

## **T. Rowe Price Retirement Active Trusts**

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**Sponsored by  
T. Rowe Price Trust Company**

# **Offering Circular**

October 17, 2011

### **Profile of the Retirement Active Trusts<sup>\*</sup>**

(each a “trust”, collectively the “trusts” or “Retirement Active Trusts”)

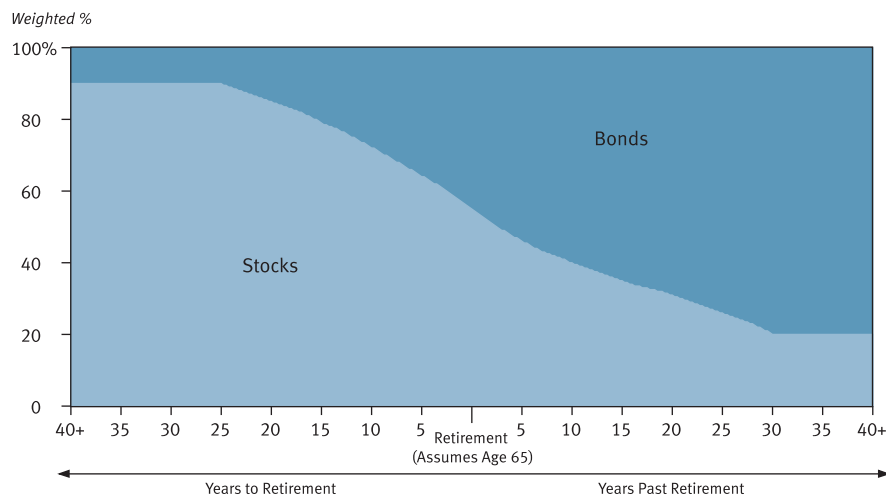
#### *What is each trust's investment objective and program?*

Each trust seeks the highest total return over time consistent with an emphasis on both capital growth and income. The trusts pursue these objectives by investing primarily in a diversified portfolio of other T. Rowe Price common trust funds that represent various asset classes and sectors. The trusts' allocations between stock and bond trusts will change over time in relation to each trust's target retirement date, except for the Retirement Income Active Trust, which will maintain a constant neutral allocation of approximately 40% stock trusts and 60% bond trusts.

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<sup>\*</sup> The T. Rowe Price Retirement Active Trusts have been formed by T. Rowe Price Trust Company consistent with the strategies and objectives described in this Offering Circular, but they are unfunded as of the date of this Offering Circular. Funding is anticipated to occur in mid-January 2012.

The Retirement 2005 – 2055 Active Trusts are managed based on the specific retirement year (target date) included in the name and assume a retirement age of 65. The target date refers to the approximate year an investor in a trust would plan to retire and likely stop making new investments in that trust. Each trust is designed for an investor who anticipates retiring at or around the target date and who plans to withdraw the value of the account in the trust gradually after retirement. These trusts may not be appropriate for an investor who plans to retire at or about the target date, but at an age well before or after age 65. Over time, the allocation to asset classes and underlying trusts will change according to a predetermined “glide path” shown in the following chart. The glide path represents the shifting of asset classes over time and shows how a trust’s asset mix becomes more conservative—both prior to and after retirement—as time elapses. This reflects the need for reduced market risks as retirement approaches and the need for lower volatility of a portfolio after retiring. Although the glide path is meant to dampen each trust’s potential volatility as retirement approaches, the trusts are not designed for a lump sum redemption at the retirement date. While the trusts do not guarantee a level of income, each is intended to serve as a post-retirement investment vehicle with allocations designed to provide an income stream made up of regular withdrawals throughout retirement while providing portfolio growth that exceeds inflation.



At the target date for the Retirement 2005 – 2055 Active Trusts, each trust’s allocation to stock-related investments is anticipated to be approximately 55% of its assets. Each such trust’s exposure to stocks will continue to decline until approximately 30 years after its target date, when its allocation to stock-related investments will remain fixed at approximately 20% of each trust’s assets with the remainder being invested in bond-related investments. The glide path does not apply to the Retirement Income Active Trust, which has a constant neutral allocation of approximately 40% stock-related investments and 60% bond-related investments.

For all of the Retirement Active Trusts, the neutral allocations to the broad assets classes of stocks and bonds do not reflect any tactical decisions made to overweight or underweight a particular asset class or sector based on market outlook. The trustee (T.

Rowe Price Trust Company), based on market outlook, will periodically assign “target allocations” to the broad asset classes. The investment position of a trust is evaluated on a regular basis and rebalanced consistent with its respective target allocation levels. The target allocations assigned to the broad asset classes (stocks and bonds), which reflect these decisions resulting from market outlook, are not expected to vary from the applicable neutral allocations for a trust by more than plus (+) or minus (-) five percentage (5%) points.

The following tables detail the way the portfolios are generally expected to be allocated between the broad asset classes. The table also shows the sectors within those broad asset classes to which the portfolio typically will have exposure, and the expected allocations to the T. Rowe Price common trust funds that will be used to represent those sectors. The information in the table represents the neutral allocations for each trust as of October 1, 2011.<sup>†</sup> The target allocations and actual allocations may differ.

### Retirement 2005 Active Trust

<b>Asset Class</b>	<b>Sector</b>	<b>T. Rowe Price Common Trust Fund</b>	<b>Neutral Allocation</b>
Bonds 56.00%	Domestic Investment-Grade Bonds	Bond Trust I	28.35%
	Domestic High Yield Bonds	U.S. High Yield Trust	4.05
	International Bonds	Emerging Markets Bond Trust	4.05
		International Bond Trust	4.05
	Inflation Focused Bonds	U.S. Inflation Focused Bond Trust	15.50
Stocks 44.00%	Domestic Large-Cap Stocks	Equity Index Trust	24.14%
		Growth Stock Trust	0.00
		U.S. Value Equity Trust	0.00
	Domestic Mid-Cap Stocks	U.S. Mid-Cap Growth Equity Trust	1.88
		U.S. Mid-Cap Value Equity Trust	1.88
	Domestic Small-Cap Stocks	New Horizons Trust	1.15
		U.S. Small-Cap Core Equity Trust	1.15
		U.S. Small-Cap Value Equity Trust	1.15
	International Developed Market Stocks	International Value Equity Trust	2.96
		International Growth Equity Trust	2.96
International Core Equity Trust		2.96	
International Emerging Market Stocks	Emerging Markets Equity Trust	1.57	

<sup>†</sup> The following common trust funds have been formed by T. Rowe Price Trust Company consistent with the strategies and objectives described in this Offering Circular, but they are unfunded as of the date of this Offering Circular: U. S. High Yield Trust, Emerging Markets Bond Trust, International Bond Trust, U. S. Inflation Focused Bond Trust, U.S. Value Equity Trust, U.S. Mid-Cap Growth Equity Trust, U.S. Mid-Cap Value Equity Trust, U.S. Small-Cap Core Equity Trust, U.S. Small-Cap Value Equity Trust, International Value Equity Trust, International Growth Equity Trust, International Core Equity Trust, and Real Assets Trust I. Funding is anticipated to occur in mid-January 2012.

<b>Asset Class</b>	<b>Sector</b>	<b>T. Rowe Price Common Trust Fund</b>	<b>Neutral Allocation</b>
	Inflation Focused Stocks	Real Assets Trust I	2.20

### Retirement 2010 Active Trust

<b>Asset Class</b>	<b>Sector</b>	<b>T. Rowe Price Common Trust Fund</b>	<b>Neutral Allocation</b>
Bonds 47.50%	Domestic Investment-Grade Bonds	Bond Trust I	25.20%
	Domestic High Yield Bonds	U.S. High Yield Trust	3.60
	International Bonds	Emerging Markets Bond Trust	3.60
		International Bond Trust	3.60
	Inflation Focused Bonds	U.S. Inflation Focused Bond Trust	11.50
Stocks 52.50%	Domestic Large-Cap Stocks	Equity Index Trust	24.97%
		Growth Stock Trust	1.92
		U.S. Value Equity Trust	1.92
	Domestic Mid-Cap Stocks	U.S. Mid-Cap Growth Equity Trust	2.24
		U.S. Mid-Cap Value Equity Trust	2.24
	Domestic Small-Cap Stocks	New Horizons Trust	1.37
		U.S. Small-Cap Core Equity Trust	1.38
		U.S. Small-Cap Value Equity Trust	1.37
	International Developed Market Stocks	International Value Equity Trust	3.53
		International Growth Equity Trust	3.53
		International Core Equity Trust	3.54
International Emerging Market Stocks	Emerging Markets Equity Trust	1.87	
Inflation Focused Stocks	Real Assets Trust I	2.62	

### Retirement 2015 Active Trust

<b>Asset Class</b>	<b>Sector</b>	<b>T. Rowe Price Common Trust Fund</b>	<b>Neutral Allocation</b>
Bonds 62.00%	Domestic Investment-Grade Bonds	Bond Trust I	22.05%
	Domestic High Yield Bonds	U.S. High Yield Trust	3.15
	International Bonds	Emerging Markets Bond Trust	3.15
		International Bond Trust	3.15
	Inflation Focused Bonds	U.S. Inflation Focused Bond Trust	6.50
Stocks 38.00%	Domestic Large-Cap Stocks	Equity Index Trust	20.98%
		Growth Stock Trust	6.52
		U.S. Value Equity Trust	6.52

<b>Asset Class</b>	<b>Sector</b>	<b>T. Rowe Price Common Trust Fund</b>	<b>Neutral Allocation</b>
	Domestic Mid-Cap Stocks	U.S. Mid-Cap Growth Equity Trust U.S. Mid-Cap Value Equity Trust	2.65 2.65
	Domestic Small-Cap Stocks	New Horizons Trust U.S. Small-Cap Core Equity Trust U.S. Small-Cap Value Equity Trust	1.62 1.62 1.62
	International Developed Market Stocks	International Value Equity Trust  International Growth Equity Trust International Core Equity Trust	4.17  4.17 4.17
	International Emerging Market Stocks	Emerging Markets Equity Trust	2.21
	Inflation Focused Stocks	Real Assets Trust I	3.10

### Retirement 2020 Active Trust

<b>Asset Class</b>	<b>Sector</b>	<b>T. Rowe Price Common Trust Fund</b>	<b>Neutral Allocation</b>
Bonds 30.00%	Domestic Investment-Grade Bonds	Bond Trust I	18.55%
	Domestic High Yield Bonds	U.S. High Yield Trust	2.65
	International Bonds	Emerging Markets Bond Trust International Bond Trust	2.65 2.65
	Inflation Focused Bonds	U.S. Inflation Focused Bond Trust	3.50
Stocks 70.00%	Domestic Large-Cap Stocks	Equity Index Trust Growth Stock Trust U.S. Value Equity Trust	17.03% 10.69 10.69
	Domestic Mid-Cap Stocks	U.S. Mid-Cap Growth Equity Trust U.S. Mid-Cap Value Equity Trust	2.99 2.99
	Domestic Small-Cap Stocks	New Horizons Trust U.S. Small-Cap Core Equity Trust U.S. Small-Cap Value Equity Trust	1.83 1.83 1.83
	International Developed Market Stocks	International Value Equity Trust  International Growth Equity Trust International Core Equity Trust	4.71  4.71 4.71
	International Emerging Market Stocks	Emerging Markets Equity Trust	2.49
	Inflation Focused Stocks	Real Assets Trust I	3.50

### Retirement 2025 Active Trust

<b>Asset Class</b>	<b>Sector</b>	<b>T. Rowe Price Common Trust Fund</b>	<b>Neutral Allocation</b>
Bonds 22.50%	Domestic Investment-Grade Bonds	Bond Trust I	14.70%
		Domestic High Yield Bonds	U.S. High Yield Trust
	International Bonds	Emerging Markets Bond Trust	2.10
		International Bond Trust	2.10
	Inflation Focused Bonds	U.S. Inflation Focused Bond Trust	1.50
Stocks 77.50%	Domestic Large-Cap Stocks	Equity Index Trust	13.74%
		Growth Stock Trust	14.39
		U.S. Value Equity Trust	14.39
	Domestic Mid-Cap Stocks	U.S. Mid-Cap Growth Equity Trust	3.31
		U.S. Mid-Cap Value Equity Trust	3.31
	Domestic Small-Cap Stocks	New Horizons Trust	2.02
		U.S. Small-Cap Core Equity Trust	2.02
		U.S. Small-Cap Value Equity Trust	2.02
	International Developed Market Stocks	International Value Equity Trust	5.22
		International Growth Equity Trust	5.22
		International Core Equity Trust	5.22
International Emerging Market Stocks	Emerging Markets Equity Trust	2.76	
Inflation Focused Stocks	Real Assets Trust I	3.88	

### Retirement 2030 Active Trust

<b>Asset Class</b>	<b>Sector</b>	<b>T. Rowe Price Common Trust Fund</b>	<b>Neutral Allocation</b>
Bonds 16.50%	Domestic Investment-Grade Bonds	Bond Trust I	11.55%
		Domestic High Yield Bonds	U.S. High Yield Trust
	International Bonds	Emerging Markets Bond Trust	1.65
		International Bond Trust	1.65
Inflation Focused Bonds	U.S. Inflation Focused Bond Trust	0.00	
Stocks 83.50%	Domestic Large-Cap Stocks	Equity Index Trust	10.65%
		Growth Stock Trust	17.58
		U.S. Value Equity Trust	17.58
	Domestic Mid-Cap Stocks	U.S. Mid-Cap Growth Equity Trust	3.57
		U.S. Mid-Cap Value Equity Trust	3.57
	Domestic Small-Cap Stocks	New Horizons Trust	2.18
		U.S. Small-Cap Core Equity Trust	2.18
		U.S. Small-Cap Value Equity Trust	2.18

<b>Asset Class</b>	<b>Sector</b>	<b>T. Rowe Price Common Trust Fund</b>	<b>Neutral Allocation</b>
	International Developed Market Stocks	International Value Equity Trust	5.62
		International Growth Equity Trust	5.62
		International Core Equity Trust	5.62
	International Emerging Market Stocks	Emerging Markets Equity Trust	2.98
	Inflation Focused Stocks	Real Assets Trust I	4.17

### Retirement 2035 Active Trust

<b>Asset Class</b>	<b>Sector</b>	<b>T. Rowe Price Common Trust Fund</b>	<b>Neutral Allocation</b>	
Bonds 11.50%	Domestic Investment-Grade Bonds	Bond Trust I	8.05%	
		Domestic High Yield Bonds	U.S. High Yield Trust	1.15
		International Bonds	Emerging Markets Bond Trust	1.15
		International Bond Trust	1.15	
	Inflation Focused Bonds	U.S. Inflation Focused Bond Trust	0.00	
Stocks 88.50%	Domestic Large-Cap Stocks	Equity Index Trust	8.42%	
		Growth Stock Trust	20.07	
		U.S. Value Equity Trust	20.07	
	Domestic Mid-Cap Stocks	U.S. Mid-Cap Growth Equity Trust	3.78	
		U.S. Mid-Cap Value Equity Trust	3.78	
	Domestic Small-Cap Stocks	New Horizons Trust	2.31	
		U.S. Small-Cap Core Equity Trust	2.31	
		U.S. Small-Cap Value Equity Trust	2.31	
	International Developed Market Stocks	International Value Equity Trust	5.96	
		International Growth Equity Trust	5.96	
International Core Equity Trust		5.96		
International Emerging Market Stocks	Emerging Markets Equity Trust	3.15		
Inflation Focused Stocks	Real Assets Trust I	4.42		

### Retirement 2040 – 2055 Active Trusts

<b>Asset Class</b>	<b>Sector</b>	<b>T. Rowe Price Common Trust Fund</b>	<b>Neutral Allocation</b>	
Bonds 10.00%	Domestic Investment-Grade Bonds	Bond Trust I	7.00%	
		Domestic High Yield Bonds	U.S. High Yield Trust	1.00
		International Bonds	Emerging Markets Bond Trust	1.00

<b>Asset Class</b>	<b>Sector</b>	<b>T. Rowe Price Common Trust Fund</b>	<b>Neutral Allocation</b>
		International Bond Trust	1.00
	Inflation Focused Bonds	U.S. Inflation Focused Bond Trust	0.00
Stocks 90.00%	Domestic Large-Cap Stocks	Equity Index Trust Growth Stock Trust U.S. Value Equity Trust	7.95% 20.71 20.71
	Domestic Mid-Cap Stocks	U.S. Mid-Cap Growth Equity Trust U.S. Mid-Cap Value Equity Trust	3.85 3.85
	Domestic Small-Cap Stocks	New Horizons Trust U.S. Small-Cap Core Equity Trust U.S. Small-Cap Value Equity Trust	2.35 2.35 2.35
	International Developed Market Stocks	International Value Equity Trust  International Growth Equity Trust International Core Equity Trust	6.06  6.06 6.06
	International Emerging Market Stocks	Emerging Markets Equity Trust	3.20
	Inflation Focused Stocks	Real Assets Trust I	4.50

### Retirement Income Active Trust

<b>Asset Class</b>	<b>Sector</b>	<b>T. Rowe Price Common Trust Fund</b>	<b>Neutral Allocation</b>
Bonds 60.00%	Domestic Investment-Grade Bonds	Bond Trust I	21.00%
	Domestic High Yield Bonds	U.S. High Yield Trust	3.00
	International Bonds	Emerging Markets Bond Trust International Bond Trust	3.00 3.00
	Inflation Focused Bonds	U.S. Inflation Focused Bond Trust	30.00
Stocks 40.00%	Domestic Large-Cap Stocks	Equity Index Trust Growth Stock Trust U.S. Value Equity Trust	21.93% 0.00 0.00
	Domestic Mid-Cap Stocks	U.S. Mid-Cap Growth Equity Trust U.S. Mid-Cap Value Equity Trust	1.71 1.71
	Domestic Small-Cap Stocks	New Horizons Trust U.S. Small-Cap Core Equity Trust U.S. Small-Cap Value Equity Trust	1.05 1.05 1.05
	International Developed Market Stocks	International Value Equity Trust  International Growth Equity Trust International Core Equity Trust	2.69  2.69 2.69



<b>Asset Class</b>	<b>Sector</b>	<b>T. Rowe Price Common Trust Fund</b>	<b>Neutral Allocation</b>
	International Emerging Market Stocks	Emerging Markets Equity Trust	1.43
	Inflation Focused Stocks	Real Assets Trust I	2.00

*What are the main benefits and risks of investing in the trusts?*

The trusts invest in a broad range of underlying common trust funds that include stocks, bonds, and short-term investments and are subject to the risks of different areas of the market. The trusts 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 trusts maintain a substantial allocation to equities both prior to and after the target date, which can result in greater volatility.

Each trust's unit price may decline, so when a retirement plan participant sells his or her units, the participant may lose money. An investment in any of these trusts is not a deposit of a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency or by T. Rowe Price Trust Company.

As with any collective investment vehicle, the trusts can experience significant inflows and outflows of cash and/or securities, especially when retirement plans join or leave a trust. There is no public market for the trusts' units; they can be transferred or redeemed only in accordance with the trusts' withdrawal provisions.

There can be no guarantee that any trust will achieve its objective.

Additional principal risks of investing in the trusts are summarized as follows:

Active management risk. The trusts are subject to the risk that judgments about the attractiveness, value, or potential appreciation of the trusts' investments (or the investments of the underlying trusts in which they invest) may prove to be incorrect. If the investments selected and strategies employed by the trusts (or the underlying trusts in which they invest) fail to produce the intended results, the trusts could underperform other investments with similar objectives and investment strategies.

Asset allocation risk. The trusts' risks will directly correspond to the risks of the underlying trusts in which they invest. By investing in many underlying trusts, the trusts have partial exposure to the risks of many different areas of the market, and the trusts' overall level of risk should decline over time, with the exception of the Retirement Income Active Trust which generally maintains a constant allocation to stock and bond trusts over time. However, for all of the Retirement Active Trusts, the selection of underlying trusts in which to invest and the allocation of the trusts' assets among the various asset classes and market sectors could cause the trusts to underperform other investment options with a similar objective.

General equity risk. As with all investments having equity exposure, the unit prices of the trusts can fall because of weakness in the broad market, a particular industry, or specific holdings. The market as a whole can decline for many reasons, including adverse political or economic developments here or abroad, changes in investor psychology, or heavy institutional selling. The prospects for an industry or company may deteriorate because of a variety of factors, including disappointing earnings or changes in the competitive environment. Finally, a trust's investment approach could fall out of favor with the investing public, resulting in a lagging performance versus other types of stock investments.

Small- and mid-cap stock risks. To the extent that the trusts are exposed to investments in stocks of small- and mid-cap companies, they may take on greater risk, as stocks of small- and mid-cap companies are usually more volatile than larger-company stocks. Stocks of smaller companies are subject to more abrupt or erratic price movements than larger-company stocks. Small companies often have limited production lines, markets, or financial resources, and their management may lack depth and experience.

Growth and value approach risks. There are risks associated with each trust's exposure to growth or value investing approaches. Even well-established growth stocks can be volatile. Stocks of growth companies may lack dividends that can cushion share prices in a down market. In addition, earnings disappointments often result in sharp price declines. The value approach carries the risk that the market will not recognize a security's intrinsic value for a long time or that a stock judged to be undervalued may be appropriately priced.

Industry risks. To the extent that the trusts are exposed to investments in certain industries that involve activities related to energy, natural resources, real estate, commodities, infrastructure, and other real assets, the trusts are more susceptible to adverse developments affecting one or more of these industries than a more broadly diversified trust would be and may perform poorly during a downturn in any of those industries.

REIT investing risk. To the extent that the trusts are exposed to investments in REITs (real estate investment trusts), they may have unique risks in addition to the risks generally affecting the real estate industry. REITs must satisfy specific requirements for favorable tax treatment. REITs are dependent upon the quality of management, may have limited financial resources and heavy cash flow dependency, and may not be diversified geographically or by property type.

International risks. Trusts that have exposure to overseas investments of any type *generally* carry more risks than investments strictly in U.S. assets. Even investments in countries with highly developed economies are subject to significant risks, including the following:

- **Currency risk.** This refers to a decline in the value of a foreign currency versus the U.S. dollar, which reduces the dollar value of securities denominated in that currency.
- **General.** Investments outside the U.S. are subject to potentially adverse local, political, and economic developments; nationalization and exchange controls; potentially lower liquidity and higher volatility; and possible problems arising from accounting, disclosure, settlement, and regulatory practices that differ from U.S. standards.
- **Emerging market risk.** To the extent that the trusts are exposed to investments in emerging markets, they are subject to greater risk than products exposed only to investments in developed markets. The economic and political structures of developing nations, in most cases, do not compare favorably with the U.S. or other developed countries in terms of wealth and stability, and their financial markets often lack liquidity. These economies are less well developed and can be overly reliant on particular industries and more vulnerable to the ebb and flow of international trade and capital trade barriers and other protectionist or retaliatory measures. Some countries have legacies of hyperinflation and currency devaluations versus the dollar (which adversely affect returns to U.S. investors). Significant devaluations have occurred in recent years in various emerging market countries. Governments of some emerging market countries have defaulted on their bonds, and investors in this sector must be prepared for similar events in the future.

Derivatives risk. To the extent the trusts are exposed to investments in futures, options, swaps, structured notes, or hybrids, they are exposed to additional volatility and potential losses, including the risk that the trusts could lose money if a counterparty to a derivatives contract is unable or unwilling to meet its financial obligations. Commodity-linked derivatives will be affected by the performance of the overall commodities markets and their returns could deviate significantly from the returns of the underlying commodity, instruments, or measures upon which the instrument is derived.

Deflation risk. To the extent the trusts invest in underlying stock and bond trusts that are designed to provide some protection against the impact of inflation, those investments could adversely affect the trusts when inflation or expectations of inflation are low. During such periods, the value and income of an underlying trust's investments in inflation-linked securities could fall and result in losses for the trust. In addition, an underlying trust that seeks to invest in stocks of companies expected to outperform the overall global equity market during periods of high or rising inflation could outperform other stock investments when inflation concerns are low.

Fixed-income risks. To the extent that the trusts have exposure to bonds or money market investments, they are subject to the following additional risks:

- **Interest rate risk.** This risk refers to the decline in bond prices that accompanies a

rise in the overall level of interest rates. (Bond prices and interest rates move in opposite directions.) Generally, the longer the maturity of a security, the greater its interest rate risk. While a rise in rates is the principal source of interest rate risk for bonds, falling rates bring the possibility that a bond may be “called,” or redeemed before maturity, and that the proceeds may be reinvested in lower-yielding securities.

- Deflation risk. When inflation or expectations of inflation are low, the value and income of the trusts’ investments in inflation-linked securities could fall and result in losses for the trusts that have exposure to such securities.
- Credit risk. This is the chance that any fixed income holdings will have their credit rating downgraded or will default (fail to make scheduled interest or principal payments), potentially reducing the income level and unit price of trusts that have exposure to such holdings. The risk of default is much greater for emerging market bonds.
- Liquidity risk. This is the chance that an underlying trust may not be able to sell securities at desired prices. Sectors of the bond market can experience sudden downturns in trading activity. During periods of reduced trading, the spread can widen between the price at which a security can be bought and the price at which it can be sold. Less liquid securities can be more difficult to value and be subject to erratic price movements.
- Prepayment risk and extension risk. Prepayment risk is the risk that the principal on mortgage-backed securities, other asset-backed securities or any fixed income security with an embedded call option may be prepaid at any time, which could reduce yield and market value. The rate of prepayments tends to increase as interest rates fall, which could cause the average maturity of the portfolio to shorten. Extension risk may result from a rise in interest rates, which tends to make mortgage-backed securities, asset-backed securities, and other callable fixed income securities more volatile.

Most investment-grade (AAA through BBB) securities should have relatively low financial risk and a relatively high probability of future payment. However, securities rated BBB are more susceptible to adverse economic conditions and may have speculative characteristics. Securities rated below investment grade (junk or high-yield bonds) should be regarded as speculative because their issuers are more susceptible to financial setbacks and recession than more creditworthy companies. High-yield bond issuers include small companies lacking the history or capital to merit investment-grade status, former blue chip companies downgraded because of financial problems, and firms with heavy debt loads. If a trust has exposure to securities whose issuers develop unexpected credit problems, the trust’s price could decline.

*For whom is this an appropriate investment?*

A retirement plan participant should consider his or her estimated retirement date and risk tolerance. The trusts invest in broad-based asset classes represented by the underlying trusts and are exposed to the risks of different areas of the market. The higher the exposure to stocks, the greater the expected risk.

In general, the investment programs of the Retirement 2005 -- 2055 Active Trusts assume a retirement age of 65. It is expected that a plan participant choosing a trust will select one whose stated date is closest to the date the participant turns 65. Choosing a trust targeting an earlier date represents a more conservative choice; targeting a trust with a later date represents a more aggressive choice. It is important to note that the retirement year of the trust selected should not necessarily represent the specific year the participant intends to start drawing retirement assets. It should be a guide only. Participants considering the Retirement Income Active Trust should note that the neutral allocations to stock and bonds trusts do not change over time.

The trusts should not represent an investor's complete investment program or be used for short-term trading purposes. Restrictions concerning excessive or short-term trading are discussed in a separate section below.

**About investments in the Trusts**

*How are the units of participation valued?*

Each trust is divided into one or more classes of units of participation in the trust, with such classes differing only in the type or level of services provided, and/or fee and/or expense obligations, as specified in the governing documents for the trust.

Although units of each trust must be valued at least quarterly, the trustee currently plans to calculate the value of units (also called net asset value or "**NAV**" per unit) at the end of every business day that the New York Stock Exchange is open (normally 4 p.m. ET).

To calculate the NAV of units, a trust's assets are valued and totaled, and then any expenses, costs, charges, or other liabilities incurred or accrued by the trust (and each class thereof as applicable) are subtracted. Each class's pro-rata share of the net value of the trust's assets is divided by the total number of units of such class outstanding.

All assets will be valued at fair value as determined in accordance with guidelines established by the trustee, consistent with generally accepted accounting principles. The trustee may use a service provider to assist it with any of its valuation duties or rights. Generally, fair value for securities or other investments shall be their market values or, in the absence of readily ascertainable market values, at such values as determined in good faith and pursuant to procedures established by the trustee consistently followed and uniformly applied. Market values represent the prices in which securities actually trade or evaluations based on pricing services or other services or sources as the trustee reasonably believes appropriate. If a market value for a security is not available, the trustee will make a good faith effort to assign a fair value to the

security. This value may differ from the value the trust receives upon sale of the securities. Amortized cost is used to price securities held by money market trusts and certain debt securities held by trusts (as applicable). Investments by a Retirement Active Trust in mutual funds or other common trust funds are valued at the closing net asset value per share or unit on the day of valuation.

Non-U.S. securities held by a trust (as applicable) are valued on the basis of their most recent closing market prices at 4 p.m. ET except under the circumstances described below. Most foreign markets close before 4 p.m. ET. For securities primarily traded in the Far East, for example, the most recent closing prices may be as much as 15 hours old at 4 p.m. ET. If the trustee determines that developments between the close of the foreign market and 4 p.m. ET will, in its judgment, materially affect the value of some or all of a trust's securities, the trustee will adjust the previous closing prices to reflect what it believes to be the fair value of the securities as of 4 p.m. ET. In deciding whether to make these adjustments, the trustee reviews a variety of factors, including developments in foreign markets, the performance of U.S. securities markets, and the performance of instruments trading in U.S. markets that represent foreign securities and baskets of foreign securities. The trustee may also fair value securities in other situations, for example, when a particular foreign market is closed but the trust is open. Outside pricing services are used to provide closing market prices and information used for adjusting those prices. The trustee cannot predict how often it will use closing prices and how often it will adjust those prices. As a means of evaluating the fair value process, comparisons are routinely made among closing market prices, the next day's opening prices in the same markets, and adjusted prices.

#### *How are income and capital gains treated?*

All net income and realized gains (earnings) of a trust are retained by the trust and invested and reinvested as a part thereof. Such earnings are reflected in per-unit net asset values. Since the trusts are group trusts (under the Internal Revenue Code) that comprise assets of qualified retirement plans, and certain governmental and church plans only, earnings will not ordinarily be subject to federal taxation, except for any earnings that constitute unrelated business taxable income. If any of the trusts have such income, the trust earning such income would file any necessary tax return and, in accordance with the Declaration of Trust (as such term is defined below), the trustee would charge any tax associated with such income to the trust earning such income. For a trust investing outside the U.S., foreign taxes, such as a capital gains tax upon the sale of a security or withholding taxes on income, may apply depending on the country and any available treaty relief. Any such foreign taxes would be charged to that trust.

#### *How can money be withdrawn from the trusts?*

Withdrawals and additions are governed by the applicable provisions in the Declaration of Trust of the T. Rowe Price Strategic Common Trust Fund and any Supplemental Declaration(s) of Trust for the trusts (collectively, "**Declaration of Trust**"). Withdrawals and additions also are subject to the trusts' excessive trading policy discussed in a separate section below. While under the Declaration of Trust, the trustee may require 90 days' prior written notice before units can be redeemed or withdrawn, its current

policy—which is subject to change—is to require only one day’s advance written notice when redemptions are requested by plan participants and 30 days’ advance written notice when a retirement plan is withdrawing (in whole or in part) from a trust. (Benefit payments to and other withdrawals by plan participants are also governed by, and executed in accordance with, the provisions of their respective retirement plan documents. These include payments in the event of death, retirement, disability, termination of employment, as well as in-service withdrawals authorized by the participating plan.)

Non-regular withdrawals will be processed as soon as possible and in accordance with the Declaration of Trust. These include:

- withdrawals of a retirement plan’s assets required to preserve the trust’s tax-exempt status; and
- premature withdrawals due to the termination of a retirement plan.

Please note that under the Declaration of Trust, the trustee has certain rights to distribute a retirement plan’s investment without prior notice. For example, for retirement plans that are no longer qualified plans, distributions would be made as required to preserve the trusts’ tax-exempt status.

Additions generally do not require prior notice, but please note that the trustee reserves the right to place restrictions on additions that it believes may be disruptive to a trust. For example, the trustee may require that a large addition be made over time in smaller amounts and/or by the transfer in-kind of securities that are acceptable to the trustee.

In its sole discretion, the trustee may agree to enter into a trading agreement for a retirement plan that does not use T. Rowe Price Retirement Plan Services, Inc. as its recordkeeper. In these instances, the trustee or its affiliate would enter into a trading agreement with the plan’s third party recordkeeper to accept purchase, exchange, and redemption orders in the trusts submitted through the National Securities Clearing Corporation (“**NSCC**”), or other agreed upon method, for an account that has been established for the retirement plan. Notwithstanding the terms of such a trading agreement, all purchases, exchanges, and redemptions remain subject to all terms governing the trusts and the trustee may suspend or withdraw its consent for NSCC or other method of trading at any time. Please note that large purchase and redemption requests initiated through the NSCC may be rejected and, in such instances, the transaction must be placed by contacting a service representative.

### **Excessive Trading Policy for the Retirement Active Trusts**

*What is excessive trading and how can it harm the trusts?*

Excessive or short-term trading refers to a plan or plan participant moving in and out of a trust, typically as part of an investment strategy to seek short-term gains. Excessive trading may increase a trust’s expenses and impact the trustee’s ability to manage the

trust because it may require the trustee to buy and sell securities at unfavorable times in order to meet the plan/participant's trading activity.

*What is the trusts' excessive trading policy?*

Under the policy, the trusts generally restrict purchases/exchanges into a trust for a period of 30 calendar days after a redemption/exchange out of such trust ("**30-Day Purchase Block**"). The calendar day after the date of redemption/exchange out of a trust is considered Day 1 for purposes of computing the period before a purchase/exchange back into such trust may be made. While there is no assurance that the trusts can prevent all excessive and short-term trading, the purpose of the policy is to deter such activity and to help protect long-term investors. Further details, including application for participant-directed activity and plan-directed activity, are provided below.

For participant-directed activity, a participant who has exchanged out of a trust will be subject to the 30-Day Purchase Block and be restricted from making an exchange back into such trust during that period. The 30-Day Purchase Block for participant-directed activity does not apply to purchases or redemptions of trust units made through a systematic purchase plan (including retirement plan contributions and participant loan repayments), a systematic withdrawal plan, or an automatic rebalancing/asset allocation plan. In addition, participant loans and withdrawals from a trust are exempt from the policy.

For plan-directed activity (including activity by an agent), a plan that has redeemed/exchanged from a trust will be subject to the 30-Day Purchase Block and be restricted from purchasing/exchanging back into such trust during that period. A transaction involving an exchange from one class to another class of a trust is exempt from the policy.

In addition to the 30-Day Purchase Block, the trustee may, in its discretion, reject any purchase/exchange into a trust from a participant/plan deemed to be a short-term or excessive trader or whose trading activity could disrupt the management of such trust or dilute the value of the trust's units. Such participants/plans may be subject to complex-wide restrictions, including purchase blocks (30 days or longer) from purchases/exchanges into all T. Rowe Price mutual funds and common trust funds, or permanent restrictions.

In addition to the exemptions noted above for certain types of participant-directed and plan-directed activity, also exempt from the policy is activity related to units of a trust held by another T. Rowe Price trust or by a discretionary account managed by an affiliate of the trustee.

*How is the policy enforced generally?*

For participant-directed activity of plans that use T. Rowe Price as their recordkeeper, participant trading activity is monitored according to the policy and the 30-Day Purchase Block is enforced automatically, except as discussed below under the next question for plans that have approval to apply a modified policy and in such a case T. Rowe Price would apply the modified policy.



For participant-directed activity of plans that do not use T. Rowe Price as their recordkeeper, we will work with the plans/recordkeepers to apply the policy. In cases where a recordkeeper does not have the system capability to implement the 30-Day Purchase Block, we will work with the plan's recordkeeper on a schedule for implementation or the plan's recordkeeper may be allowed to apply a modified policy that has been approved by the trustee as discussed below under the next question. Because T. Rowe Price is not the recordkeeper for such plans, we cannot actively monitor trading activity by individual plan participants. However, we generally will monitor and review plan activity at the omnibus account level and look for activity that indicates potential excessive or short-term trading. If we detect suspicious trading activity, we will contact the plan or the recordkeeper to determine whether the trusts' policy or the alternative policy have been violated, and, if so, ask that they take further action.

For plan-directed activity, trading activity is monitored according to the policy and the 30-Day Purchase Block is enforced automatically.

*Can the policy be modified?*

Yes, the trusts may modify the policy in the future and would provide notice to affected plans.

The trusts also may modify the 30-Day Purchase Block policy on a case-by-case basis (for example, in situations where a retirement plan with multiple investment options imposes a uniform restriction on trading in the plan for investment options that differs from the trusts' policy). These modifications must be agreed to in writing and would be authorized only if the trustee determines, in its sole discretion, that the modified policy provides protection to the trusts that is reasonably equivalent to the trusts' policy.

## **More About the Trusts**

### *Organization*

The trusts are sponsored by T. Rowe Price Trust Company (a Maryland-chartered, limited-purpose trust company) and are underlying trusts of the T. Rowe Price Strategic Common Trust Fund. They are organized as group trusts under federal tax laws and common trust funds (also known as collective investment funds) under Maryland state banking laws. Units of the trusts are not deposits or obligations of, or guaranteed by, the U.S. government or its agencies or T. Rowe Price Trust Company and are subject to investment risks, including possible loss of principal.

The trusts are pooled investment vehicles that are managed like mutual funds, but they are not subject to regulation as investment companies under the Investment Company Act of 1940. Units of the trusts are offered in reliance upon an exemption from registration under the Securities Act of 1933.

The trusts may accept investments only from certain "qualified" retirement plans, such as defined benefit and defined contribution plans, and certain governmental and church

plans. Individual retirement accounts (IRAs) and most Keogh plans may not invest in the trusts.

#### *Management*

The trusts are exclusively managed by their trustee, T. Rowe Price Trust Company, which is a subsidiary of T. Rowe Price Associates, Inc. The Trustee is advised by T. Rowe Price Associates, Inc. and T. Rowe Price International Ltd, registered investment advisers. Also, the trustee has retained the services of independent custodians and an accounting firm.

**Trustee:** T. Rowe Price Trust Company

**Investment Advisers to Trustee:** T. Rowe Price Associates, Inc. and T. Rowe Price International Ltd.

**Custodians:** JPMorgan Chase Bank, N.A. and State Street Bank and Trust Company

**Independent Public Accountant:** PricewaterhouseCoopers

Jerome A. Clark has day-to-day responsibility for managing the trusts' portfolios and works with a T. Rowe Price Investment Advisory Committee in developing and executing the trusts' investment strategies. Mr. Clark joined T. Rowe Price Associates, Inc. in 1992 and was appointed an officer of the trustee in 1993.

#### *Conflicts of interest*

Portfolio managers within the T. Rowe Price family of companies typically manage multiple accounts. These accounts may include, among others, mutual funds, separate accounts (assets managed on behalf of institutions such as pension funds, colleges and universities, foundations), and common trust funds. Portfolio managers make investment decisions for each portfolio based on the investment objectives, policies, practices, and other relevant investment considerations that the managers believe are applicable to that portfolio. Consequently, portfolio managers may purchase (or sell) securities for one portfolio and not another portfolio. As part of determining portfolio managers' compensation, all portfolios managed by a portfolio manager are subject to evaluation. Also, T. Rowe Price has adopted brokerage and trade allocation policies and procedures which it believes are reasonably designed to address any potential conflicts associated with managing multiple accounts for multiple clients. Additional information concerning brokerage and trade allocation policies used by T. Rowe Price generally may be found in the "Statement of Additional Information" for the Price Funds, located on the T. Rowe Price website.

#### *Powers held by the trustee*

The trustee may take whatever actions believed to be necessary and consistent with its fiduciary duties to manage the trusts and protect trust assets. Such actions may be in addition to those duties expressly authorized by the Declaration of Trust. The trustee may employ and compensate suitable agents, custodians, recordkeepers, auditors,

investment advisers, consultants, and counsel. Consistent with applicable requirements under the Employee Retirement Income Security Act of 1974 (ERISA), these parties may be domestic or foreign, and they may or may not be affiliated with the trustee.

#### *Fees and expenses*

The Declaration of Trust details fees and other expenses that may be charged to a trust or to a particular class of a trust, as the case may be. The primary fees and other expenses relate to (i) costs, commissions, taxes (including, without limitation, any withholding and transfer taxes) and other expenses associated with the holding, purchase, lending, and/or sale of, and receipt of income from, investments, and (ii) depending on the class, the compensation of the trustee. The amount of the trustee's compensation ("**trustee fee**") may differ among classes of a trust, as described in its Supplemental Declaration of Trust. Generally, each class has a minimum total balance that is to be maintained in the trusts. If the minimum balance is not maintained, the trustee has the right to close the plan's account and redeem its balances in the trusts after giving the plan 180 days notice to increase its total balance or to agree to exchange into another class for which the plan would qualify (if any).

The trustee uses trustee fees primarily to pay normal operating expenses associated with the trusts, including fees for custodial, accounting, recordkeeping, and investment advisory services provided by third parties, and such providers may be affiliates of the trustee. Trustee fees are assessed in relation to the Retirement Active Trusts; there are no additional trustee fees payable in relation to the underlying trusts sponsored by the trustee in which the Retirement Active Trusts invest. Other investment vehicles in which the underlying trusts may invest, such as REITs, may have their own expenses and the underlying trusts, and thus the Retirement Active Trusts, would indirectly bear their proportionate share of such expenses.

The trustee may change its compensation, within a class for example, or the source of payment thereof by notice given at least 180 days before the effective date of such change to affected participating plans; provided, however, that a change by the trustee in its discretion that would result in a decrease in such compensation may be made without prior notice.

#### *Additional information*

This Offering Circular contains summaries, believed to be accurate, of certain provisions of the Declaration of Trust. The Offering Circular may be amended at any time so long as the amended circular is consistent with the Declaration of Trust. The full Declaration of Trust is furnished to plan sponsors, along with a Participation Agreement, which the plan fiduciary is required to execute prior to the trustee's acceptance of the plan's investment in the trusts. In the event of a conflict between this Offering Circular and the terms of the Declaration of Trust, the latter will control.

Additional information about the trusts is available in the Declaration of Trust, the terms of which have been incorporated herein. Copies of this Offering Circular may be made available to plan participants upon their request.