

1. Prominent Depiction of the Glide Path.

Under the Proposal, TDF Marketing Materials must include a prominent illustration of the target date fund's glide path that clearly depicts the intended allocations of the funds among types of investments over the life of the funds at identified periods (which can not be longer than 5 years) and at the fund's inception, target date, and landing point.

We support the requirement to include the glide path in TDF Marketing Materials because we believe that it is the source of the most important information investors should know about target date funds in making their investment decisions. However, T. Rowe Price is concerned about the feasibility of creating a chart that will show asset allocations at three different points in time (inception date, target date, and landing date) for multiple funds without confusing the investor. We think the glide path illustration can be simplified by removing certain data points that make the illustration too "busy" and thereby risk confusing the investor. Reducing the number of data points will also allow funds the flexibility to show the percentage allocations across multiple funds if they are managed in the same fashion. Attached to this letter is an example of a glide path illustration that we believe complies with the spirit of the Proposal but does not inundate the investor with too much information. The critical message that the glide path illustration should send is that the asset allocation changes over time, giving the investor a sense as to the funds' asset mix at key milestones.

First, we believe a target date fund's asset allocation at its inception is not relevant for TDF Marketing Materials because it generally is dated information and is not indicative of the fund's current allocation, which would be more helpful for investors to know and could just as easily be highlighted on the glide path. We believe a new or existing investor in a target date fund would not find a fund's asset mix at inception to be important, and such investors would be able to readily get a sense as to the approximate allocations at inception through the glide path illustration in any event. Since all of the Retirement Funds (with the exception of the Retirement Income Fund, which has a static allocation) have the same allocations at their target and landing dates (i.e., all funds will invest approximately 55% (+/- 5%) in equities and 45% (+/- 5%) in bonds at their target dates and 20% (+/- 5%) in equities and 80% (+/- 5%) in bonds at their landing dates),[4] the glide path chart that we have included shows the same glide path for all the funds in the family. It shows the approximate asset allocation percentages at the target dates and landing points for all funds in the family, and when these events occur on a timeline, which are the key milestones for investors. This methodology also has the advantage of allowing investors to compare and contrast the differences in asset allocations between multiple funds in the target date fund series without the need to refer back and forth to various glide path illustrations.

For TDF marketing materials relating to a single fund, the Proposal would require the customization of the glide path to reflect a fund's actual (historical) allocations among types of investments as of the most recent calendar quarter ended prior to use or

[4] These allocations are referred to as "neutral" allocations because they do not consider tactical decisions made by T. Rowe Price to overweight or underweight a particular asset class or sector based on its market outlook. The target allocations assigned to the broad asset classes (equity and fixed income), which reflect these strategic decisions resulting from market outlook, are not expected to vary from the neutral allocations set forth in the glide path by more than plus (+) or minus (-) five percentage (5%) points.

submission of the advertisement for publication. We oppose this requirement because we believe it is unnecessary and overly burdensome to require that historical allocations be reported as of the last quarter. This requirement does not apply to any other type of mutual fund, including balanced funds and other asset allocation funds. Also, we do not understand why this information is material to investors when considering a single target date fund versus multiple funds in the same family. As explained below, this information should not be required in advertising and sales literature, but should be presented in shareholder reports that are widely available to investors.

The glide path illustration is also more useful to investors than the proposed tag line disclosure because it allows investors to identify the primary difference between target date funds offered by different fund families, namely whether or not the funds are managed to the target retirement date, after which their allocation remains static (also known as a "to" strategy), or they are managed through the target retirement date until they reach the landing date (known as a "through" strategy).

We do not think that the Commission should prescribe the types of asset classes that must be used in this illustration. We are concerned that this requirement may unintentionally create an expectation of comparability in the minds of investors that is unwarranted given the different glide paths used by target date funds and the different categorization of securities in which they invest. For example, some glide paths only show a fund's allocation among broad asset classes such as equities, bonds, and short-term securities, while others drill further down to show allocations among more defined sub-asset classes such as large-cap, small-cap, or international equity funds.

The Proposal requires target date funds to show the asset allocations in the glide path illustration based on the actual types of investments in the underlying funds – in other words, the illustration must "look through" to the individual securities in all the underlying funds to measure the target date fund-level asset allocations. We do not think that this is material information that an investor needs in order to be informed in an advertisement about the asset allocation glide path and, in fact, we think this level of detail will only serve to confuse investors. First, asset allocations at the target and landing dates are prospective in nature, and therefore the asset allocations on those dates are projected, so there is no reason to look through to the underlying funds when presenting the asset allocations for those dates on the glide path. Also, the historical individual "look through" asset allocations of our Retirement Funds as of the most recent calendar quarter are available to investors on our website and in shareholder reports we send to existing shareholders and post to our website.

We also believe a glide path comprised of "look through" asset allocations is unnecessary for the types of marketing materials that the Proposal is intended to cover, and provides more precision and detail than is necessary to inform investors of the funds' market risks in an advertisement. Because certain types of securities straddle different asset classes, it would be very difficult to implement this "look through" requirement when showing a detailed glide path (*e.g.*, one that shows the funds' allocations among large-cap, mid-cap and small-cap equities and domestic and international bonds), which we think will cause firms to show very generic glide paths (*e.g.*, ones that only show the funds' allocations among equities, bonds, and short-term securities) in their materials Moreover, we are concerned that if a "look through" requirement is adopted, the categorization of individual securities would be left up to each advisor, which could lead to advisors categorizing securities in ways that make their funds' asset allocation appear more conservative (e.g., breaking REITs out into their own separate category instead of classifying them as equity securities, which results in a lower equity allocation than other funds).

If the SEC is determined to require firms to show "look through" data in target date fund glide paths, our recommendation would be that this requirement applies only to the target date funds' annual and semiannual reports to shareholders.

2. Accompanying Legend.

The Proposal states that the illustration of the glide path must be immediately preceded by a statement with the following information: 1) the funds' asset allocation changes over time; 2) disclosure of the fund's landing point, including an explanation that the fund's asset allocation becomes fixed at the landing point, and the intended percentage allocations among types of investments at the landing point; and (3) whether, and the extent to which, the intended percentage allocations of a target date fund among types of investments may be modified without a shareholder vote. We concur with the ICI's recommendations that the legend should not have to precede the glide path illustration and should also include disclosure of the fund's target date, including the fund's intended allocation at this date.

We believe the statement alerting investors that modifications to a target date fund's glide path could be made without a shareholder vote is not meaningful to the typical investor and unnecessary for the protection of investors. Therefore, we believe it should not be required in TDF Marketing Materials. The Retirement Funds would not require a shareholder vote to change their asset allocation glide path, and we believe most target date funds could similarly do so without shareholder approval. Investors in target date funds look to the funds' investment adviser to manage the asset allocation glide path and it would be inconsistent with investor expectations that a fund's glide path could be changed only by shareholder vote. In lieu of the statement concerning a shareholder vote, the Commission could require that funds include a brief statement to alert investors that the funds' manager has discretion to adjust the asset allocations in the glide path within defined parameters (*e.g.*, "The portfolio manager can adjust the funds' allocations to equities and fixed income securities set forth in the glide path by plus (+) or minus (-) 5% based on the manager's market outlook.").

3. TV/Radio Ads.

We agree with the Commission's decision not to apply the glide path illustration requirement to radio or television advertisements, which would be nearly impossible to accomplish effectively in these media. We concur with the ICI's recommendation that the same narrative that accompanies the glide path illustration be used for radio and television advertisements.

4. **Electronic Communications.**

We agree with the ICI's suggestion that the Commission allow a "one click away" approach for electronic communications such as ad banners, whereby a user can click on a hyperlink to access the required information. This is an established industry method of providing information about a mutual fund that is too lengthy to be included on an ad banner with limited space.

D. Disclosure of Risks and Considerations Relating to Target Date Funds.

The Proposal would also require the following specific disclosures:

- investors should consider, in addition to age or retirement date, other factors such as the investor's risk tolerance, personal circumstances and complete financial situation;
- an investment in the fund is not guaranteed and it is possible to lose money by investing in a target date fund, including at and after the target date; and
- whether, and the extent to which, the intended percentage allocations of a target date fund among types of investments may be modified without a shareholder vote.

For the reasons described in the preceding section, we do not believe the risk and other considerations disclosure should state whether glide path changes can be made without a shareholder vote. We have no objections to the other required risk disclosures in the Proposal, and note that our Retirement Funds' TDF Marketing Materials currently contain similar disclosures.[5] Moreover, we note that FINRA currently requires similar disclosure in Rule 482 advertisements and sales literature for target date funds. In order to ensure consistent regulatory practices, however, we request that the Commission coordinate with FINRA upon adoption of the rule changes to ensure that these proposed disclosures are consistent with similar disclosures currently required in TDF Marketing Materials by FINRA.

II. Antifraud Guidance under Rule 156

The Proposal provides that a statement could be considered misleading if it: a) suggests a fund is an appropriate investment because of the emphasis it places on a single factor, such as an investor's age or tax bracket, as the basis for determining that an investment is appropriate; or b)

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[5] In June of 2009, FINRA began issuing the following comment to its members on their TDF Marketing Materials: "Communications that discuss or describe target date funds must include the following information in the main body of the presentation in order to ensure the material provides a sound basis for evaluating the facts as required by Rule 2210(d)(1)(A):

- A discussion of what a target date is. For example, the target date is the approximate date when investors plan to start withdrawing their money;
- An explanation that the principal value of the fund(s) is not guaranteed at any time, including at the target date; and
- If the funds' objectives change over time, the communication should include a brief explanation of how the objectives and investment strategies will change."

In response, T. Rowe Price includes the following disclosure in our TDF Marketing Materials: "The principal value of the Retirement Funds is not guaranteed at any time, including at or after the target date, which is the approximate date when investors turn age 65. The funds invest in a broad range of underlying mutual funds that include stocks, bonds, and short-term investments and are subject to the risks of different areas of the market. The funds emphasize potential capital appreciation during the early phases of retirement asset accumulation, balance the need for appreciation with the need for income as retirement approaches, and focus more on income and principal stability during retirement. The funds maintain a substantial allocation to equities both prior to and after the target date, which can result in greater volatility."

includes representations, whether express or implied, that investing in the securities is a simple investment plan or that it requires little or no monitoring by the investor. The amendment would apply to all existing funds and not just TDF Marketing Materials.

We disagree with the proposed change to rule 156 that would prohibit funds from emphasizing a single factor in advertisements and sales literature, as we believe it is unnecessary, overbroad, and subject to inconsistent interpretation by fund groups and FINRA. Some factors are clearly more important than others for investors to consider when selecting a mutual fund and fund materials should be able to emphasize these factors. For example, in marketing tax-free bond funds, we emphasize the investor's tax bracket as a primary means of deciding whether or not these funds are appropriate investments; in our money market mutual fund marketing materials, we focus on an investor's need for a stable "parking place" for them to keep assets they will need to access within the next few years. In our experience, emphasizing an investor's tax bracket for tax-free funds or short time horizon for the use of a money fund has been helpful for our investors in that they provide a "bright line" factor for consideration.

Importantly, a participant's age is the primary factor used by retirement plan sponsors in selecting into which target date funds to default their participants, a fact that is communicated to the participants in their enrollment materials. If the participant is allowed to choose the fund in which their contributions will be invested, the participant's proposed retirement age is the means we use to distinguish one target date fund from another.

We are concerned that the proposed revision to rule 156 will be interpreted by fund groups and FINRA to preclude funds from emphasizing these factors in marketing materials. An alternate proposal for the Commission to consider would be to specifically require a statement such as the following in TDF Marketing Materials under rule 156 similar to the proposed requirement in rule 482: "There are many factors that an investor should consider when choosing a mutual fund, such as their risk tolerance, time horizon, and goals and objectives; a single factor, such as an investor's age, should not determine the fund selected."

We join the ICI in supporting the second proposed amendment regarding the fact that express or implied representations that investing in a fund or funds is a simple investment plan or one that requires little or no monitoring by the investor could be deemed misleading.

III. Compliance Date.

Due to the high volume of TDF Marketing Materials that will require revisions, we support the ICI's recommendation that the Commission change the compliance date to 90 days after the calendar quarter-end following the release of the final amendments.

IV. Suggested Change to Format of Target Date Fund Prospectuses.

We ask the Commission to revise the existing requirements in Rule 498(b)(4) and Form N-1A to allow an integrated presentation of the risk/return information in target date fund statutory and summary prospectuses. The current requirement to present this information sequentially for multiple target date funds results in redundant information and causes the entire prospectus to be more lengthy, intimidating, and unwieldy. For example, our current Retirement Funds statutory prospectus, which presents the risk/return summary for each fund sequentially, is

136 pages in length. Whereas, we estimate that the prospectus would be approximately 72 pages, nearly half the length of the current prospectus, if the risk/return information could be presented in an integrated manner. Further, an integrated presentation would enhance the utility of summary prospectuses for investors by allowing them to much more easily compare the key aspects of the particular target date funds in which they are interested. We do not use summary prospectuses for our Retirement Funds in connection with sales literature or advertising fulfillment or marketing purposes due to the fact that we cannot integrate the information to cover all the funds in one prospectus.

An integrated format would facilitate easy comparison across multiple target date funds and provide investors with information that is easier to use and more readily accessible by listing the objectives for each fund together, followed by each fund's expenses, principal investment strategies, risks, and performance. An integrated presentation would allow the investor to make a straightforward comparison of all the key information the Commission deems essential. In the current format, an investor must examine each summary prospectus separately, or continually flip through multiple fund summaries within the first section of the statutory prospectus, to track down the relevant information for each fund when integration would allow that information to be available in one convenient location. Accessing this key information to help facilitate an informed investment decision is made more difficult particularly when needing to navigate between numerous documents online and defeats the Commission's goal of creating a disclosure framework that harnesses the power of technology to deliver information in better, more useable formats. Also, allowing an integrated format would make it more feasible for fund groups to use the summary prospectus with retirement plan participants and other target date fund investors.

In keeping with the objective of this Proposal, which is to provide mutual fund investors with access to key information about target date funds in an easily understandable format so they can make well-informed investment decisions, we strongly urge the Commission to revise Rule 498(b)(4) and to allow an integrated presentation of Items 2 through 5 of Form N-1A for target date funds.

We appreciate the opportunity to provide comments on this Proposal. If you have any questions or need additional information, please contact any of the undersigned at the phone numbers listed below.

Sincerely,

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Managing Counsel
(410) 345-2013

Danielle Nicholson Smith
Managing Legal Analyst
(410) 345-4621

David Oestreicher
Chief Legal Counsel
(410) 345-2628

David Abbey
Managing Counsel
(410) 345-5724

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SAMPLE

Important features of the ABC 401(k) Savings Plan

To help you make the most of your Plan, here's an overview of the features and benefits you can look forward to as a Plan participant.

ELIGIBILITY

If you are at least 21 years of age, you are immediately eligible to participate in this Plan. It may take one to two pay periods for contributions to start being deducted from your paycheck.

EMPLOYEE CONTRIBUTIONS†

You can contribute to the Plan in the following ways:

- **Pretax** contributions are made before taxes are taken out of your paycheck. When you withdraw from your account in the future, your contributions and any earnings are taxed. You may contribute up to 70%* of your pay—in whole percentages—in pretax contributions (subject to IRS limits).
- **Catch-up** contributions may be made if you will turn 50 or older this year and are already contributing the maximum allowed by the Plan. The IRS determines the catch-up contribution limit annually.

†Contact T. Rowe Price to see if an employer match contribution is available for your plan.

** Highly compensated employees may be subject to lower contribution limits. See your Plan administrator for details.*

ROLLOVER CONTRIBUTIONS

You may consolidate your retirement savings by rolling over vested balances from other employers' eligible plans, including 401(k), 403(b), or governmental 457 plans. These amounts will be credited to your rollover contribution source within your Plan account.

AUTOMATIC INCREASE SERVICE

To help you save more over time, your employer offers T. Rowe Price Automatic Increase, a service that lets you increase your contribution rate at the same time each year. To enroll in automatic increase or change the amount of your payroll deduction, call T. Rowe Price at **800-922-9945** or log in to the ***my***RetirementPlan Web site at **rps.troweprice.com.**

VESTING

Vesting refers to the portion of your account that you may take with you when you leave the Company or borrow from when you need a loan. You are always 100% vested in the part of your account balance that comes from your own contributions, including rollovers.

(over, please)

LOANS

You can take a loan from your vested account balance using the following guidelines:

- The minimum loan amount you can borrow is $500 (in $100 increments).
- The maximum you may borrow is the smaller of 50% of your vested account balance OR $50,000.
- You may not have more than one outstanding loan at a time, and your loan, plus interest, must be paid within four years, regardless of the reason you are taking the loan.
- If you leave the Company, you must repay your loan in full; otherwise, the outstanding balance will be considered a distribution (see "Withdrawals").
- The interest rate for Plan loans is the prime rate plus ½%. The interest rate is updated on the first business Tuesday of each month.

SEE HOW A PLAN LOAN WILL AFFECT *YOUR* SAVINGS

For a quick estimate of the long-term effects that a Plan loan can have on your account balance, use the loan calculator on the *my*RetirementPlan Web site. To access this tool, simply log in to **rps.troweprice.com**, select the Tools tab, and click on Calculators.

TWO WAYS TO CHOOSE INVESTMENTS

Your Plan offers you two investment approaches. You can select one pre-assembled T. Rowe Price Retirement Fund or create your own diversified mix using the core investment options. You choose the approach with which you're most comfortable. For more information about your investment options, please refer to the fund page included in this kit.

The principal value of the Retirement Funds is not guaranteed at any time, including at or after the target date, which is the approximate date when investors turn age 65. The funds invest in a broad range of underlying mutual funds that include stocks, bonds, and short-term investments and are subject to the risks of different areas of the market. The funds emphasize potential capital appreciation during the early phases of retirement asset accumulation, balance the need for appreciation with the need for income as retirement approaches, and focus more on income and principal stability during retirement. The funds maintain a substantial allocation to equities both prior to and after the target date, which can result in greater volatility.

T. ROWE PRICE AUTOMATIC REBALANCING

Rebalancing your account regularly is a good investment practice. When you sign up for automatic rebalancing, your account is rebalanced for you quarterly, semiannually, or annually, reallocating your chosen mix of stocks, bonds, and money market/stable value investments. To enroll in this service, call **800-922-9945** or visit the *my*RetirementPlan Web site at **rps.troweprice.com**. You can cancel the service at any time.

MAKING CHANGES

At any time, you can *change current balances* (move all or part of an existing account balance from one investment to another) or *change investment election* (how future contributions will be invested) or both. To make a change, call **800-922-9945** or log in to the *my*RetirementPlan Web site at **rps.troweprice.com** and click on My Account.

INVESTMENT ADVICE FROM MORNINGSTAR

Your Plan offers services to help you choose a saving and investing strategy using your age, salary, desired retirement date, and other data. Morningstar, Inc., is a world leader in independent investment research. Morningstar® Retirement Manager℠ can help you manage your retirement account with one of two advice solutions available by phone or online:

Managed by You

- Perform your own strategy analysis by reviewing Morningstar's recommendations on how much to save and how to invest among the investments offered by your Plan.
- Talk with a representative who will gather your financial information and create a Morningstar report with investment and savings recommendations.

Managed by Morningstar

Let the professionals at Morningstar handle all of your retirement Plan account management for you from selecting appropriate investments, to providing ongoing advice. A small percentage (less than 1%) will be deducted from your account balance to cover the costs of this account management service.

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EXCESSIVE TRADING

Excessive or short-term trading occurs when a participant places frequent trades into and out of an investment, often holding shares for a very short period of time. This practice can drive up the investment's administration cost and negatively impact the fund manager's strategy. As a result, many funds responded with additional monitoring and the implementation of short-term trading fees.

A potential consequence of excessive trading for you may be the suspension of your trading privileges and possible redemption fees.

REDEMPTION FEES

Redemption fees are designed to deter short-term trading behavior and protect the funds and their long-term investors. By penalizing short-term trading activity, redemption fees encourage Plan participants to pursue long-term investment strategies. These fees are paid to the mutual fund to help offset any costs created by short-term traders.

WITHDRAWALS

If you leave the Company for any reason, you may withdraw your vested account balance. While you are employed (including an approved leave of absence), you can make limited withdrawals from the vested portion of your account if you:

- Experience a severe financial hardship,
- Are age 59½ or older, or
- Are age 55 with 10 years of service.

In the event of your death, your beneficiary may withdraw your vested balance.

TAX MATTERS

While your money is in the Plan, it is sheltered from taxes; however, your contributions and any earnings may be taxed when you take them out of your Plan account (also known as a distribution) unless you roll the money over into a Traditional IRA or other eligible Plan. You may directly roll over a distribution from the plan into a Roth IRA. The amount rolled into the Roth IRA is taxable income to you in the year of the rollover. Consult your tax advisor for details. In addition, taxable withdrawals from your Plan before you reach age 59½, may be subject to a 10% early withdrawal penalty.

Before taking a distribution, please read the Special Tax Notice that accompanies the distribution forms.

NEXT STEPS

To enroll in the Plan, call **800-922-9945** or log in to the *my*RetirementPlan Web site at **rps.troweprice.com**. Don't forget to complete the enclosed beneficiary form and return it to T. Rowe Price. Or you can name a beneficiary online at **rps.troweprice.com**.

(over, please)

Account access information

To see your account or make changes at any time:

- Call **800-922-9945** for automated account access. You can speak with a representative on business days between 7 a.m. and 10 p.m. Eastern time.
- Visit the ***my***RetirementPlan Web site at **rps.troweprice.com**. First-time visitors can click Register and follow the instructions to set up their accounts.

If you make changes to your account by phone or online, you will receive written confirmation of the transaction in the mail.

This page provides only a general overview of the [redacted] ABC 401(k) Savings Plan. For more information, review the Summary Plan Description.

Call 1-800-922-9945 to request a prospectus, which includes investment objectives, risks, fees, expenses, and other information that you should read and consider carefully before investing.

T. Rowe Price Investment Services, Inc., distributor, T. Rowe Price mutual funds.

NO MATTER HOW MUCH THE MARKET CHANGES...

...consider the investment expertise of T. Rowe Price.

Our disciplined, long term investment approach has proven successful in a variety of market conditions. In fact, for each 3 , 5 , and 10 year period ended 6/30/09, over 75% of our mutual funds beat their Lipper average.† Put the expertise of T. Rowe Price to work for you.

Results will vary for other periods. *Past performance cannot guarantee future results.* All funds are subject to market risk, including possible loss of principal.

The right no load investment options

Whether you're interested in preserving capital, pursuing growth opportunities, or finding a balance of both, we offer a range of investment options:

> Money market funds* and CDs** to meet your short term goals

> Retirement Funds that are a simple way to allocate your assets into a diversified mix of T. Rowe Price funds

> Over 90 actively managed, low cost funds

The right help

Our Investment Guidance Specialists provide free phone consultations:

1. We'll assess your current investment situation.
2. We'll talk you through your investment options and help you understand the risks of each.
3. We'll suggest appropriate funds for your goals, without charging commissions or sales charges.

The right company

T. Rowe Price was founded in 1937 on the belief that we should always act in the best interests of our clients. Today, that commitment still extends to everything we do.

We base our investment decisions on our own hands on research, seeking to maximize returns without taking on unnecessary risks. We have over 140 analysts around the world, our own economists, and our fund managers average 14 years' experience at T. Rowe Price.

Now's the time to consider a firm whose thoughtful, in depth approach to investment management has helped individuals reach their goals for over 70 years.

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401(S • IRAS • MONEY MARKET FUNDS • BOND FUNDS • STOCK FUNDS

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INVEST WITH CONFIDENCE

Request a prospectus, which includes investment objectives, risks, fees, expenses, and other information that you should read and consider carefully before investing. The Retirement Funds invest in many underlying funds and are exposed to the risks of different areas of the market.

†Based on cumulative total return, 119 of 140, 113 of 129, and 56 of 72 T. Rowe Price funds (including all share classes and excluding funds used in insurance products) outperformed their Lipper average for the 3-, 5-, and 10-year periods ended 6/30/09, respectively. Not all funds outperformed for all periods. (Source for data: Lipper Inc.)

**Unlike CDs or other bank products, an investment in a money market fund is not insured or guaranteed by the FDIC or any other government agency. Although it seeks to preserve the value of your investment at $1.00 per share, it is possible to lose money by investing in a money market fund.*

**T. Rowe Price Savings Bank is a member of the FDIC and offers CD products. Other T. Rowe Price affj iates, including T. Rowe Price Investment Services, Inc., are separate entities. While the Savings Bank's CDs are FDIC-insured, all other products offered by T. Rowe Price affiliates are not FDIC-insured and are not deposits of or guaranteed by the Savings Bank. Such products are subject to investment risk, including possible loss of the principal amount invested.

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9 OF THE "BEST FUNDS THROUGH THICK AND THIN"

- MONEY® magazine, January 2010

MONEY magazine included 9 T. Rowe Price funds on their list of "70 Best" funds to help you achieve your long-term financial goals. MONEY selected these funds based on proven five-year performance, a consistent investment strategy, experienced fund managers, and low expenses.

At T. Rowe Price, we apply the same consistent, disciplined approach to every fund we manage. We offer a wide range of low-cost equity, bond, and international funds, with no loads, commissions, or sales charges.

All funds are subject to market risk, including possible loss of principal. *Past performance cannot guarantee future results.* Fund returns have been affected by market volatility and are negative for certain periods.

Choose from over 90 no-load funds including 9 on the MONEY "70 Best":

- Blue Chip Growth Fund
- Emerging Markets Stock Fund
- Equity Income Fund
- International Bond Fund
- International Discovery Fund
- Mid-Cap Value Fund*
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- Retirement Funds

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INVEST WITH CONFIDENCE

Request a prospectus or summary prospectus; each includes investment objectives, risks, fees, expenses, and other information that you should read and consider carefully before investing.

Source: MONEY magazine (January 2010). In determining the funds on the MONEY 70,® the staff of MONEY magazine based their decision on each fund's low expenses, consistent strategy, experienced management, and 5-year performance record. The ending date for performance was 12/9/09. MONEY and MONEY 70 are registered trademarks of Time Inc. Used with permission.

*Closed to new investors except for a direct rollover from a retirement plan into a T. Rowe Price IRA invested in this fund.

T. Rowe Price Investment Services, Inc., Distributor.

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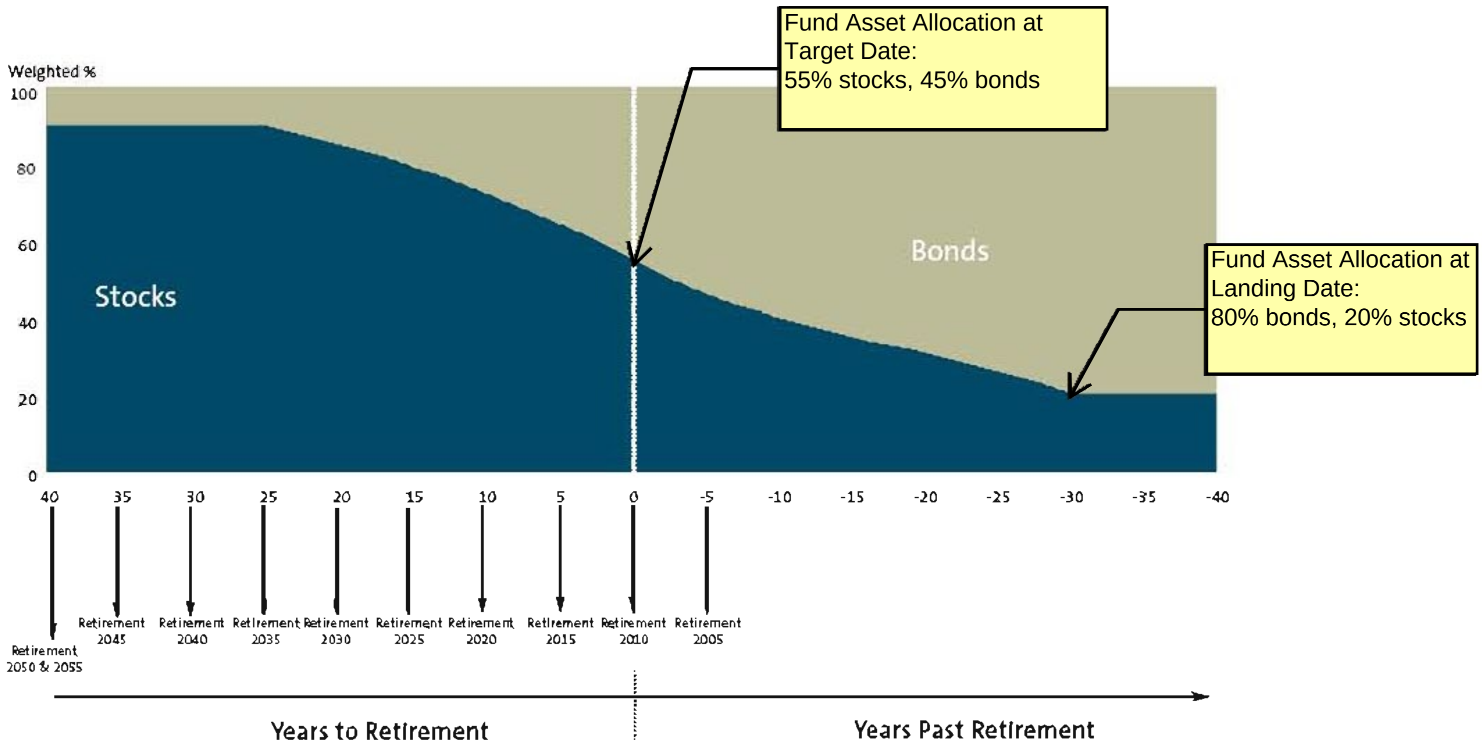
Fund Asset Allocation at Target Date:
55% stocks, 45% bonds
Fund Asset Allocation at Landing Date:
80% bonds, 20% stocks
Weighted %
100
80
60
40
20
0
Stocks
Bonds
40
35
30
25
20
15
10
5
0
-5
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