

MAY 31, 2010

GNMA
FUND

Annual Report



T. ROWE PRICE[®]

HIGHLIGHTS

- GNMA and other mortgage-backed securities enjoyed decent returns over the past six months and year.
- The GNMA Fund outpaced its benchmark in both periods while lagging its peer group average.
- Credit markets still present risk, and we continue to rely on extensive research of individual credits before selecting issues for the portfolios.
- While the recent turmoil in European credit markets is worrisome, we believe fixed income markets in the U.S. will continue to improve over time.

The views and opinions in this report were current as of May 31, 2010. They are not guarantees of performance or investment results and should not be taken as investment advice. Investment decisions reflect a variety of factors, and the managers reserve the right to change their views about individual stocks, sectors, and the markets at any time. As a result, the views expressed should not be relied upon as a forecast of the fund's future investment intent. The report is certified under the Sarbanes-Oxley Act, which requires mutual funds and other public companies to affirm that, to the best of their knowledge, the information in their financial reports is fairly and accurately stated in all material respects.

REPORTS ON THE WEB

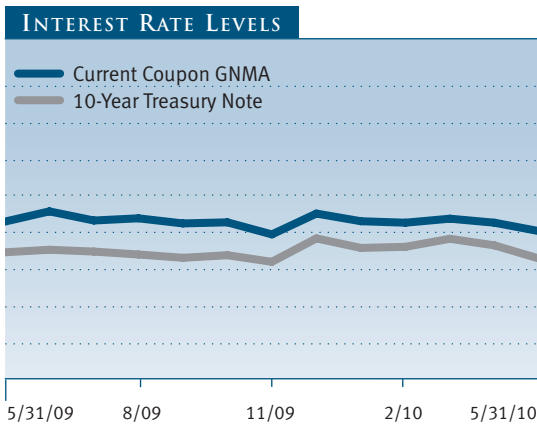
Sign up for our E-mail Program, and you can begin to receive updated fund reports and prospectuses online rather than through the mail. Log in to your account at troweprice.com for more information.

Fellow Shareholders

GNMA bonds and other mortgage-backed securities (MBS) enjoyed decent returns over the past six months and year. Continued worries over the strength of the U.S. economic recovery and new fears about credit problems in Europe kept overall interest rates low. In addition, factors particular to the MBS market, including negative net new issuance and the inability of many homeowners to pay off existing mortgages as rates fell, helped boost bond prices. Finally, the Federal Reserve discontinued its massive program of MBS purchases as planned at the end of March, but limited supply of new issues helped keep supply and demand within the MBS market in equilibrium. The GNMA Fund enjoyed modest returns in this environment, with the bulk of returns coming from dividend income.

ECONOMY AND INTEREST RATES

Most signs indicated that the U.S. economy continued recovering over the past six months, albeit at an uneven pace. Businesses



Sources: Federal Reserve Board and Bloomberg.

resumed hiring in earnest in March and April for the first time in over two years, although the pace of private-sector job creation fell back sharply in May, and the unemployment rate remained elevated. Consumer spending continued to inch higher, and gauges of consumer confidence suggested that Americans were becoming

somewhat more optimistic about the economy's direction. The housing sector appeared to have stabilized, thanks in part to homebuyer tax incentives. Manufacturing seemed to be leading the way in the recovery, due partly to healthy export markets.

In a sign that the Federal Reserve was confident that U.S. credit markets were faring better, the central bank took its first step toward removing extraordinary policy accommodation. On February 18, 2010, the Fed announced that it was raising the discount rate it charges member banks for emergency loans by a quarter of a percentage point, to 0.75%. The Fed took pains to assure investors, however, that the more influential federal funds rate—which directly affects consumer and business lending rates—would not be increased in the near future. The short-term inflation threat appeared well contained. The year-over-year increase in core inflation, which excludes volatile food and energy prices, fell to its lowest level in over 40 years.

Worries over sovereign debt markets dominated bond headlines toward the end of the period. Disturbing echoes of the 2008 financial crisis appeared in the form of growing concerns about spiraling deficits in Portugal; Spain; and, in particular, Greece. Although most observers agreed that outright defaults on sovereign debt were highly unlikely, some worried that a new contagion might spread to other European markets—or that at least the Continent's growth would slow as interest rates in peripheral European Union nations climbed and as Germany and other large economies diverted resources to help Greece deal with its debt issues. While good domestic economic prospects might normally result in rising yields and declining bond prices, concerns about turmoil in European credit markets boosted demand for the safe haven of U.S. Treasuries.

PERFORMANCE AND STRATEGY REVIEW

The GNMA Fund returned 2.50% for the six-month period and 7.04% for the 12-month period ended May 31, 2010. As shown in the Performance Comparison table, the portfolio outperformed the Barclays Capital U.S. GNMA Index over both periods while underperforming its peer group of funds, as represented by the Lipper GNMA Funds Average.

Over both periods, we benefited from a modest allocation to top-tier, AAA rated commercial mortgage-backed securities (CMBS). In addition to its holdings of individual bonds, the fund also holds CMBS indirectly through a stake in T. Rowe Price's Term Asset-Backed

PERFORMANCE COMPARISON

Periods Ended 5/31/10	Total Return	
	6 Months	12 Months
GNMA Fund	2.50%	7.04%
Barclays Capital U.S. GNMA Index	2.35	6.82
Lipper GNMA Funds Average	2.66	8.10

not to stray far from our index when it comes to duration (a measure of sensitivity to interest rate changes) and yield curve posturing, our positioning in these areas also helped performance. Finally, much of our time is dedicated to careful selection of MBS pools with appealing valuations and that respond well to changes in interest rates—an effort that continues to aid the fund’s returns.

Following the extreme turbulence in the financial markets of 2008 and early 2009, investors in fixed income “spread products” (securities other than risk-free Treasuries) have watched returns march almost steadily in one direction—upward. Buoyed by the “shock and awe” response of the U.S. government to the financial crisis, securitized products—many of them among the hardest-hit financial instruments when markets seized in late 2008—have been among the strongest performers in the fixed income markets and have enjoyed unprecedented returns. The chart on page 4 illustrates the excess return over equal-duration Treasuries for various sectors for the one-year periods ended May 31, 2010, and May 31, 2009.

PORTFOLIO CHARACTERISTICS

Periods Ended	11/30/09	5/31/10
Price Per Share	\$9.88	\$9.91
Dividends Per Share		
For 6 months	0.21	0.21
For 12 months	0.44	0.43
30-Day SEC Yield	3.96%	4.13%
Weighted Average Maturity (years)	4.8	5.9
Weighted Average Effective Duration (years)	2.6	3.0

12-month dividends may not equal the combined 6-month figures due to rounding.

Opportunity Fund, a vehicle (not open to individual investors) that takes advantage of favorable leverage terms through the Term Asset-Backed Securities Loan Facility (TALF) program mentioned later in this letter. Though we tend

As can be seen, GNMA bonds have garnered solid outperformance versus Treasuries. However, this has been modest relative to the stellar performance of the riskier asset-backed securities (ABS) and CMBS segments—though GNMAAs avoided much of the previous year’s carnage in these sectors.

EXCESS RETURNS OVER EQUAL-DURATION TREASURIES

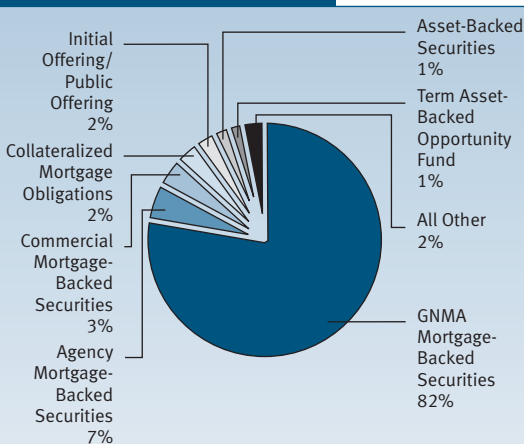
	May 2009	May 2010
GNMA MBS	-0.83%	3.01%
ABS	-3.82	8.94
CMBS	-20.32	24.51

Source: Barclays Capital.

sentiment. So far, the answer seems to be in the affirmative. The TALF program, which ended on March 31, was widely considered an enormous success, as the prospect of cheap leverage through government-issued loans enticed investors back into the market and drove interest rates on everything from auto loans to credit cards back to pre-crisis levels. In fact, the conclusion of this program was a nonevent, as the ABS sector was standing on its own well before the March 31 deadline. CMBS also benefited from the TALF program in addition to the Public-Private Investment Program, which spawned multiple government/private asset manager-partnered funds and billions of dollars in buying power focused on the more heavily distressed non-agency MBS and CMBS sectors. Much like ABS, the CMBS market seems to be relatively healthy again, though it is still vulnerable to bouts of risk aversion, as illustrated in May, when the sovereign credit situation in Europe took on a more ominous tone.

The prevailing question entering 2010 was whether or not many areas of the financial system that were on government life support could survive on their own in the midst of a fragile economic recovery and still somewhat timid investor

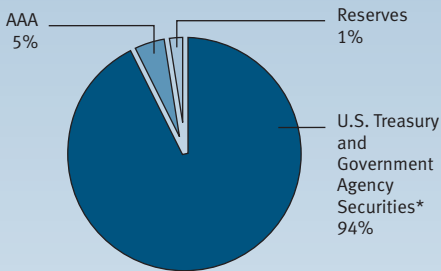
SECURITY DIVERSIFICATION



Based on net assets as of 5/31/10.

For agency MBS such as GNMA bonds, which make up the vast majority of the GNMA Fund, the lifeline came in the form of the Fed's "quantitative easing" program. By purchasing \$1.25 trillion of securities, the Fed entrenched itself as the primary player in this market, substantially lowering MBS spreads and, by extension, mortgage rates available to borrowers. Like TALF, this program

QUALITY DIVERSIFICATION



Based on net assets as of 5/31/10.

*U.S. government agencies include GNMA securities and conventional pass-throughs, collateralized mortgage obligations, and project loans. U.S. government agency securities, unlike Treasuries, are not issued directly by the U.S. government and are generally unrated but have credit support from the U.S. Treasury (in the case of Freddie Mac and Fannie Mae issues) or a direct government guarantee (in the case of Ginnie Mae issues). Unrated securities totaled 85% of the portfolio at the end of the reporting period.

Sources: Moody's Investors Service; if Moody's does not rate a security, then Standard & Poor's (S&P) is used as a secondary source. When available, T. Rowe Price will use Fitch for securities that are not rated by Moody's or S&P.

came to an end on March 31, leading most investors to expect some degree of underperformance by MBS given the departure of a huge source of demand from the market. Fortunately, this never materialized to any large degree, and MBS have continued to churn out strong and stable—if not spectacular—returns for investors.

MBS continue to benefit from several forces that make the securities an appealing option for investors. First, favorable technical factors remain in place. On the demand side, there is a consistent

bid for GNMA paper for use in collateralized mortgage obligations. In addition, GNMA's have seen demand from overseas investors such as foreign central banks, which are attracted by the explicit guarantee from the U.S. government paired with higher yields than standard Treasury securities. On the supply side, negative net issuance—when the amount of MBS issued is less than the balance being paid down—should also support prices.

Secondly, MBS are performing unusually well in a falling interest rate environment, as loans are not being paid off as interest rates decline. Many homeowners are “underwater” on their homes, with the balance of their loan worth more than the house. When combined with still-tight credit conditions, the environment makes it quite difficult to take advantage of low rates by prepaying an old mortgage and securing a new one. What is bad news for homeowners is good news for investors, who are allowed to clip an attractive coupon for a longer time.

OUTLOOK

The mortgage market may yet underperform in a sustained highly volatile environment like investors experienced in late 2008. We are likely to regard any weakness in mortgage spreads as a buying opportunity, however. A sharp increase in rates would hurt mortgage performance, but we regard such a move as unlikely for the balance of 2010. Despite recent market turmoil surrounding the sovereign debt crisis in Greece and other parts of Europe, we believe U.S. bond markets will continue to improve over time. Our goal over the coming months remains to protect our shareholders through careful research and prudent risk management.

As always, thank you for investing with T. Rowe Price.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Andrew McCormick". The signature is fluid and cursive, with the first name "Andrew" written in a larger, more prominent script than the last name "McCormick".

Andrew McCormick

President of the fund and chairman of the Investment Advisory Committee

June 9, 2010

The committee chairman has day-to-day responsibility for managing the portfolio and works with committee members in developing and executing the fund's investment program.

RISK OF GNMA FUND INVESTING

Even though principal and interest payments on GNMA's are guaranteed, an increase in interest rates can cause share price to decline, resulting in a loss of principal. Investors in bond funds are also subject to several other types of risk—interest rate risk, credit risk, prepayment risk, extension risk, and derivatives risk. Since the fund invests primarily in GNMA's, which are backed by the full faith and credit of the U.S. government, its exposure to credit risk is low. A mortgage-backed bond, unlike most other bonds, can be hurt when interest rates fall because homeowners tend to refinance and prepay principal. Prepayments can cause the average maturity of the portfolio to shorten, require the fund to reinvest proceeds at lower interest rates, or even cause certain bonds' prices to fall below what the fund paid for them, resulting in a capital loss. Increased interest rates can cause the fund's average maturity to lengthen unexpectedly due to a drop in mortgage prepayments. Shareholders are also exposed to derivatives risk, the potential that our investments in these complex and volatile instruments could affect the fund's share price.

GLOSSARY

30-day SEC yield: A method of calculating a fund's yield that assumes all portfolio securities are held until maturity. Yield will vary and is not guaranteed.

Barclays Capital U.S. GNMA Index: Tracks the performance of mortgage-backed pass-through securities of the Government National Mortgage Association (GNMA).

Basis point: One one-hundredth of one percentage point, or 0.01%.

Current coupon GNMA: An index that tracks a theoretical 30-year GNMA mortgage that is priced at par. It is computed by interpolating from the two 30-year GNMA's whose prices bracket par.

Duration: A measure of a bond or bond fund's sensitivity to changes in interest rates. For example, a fund with a duration of five years would fall about 5% in response to a one-percentage-point rise in rates, and vice versa.

Extension risk: As interest rates rise, the likelihood of prepayment decreases, and the average life and duration of mortgage securities lengthens. Investors are unable to capitalize on higher interest rates because their investment is locked in at a lower rate for a longer period of time.

Lipper averages: Consist of all mutual funds in a particular category as tracked by Lipper Inc.

Total return: The annual rate of return on a bond, taking into account interest income, plus appreciation or depreciation. If a bond is held to maturity, its total return equals its yield to maturity.

GLOSSARY (CONTINUED)

Weighted average maturity: The weighted average maturity is a measure of a fund's interest rate sensitivity. In general, the longer the average maturity, the greater the fund's sensitivity to interest rate changes. The weighted average maturity may take into account the interest rate readjustment dates for certain securities.

Yield curve: A graphic depiction of the relationship between yields and maturity dates for a set of similar securities, such as Treasuries or municipal securities. Securities with longer maturities usually have a higher yield. If short-term securities offer a higher yield, then the curve is said to be "inverted." If short- and long-term bonds are offering equivalent yields, then the curve is said to be "flat."

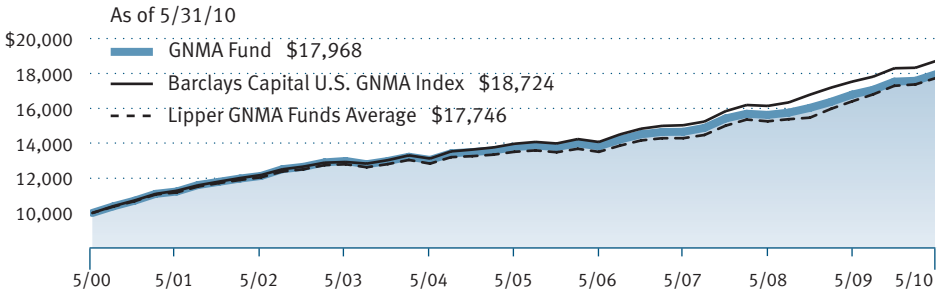
T. ROWE PRICE GNMA FUND

Performance and Expenses

GROWTH OF \$10,000

This chart shows the value of a hypothetical \$10,000 investment in the fund over the past 10 fiscal year periods or since inception (for funds lacking 10-year records). The result is compared with benchmarks, which may include a broad-based market index and a peer group average or index. Market indexes do not include expenses, which are deducted from fund returns as well as mutual fund averages and indexes.

GNMA FUND



AVERAGE ANNUAL COMPOUND TOTAL RETURN

This table shows how the fund would have performed each year if its actual (or cumulative) returns for the periods shown had been earned at a constant rate.

Periods Ended 5/31/10	1 Year	5 Years	10 Years
GNMA Fund	7.04%	5.45%	6.03%

Returns do not reflect taxes that the shareholder may pay on fund distributions or the redemption of fund shares. Past performance cannot guarantee future results.

FUND EXPENSE EXAMPLE

As a mutual fund shareholder, you may incur two types of costs: (1) transaction costs, such as redemption fees or sales loads, and (2) ongoing costs, including management fees, distribution and service (12b-1) fees, and other fund expenses. The following example is intended to help you understand your ongoing costs (in dollars) of investing in the fund and to compare these costs with the ongoing costs of investing in other mutual funds. The example is based on an investment of \$1,000 invested at the beginning of the most recent six-month period and held for the entire period.

Actual Expenses

The first line of the following table (“Actual”) provides information about actual account values and expenses based on the fund’s actual returns. You may use the information in this line, together with your account balance, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first line under the heading “Expenses Paid During Period” to estimate the expenses you paid on your account during this period.

Hypothetical Example for Comparison Purposes

The information on the second line of the table (“Hypothetical”) is based on hypothetical account values and expenses derived from the fund’s actual expense ratio and an assumed 5% per year rate of return before expenses (not the fund’s actual return). You may compare the ongoing costs of investing in the fund with other funds by contrasting this 5% hypothetical example and the 5% hypothetical examples that appear in the shareholder reports of the other funds. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period.

Note: T. Rowe Price charges an annual small-account maintenance fee of \$10, generally for accounts with less than \$2,000 (\$500 for UGMA/UTMA). The fee is waived for any investor whose T. Rowe Price mutual fund accounts total \$25,000 or more, accounts employing automatic investing, and IRAs and other retirement plan accounts that utilize a prototype plan sponsored by T. Rowe Price (although a separate custodial or administrative fee may apply to such accounts). This fee is not included in the accompanying table. If you are subject to the fee, keep it in mind when you are estimating the ongoing expenses of investing in the fund and when comparing the expenses of this fund with other funds.

You should also be aware that the expenses shown in the table highlight only your ongoing costs and do not reflect any transaction costs, such as redemption fees or sales loads. Therefore, the second line of the table is useful in comparing ongoing costs only and will not help you determine the relative total costs of owning different funds. To the extent a fund charges transaction costs, however, the total cost of owning that fund is higher.

FUND EXPENSE EXAMPLE (CONTINUED)

GNMA FUND			
	Beginning Account Value 12/1/09	Ending Account Value 5/31/10	Expenses Paid During Period* 12/1/09 to 5/31/10
Actual	\$1,000.00	\$1,025.00	\$3.13
Hypothetical (assumes 5% return before expenses)	1,000.00	1,021.84	3.13

*Expenses are equal to the fund's annualized expense ratio for the 6-month period (0.62%), multiplied by the average account value over the period, multiplied by the number of days in the most recent fiscal half year (182) divided by the days in the year (365) to reflect the half-year period.

QUARTER-END RETURNS

Periods Ended 3/31/10	1 Year	5 Years	10 Years
GNMA Fund	6.12%	5.38%	5.82%

Current performance may be higher or lower than the quoted past performance, which cannot guarantee future results. Share price, principal value, and return will vary, and you may have a gain or loss when you sell your shares. For the most recent month-end performance, please visit our Web site (troweprice.com) or contact a T. Rowe Price representative at 1-800-225-5132.

This table provides returns net of expenses through the most recent calendar quarter-end rather than through the end of the fund's fiscal period. It shows how the fund would have performed each year if its actual (or cumulative) returns for the periods shown had been earned at a constant rate. Average annual total return figures include changes in principal value, reinvested dividends, and capital gain distributions. Returns do not reflect taxes that the shareholder may pay on fund distributions or the redemption of fund shares. When assessing performance, investors should consider both short- and long-term returns.

EXPENSE RATIO

GNMA Fund	0.66%
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The expense ratio shown is as of the fund's fiscal year ended 5/31/09. This number may vary from the expense ratio shown elsewhere in this report because it is based on a different time period and, if applicable, does not include fee or expense waivers.

FINANCIAL HIGHLIGHTS

For a share outstanding throughout each period

	Year Ended				
	5/31/10 [†]	5/31/09 [†]	5/31/08 [†]	5/31/07 [†]	5/31/06 [†]
NET ASSET VALUE					
Beginning of period	\$ 9.67	\$ 9.43	\$ 9.29	\$ 9.21	\$ 9.63
Investment activities					
Net investment income	0.39	0.43	0.45	0.44	0.39
Net realized and unrealized gain (loss)	0.28	0.25	0.15	0.11	(0.36)
Total from investment activities	0.67	0.68	0.60	0.55	0.03
Distributions					
Net investment income	(0.43)	(0.44)	(0.46)	(0.47)	(0.45)
NET ASSET VALUE					
End of period	\$ 9.91	\$ 9.67	\$ 9.43	\$ 9.29	\$ 9.21

Ratios/Supplemental Data

Total return⁽¹⁾	7.04%	7.44%	6.61%	6.03%	0.32%
Ratio of total expenses to average net assets	0.63%	0.66%	0.63%	0.65%	0.66%
Ratio of net investment income to average net assets	4.02%	4.51%	4.76%	4.72%	4.14%
Portfolio turnover rate ⁽²⁾	79.0%	108.3%	89.6%	80.7%	135.1%
Portfolio turnover rate, excluding mortgage dollar roll transactions	79.0%	81.1%	70.8%	68.4%	89.9%
Net assets, end of period (in millions)	\$ 1,486	\$ 1,411	\$ 1,414	\$ 1,278	\$ 1,218

[†] Per share amounts calculated using average shares outstanding method.

⁽¹⁾ Total return reflects the rate that an investor would have earned on an investment in the fund during each period, assuming reinvestment of all distributions.

⁽²⁾ The portfolio turnover rate calculation includes purchases and sales from the mortgage dollar roll transactions.

The accompanying notes are an integral part of these financial statements.

PORTFOLIO OF INVESTMENTS ‡	\$ Par/Shares	Value
(Amounts in 000s)		
ASSET-BACKED SECURITIES 0.9%		
Credit Card Backed 0.8%		
Discover Card Master Trust I Series 2005-4, Class A2, VR 0.427%, 6/16/15	3,760	3,722
Discover Card Master Trust I Series 2009-A2, Class A, VR 1.637%, 2/17/15	5,055	5,139
GE Capital Credit Card Master Note Trust Series 2009-1, Class A, VR 2.437%, 4/15/15	3,760	3,864
		12,725
Other Asset-Backed Securities 0.1%		
Marriott Vacation Club Owner Trust Series 2006-1A, Class A 5.737%, 4/20/28 (1)	990	1,029
Marriott Vacation Club Owner Trust Series 2006-2A, Class A 5.362%, 10/20/28 (1)	495	507
		1,536
Total Asset-Backed Securities (Cost \$14,080)		14,261
NON-U.S. GOVERNMENT MORTGAGE-BACKED SECURITIES 3.2%		
Commercial Mortgage Backed Securities 2.7%		
Bear Stearns Commercial Mortgage Securities Series 2005-PWR8, Class A4 4.674%, 6/11/41	325	334
Commercial Mortgage Loan Trust Series 2008-LS1, Class A3, VR 6.019%, 3/10/17	3,475	3,689
Commercial Mortgage PTC Series 2006-C7, Class A4, VR 5.767%, 6/10/46	4,775	4,925

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	\$ Par/Shares	Value
(Amounts in 000s)		
Greenwich Capital Commercial Funding Corp. Series 2005-GG3, Class A2 4.305%, 8/10/42	3,748	3,791
JPMorgan Chase Commercial Mortgage Securities Corp. Series 2007-LD11, Class A4, VR 5.818%, 6/15/49	3,850	3,631
LB-UBS Commercial Mortgage Trust Series 2005-C1, Class A4 4.742%, 2/15/30	5,145	5,299
Morgan Stanley Capital I Series 2006-T23, Class A4, VR 5.81%, 8/12/41	6,555	7,092
Morgan Stanley Capital I Series 2007-HQ11, Class A4, VR 5.447%, 2/12/44	4,000	3,790
Morgan Stanley Capital I Series 2007-T27, Class A4, VR 5.649%, 6/11/42	6,400	6,789
		39,340
Whole Loans Backed 0.5%		
Sequoia Mortgage Trust Series 2010-H1, Class A1, CMO, ARM 3.75%, 2/25/40	1,354	1,356
Wells Fargo Mortgage Backed Securities Trust Series 2003-O, Class 5A1, CMO, ARM 4.798%, 1/25/34	1,525	1,551
Wells Fargo Mortgage Backed Securities Trust Series 2005-AR2, Class 2A2, CMO, ARM 2.876%, 3/25/35	1,183	1,101
Wells Fargo Mortgage Backed Securities Trust Series 2005-AR2, Class 3A1, CMO, ARM 4.89%, 3/25/35	1,172	1,034

T. ROWE PRICE GNMA FUND

	\$ Par/Shares	Value
(Amounts in 000s)		
Wells Fargo Mortgage Backed Securities Trust Series 2006-AR16, Class A1, CMO, ARM 5.572%, 10/25/36	3,185	2,617
		7,659
Total Non-U.S. Government Mortgage-Backed Securities (Cost \$46,083)		46,999

U.S. GOVERNMENT & AGENCY MORTGAGE-BACKED SECURITIES 93.5%

U.S. Government Agency Obligations 8.6% (2)

Federal Home Loan Mortgage		
5.00%, 4/1/40	5,764	6,045
5.50%, 12/1/34	6,094	6,547
Federal Home Loan Mortgage, CMO, IO, 5.00%, 8/1/35	39,254	7,557
Federal National Mortgage Assn.		
5.00%, 10/1/21 - 12/1/39	26,372	27,867
5.50%, 2/1/35 - 4/1/36	31,447	33,577
6.00%, 11/1/37	27,119	29,261
Federal National Mortgage Assn., CMO, IO, 4.50%, 11/25/39	73,124	17,732
Vendee Mortgage Trust, CMO, VR, 9.598%, 3/15/25	231	255
		128,841

U.S. Government Obligations 84.9%

Government National Mortgage Assn.		
4.00%, 9/15/18 - 6/20/39	13,150	13,416
4.50%, 2/15/21 - 5/20/40 (3)	362,751	373,096
5.00%, 10/15/17 - 10/20/39	230,735	244,661
5.50%, 10/15/28 - 10/20/39	290,659	313,469
6.00%, 4/15/11 - 7/20/39	156,781	170,685
6.50%, 12/15/14 - 6/20/39	66,784	73,679
7.00%, 3/15/13 - 10/20/36	19,482	21,508

T. ROWE PRICE GNMA FUND

	\$ Par/Shares	Value
(Amounts in 000s)		
7.50%, 9/15/12 - 9/15/32	6,127	6,742
8.00%, 6/15/16 - 3/15/30	3,848	4,215
8.50%, 5/15/16 - 2/20/23	791	866
9.00%, 4/15/18 - 9/15/24	437	487
9.25%, 10/15/16 - 12/15/19	84	93
9.50%, 4/15/19 - 12/15/24	209	234
9.75%, 7/15/17 - 2/15/21	91	102
10.00%, 2/15/16 - 3/15/26	989	1,095
10.25%, 9/20/16	14	15
10.50%, 2/15/13 - 10/15/21	134	148
11.00%, 7/15/13 - 7/20/20	80	89
11.50%, 9/15/10 - 11/15/19	99	108
12.00%, 10/15/10 - 4/15/15	169	185
12.25%, 3/15/14 - 7/20/15	21	24
12.50%, 11/15/10 - 1/20/16	74	83
12.75%, 12/20/13 - 11/20/14	20	23
13.00%, 1/15/11 - 9/20/15	60	68
13.50%, 5/15/11 - 9/15/14	22	25
Government National Mortgage Assn., CMO		
3.612%, 11/16/27	4,170	4,278
5.50%, 5/20/31 - 2/20/33	14,267	14,924
6.50%, 10/20/27 - 11/20/31	15,025	16,730
Government National Mortgage Assn., CMO		
Principal Only, 3/16/28	298	260
		1,261,308
Total U.S. Government & Agency Mortgage-Backed Securities (Cost \$1,328,012)		1,390,149

	\$ Par/Shares	Value
(Amounts in 000s)		
PRIVATE INVESTMENT COMPANIES 0.7%		
T. Rowe Price Term Asset-Backed Opportunity Fund (4)	867	10,259
Total Private Investment Companies (Cost \$8,838)		<u>10,259</u>
SHORT-TERM INVESTMENTS 1.4%		
Money Market Funds 1.4%		
T. Rowe Price Reserve Investment Fund, 0.27% (4)(5)	20,297	20,297
Total Short-Term Investments (Cost \$20,297)		<u>20,297</u>
Total Investments in Securities		
99.7% of Net Assets (Cost \$1,417,310)		<u>\$ 1,481,965</u>

‡ Denominated in U.S. dollars unless otherwise noted.

(1) Security was purchased pursuant to Rule 144A under the Securities Act of 1933 and may be resold in transactions exempt from registration only to qualified institutional buyers -- total value of such securities at period-end amounts to \$1,536 and represents 0.1% of net assets.

(2) Issuer operates under a Congressional charter; its securities are neither issued nor guaranteed by the U.S. government. The Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation currently operate under a federal conservatorship.

(3) All or a portion of this security is pledged to cover margin requirements on futures contracts at May 31, 2010.

(4) Affiliated Companies

(5) Seven-day yield

ARM Adjustable Rate Mortgage

CMO Collateralized Mortgage Obligation

IO Interest Only security for which the fund receives interest on notional principal

PTC Pass-Through Certificate

VR Variable Rate; rate shown is effective rate at period-end.

Futures Contracts

(\$000s)

	<u>Expiration</u>	<u>Contract Value</u>	<u>Unrealized Gain (Loss)</u>
Short, 248 U.S. Treasury two year contracts \$198 par of 4.50% Government National Mortgage Assn. pledged as initial margin	9/10	\$ (54,099)	\$ (79)
Long, 166 U.S. Treasury ten year contracts \$52 par of 4.50% Government National Mortgage Assn. pledged as initial margin	9/10	19,899	2
Net payments (receipts) of variation margin to date			77
Variation margin receivable (payable) on open futures contracts			\$ -

Affiliated Companies

(\$000s)

The fund may invest in certain securities that are considered affiliated companies. As defined by the 1940 Act, an affiliated company is one in which the fund owns 5% or more of the outstanding voting securities, or a company which is under common ownership or control. Based on the fund's relative ownership, the following securities were considered affiliated companies for all or some portion of the year ended May 31, 2010. Purchase and sales cost and investment income reflect all activity for the period then ended.

Affiliate	Purchase Cost	Sales Cost	Investment Income	Value	
				5/31/10	5/31/09
T. Rowe Price Term Asset- Backed Opportunity Fund	\$ 8,838**	\$ -	\$ 492	\$ 10,259	\$ -
T. Rowe Price Reserve Investment Fund, 0.27%	□	□	118	20,297	46,373
Totals			\$ 610	\$ 30,556	\$ 46,373

** Investment in partnership; cost balances reflect net capital contributed/returned and pro rata share of undistributed partnership earnings.

□ Purchase and sale information not shown for cash management funds.

Amounts reflected on the accompanying financial statements include the following amounts related to affiliated companies:

Investment in securities, at cost	\$ 29,135
Dividend income	118
Interest income	492
Investment income	\$ 610
Realized gain (loss) on securities	\$ -
Capital gain distributions from mutual funds	\$ -

The accompanying notes are an integral part of these financial statements.

STATEMENT OF ASSETS AND LIABILITIES

(\$000s, except shares and per share amounts)

Assets

Investments in securities, at value (cost \$1,417,310)	\$ 1,481,965
Interest receivable	6,304
Receivable for shares sold	792
Cash	166
Other assets	36
Total assets	<u>1,489,263</u>

Liabilities

Payable for shares redeemed	1,773
Investment management fees payable	567
Due to affiliates	219
Other liabilities	646
Total liabilities	<u>3,205</u>

NET ASSETS **\$ 1,486,058****Net Assets Consist of:**

Accumulated undistributed net realized loss	\$ (16,319)
Net unrealized gain	64,578
Paid-in capital applicable to 149,900,284 no par value shares of beneficial interest outstanding; unlimited number of shares authorized	<u>1,437,799</u>

NET ASSETS **\$ 1,486,058****NET ASSET VALUE PER SHARE** **\$ 9.91**

The accompanying notes are an integral part of these financial statements.

STATEMENT OF OPERATIONS

(\$000s)

	Year Ended 5/31/10
Investment Income (Loss)	
Income	
Interest	\$ 68,467
Dividend	118
Total income	<u>68,585</u>
Expenses	
Investment management	6,719
Shareholder servicing	2,045
Prospectus and shareholder reports	77
Custody and accounting	289
Registration	62
Legal and audit	25
Trustees	12
Miscellaneous	12
Total expenses	<u>9,241</u>
Net investment income	<u>59,344</u>
Realized and Unrealized Gain (Loss)	
Net realized gain (loss)	
Securities	8,105
Futures	(245)
Swaps	1,939
Net realized gain	<u>9,799</u>
Change in net unrealized gain (loss)	
Securities	31,976
Futures	(56)
Change in net unrealized gain	<u>31,920</u>
Net realized and unrealized gain	<u>41,719</u>
INCREASE IN NET ASSETS FROM OPERATIONS	<u>\$ 101,063</u>

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN NET ASSETS

(\$000s)

	Year Ended	
	5/31/10	5/31/09
Increase (Decrease) in Net Assets		
Operations		
Net investment income	\$ 59,344	\$ 61,934
Net realized gain	9,799	842
Change in net unrealized gain	31,920	33,983
Increase in net assets from operations	101,063	96,759
Distributions to shareholders		
Net investment income	(64,494)	(64,239)
Capital share transactions*		
Shares sold	326,652	276,117
Distributions reinvested	58,821	58,874
Shares redeemed	(347,033)	(369,971)
Increase (decrease) in net assets from capital share transactions	38,440	(34,980)
Net Assets		
Increase (decrease) during period	75,009	(2,460)
Beginning of period	1,411,049	1,413,509
End of period	\$ 1,486,058	\$ 1,411,049
Undistributed net investment income	-	-
*Share information		
Shares sold	33,467	29,010
Distributions reinvested	6,014	6,211
Shares redeemed	(35,507)	(39,155)
Increase (decrease) in shares outstanding	3,974	(3,934)

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

T. Rowe Price GNMA Fund (the fund), is registered under the Investment Company Act of 1940 (the 1940 Act) as a diversified, open-end management investment company. The fund commenced operations on November 26, 1985. The fund seeks high current income consistent with high overall credit quality and moderate price fluctuation by investing at least 80% of its total assets in GNMA securities backed by the full faith and credit of the U.S. government.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation The accompanying financial statements were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), which require the use of estimates made by fund management. Fund management believes that estimates and valuations are appropriate; however, actual results may differ from those estimates, and the valuations reflected in the accompanying financial statements may differ from the value ultimately realized upon sale of securities.

Investment Transactions, Investment Income, and Distributions Income and expenses are recorded on the accrual basis. Premiums and discounts on debt securities are amortized for financial reporting purposes. Paydown gains and losses are recorded as an adjustment to interest income. Dividends received from mutual fund investments are reflected as dividend income; capital gain distributions are reflected as realized gain/loss. Earnings on investments recognized as partnerships for federal income tax purposes reflect the tax character of such earnings. Dividend income and capital gain distributions are recorded on the ex-dividend date. Income tax-related interest and penalties, if incurred, would be recorded as income tax expense. Investment transactions are accounted for on the trade date. Realized gains and losses are reported on the identified cost basis. Distributions to shareholders are recorded on the ex-dividend date. Income distributions are declared daily and paid monthly. Capital gain distributions, if any, are generally declared and paid by the fund annually.

Credits The fund earns credits on temporarily uninvested cash balances held at the custodian, which reduce the fund's custody charges. Custody expense in the accompanying financial statements is presented before reduction for credits.

New Accounting Pronouncement In January 2010, new accounting guidance was issued that requires enhanced disclosures about fair value measurements in the financial statements; it is effective for fiscal years and interim periods beginning after December 15, 2009. Management expects that adoption of this guidance will have no impact on the fund's net assets or results of operations.

NOTE 2 - VALUATION

The fund's investments are reported at fair value as defined by GAAP. The fund determines the values of its assets and liabilities and computes its net asset value per share at the close of the New York Stock Exchange (NYSE), normally 4 p.m. ET, each day that the NYSE is open for business. Values in the accompanying Portfolio of Investments are as of May 28, 2010, the last business day in the fund's fiscal year ended May 31, 2010. Some foreign markets were open between May 28 and the close of the reporting period on May 31, but any differences in investment values and foreign exchange rates subsequent to May 28 through May 31 were immaterial to the fund's financial statements.

Valuation Methods Debt securities are generally traded in the over-the-counter (OTC) market. Securities with remaining maturities of one year or more at the time of acquisition are valued at prices furnished by dealers who make markets in such securities or by an independent pricing service, which considers the yield or price of bonds of comparable quality, coupon, maturity, and type, as well as prices quoted by dealers who make markets in such securities. Securities with remaining maturities of less than one year at the time of acquisition generally use amortized cost in local currency to approximate fair value. However, if amortized cost is deemed not to reflect fair value or the fund holds a significant amount of such securities with remaining maturities of more than 60 days, the securities are valued at prices furnished by dealers who make markets in such securities or by an independent pricing service.

Investments in mutual funds are valued at the mutual fund's closing net asset value per share on the day of valuation. Investments in private investment companies are valued at the entity's net asset value (or equivalent) as of the valuation date. Financial futures contracts are valued at closing settlement prices.

Other investments, including restricted securities, and those financial instruments for which the above valuation procedures are inappropriate or are deemed not to reflect fair value are stated at fair value as determined in good faith by the T. Rowe Price Valuation Committee, established by the fund's Board of Trustees.

Valuation Inputs Various inputs are used to determine the value of the fund's financial instruments. These inputs are summarized in the three broad levels listed below:

Level 1 – quoted prices in active markets for identical financial instruments

Level 2 – observable inputs other than Level 1 quoted prices (including, but not limited to, quoted prices for similar financial instruments, interest rates, prepayment speeds, and credit risk)

Level 3 – unobservable inputs

Observable inputs are those based on market data obtained from sources independent of the fund, and unobservable inputs reflect the fund's own assumptions based on the best information available. The input levels are not necessarily an indication of the risk or liquidity associated with financial instruments at that level. The following table summarizes the fund's financial instruments, based on the inputs used to determine their values on May 31, 2010:

(\$000s)	Level 1	Level 2	Level 3	Total Value
	Quoted Prices	Significant Observable Inputs	Significant Unobservable Inputs	
Investments in Securities, except:	\$	– \$ 1,451,409	\$	– \$ 1,451,409
Private Investment Companies		–		10,259
Short-Term Investments		20,297		–
Total	\$	20,297 \$	1,451,409 \$	10,259 \$ 1,481,965

Following is a reconciliation of the fund's Level 3 holdings for the year ended May 31, 2010. Gain (loss) reflects both realized and change in unrealized gain (loss) on Level 3 holdings during the period, if any, and is included on the accompanying Statement of Operations. The change in unrealized gain/loss on Level 3 instruments held at May 31, 2010, totaled \$1,421,000 for the year ended May 31, 2010.

(\$000s)	Beginning Balance 6/1/09	Gain (Loss) During Period	Net Purchases and (Sales)	Ending Balance 5/31/10
Investments in Securities				
Private Investment Companies	\$ -	\$ 1,421	\$ 8,838	\$ 10,259

NOTE 3 - DERIVATIVE INSTRUMENTS

During the year ended May 31, 2010, the fund invested in derivative instruments. As defined by GAAP, a derivative is a financial instrument whose value is derived from an underlying security price, foreign exchange rate, interest rate, index of prices or rates, or other variable; it requires little or no initial investment and permits or requires net settlement. The fund invests in derivatives only if the expected risks and rewards are consistent with its investment objectives, policies, and overall risk profile, as described in its prospectus and Statement of Additional Information. The fund may use derivatives for a variety of purposes, such as seeking to hedge against declines in principal value, increase yield, invest in an asset with greater efficiency and at a lower cost than is possible through direct investment, or to adjust portfolio duration and credit exposure. The risks associated with the use of derivatives are different from, and potentially much greater than, the risks associated with investing directly in the instruments on which the derivatives are based. Investments in derivatives can magnify returns positively or negatively; however, the fund at all times maintains sufficient cash reserves, liquid assets, or other SEC-permitted asset types to cover the settlement obligations under its open derivative contracts.

The fund values its derivatives at fair value, as described below and in Note 2, and recognizes changes in fair value currently in its results of operations. Accordingly, the fund does not follow hedge accounting, even for derivatives employed as economic hedges. The fund does not offset the fair value of derivative instruments and the right to reclaim or obligation to return collateral

executed with the same counterparty under a master netting arrangement. As of May 31, 2010, the fund held interest rate futures with cumulative unrealized gain of \$2,000 and cumulative unrealized loss of \$79,000; the value reflected on the accompanying Statement of Assets and Liabilities is the related unsettled variation margin.

Additionally, the amount of gains and losses on derivative instruments recognized in fund earnings during the year ended May 31, 2010, and the related location on the accompanying Statement of Operations is summarized in the following table by primary underlying risk exposure:

(\$000s)	Location of Gain (Loss) on Statement of Operations		
	Futures	Swaps	Total
Realized Gain (Loss)			
Interest rate derivatives	\$ (245)	\$ 1,939	\$ 1,694
Change in Unrealized Gain (Loss)			
Interest rate derivatives	\$ (56)	\$ -	\$ (56)

Futures Contracts The fund is subject to interest rate risk in the normal course of pursuing its investment objectives and uses futures contracts to help manage such risk. The fund may enter into futures contracts to manage exposure to interest rate and yield curve movements, security prices, foreign currencies, credit quality, and mortgage prepayments; as an efficient means of adjusting exposure to all or part of a target market; to enhance income; as a cash management tool; and/or to adjust portfolio duration and credit exposure. A futures contract provides for the future sale by one party and purchase by another of a specified amount of a particular underlying financial instrument at an agreed-upon price, date, time, and place. The fund currently invests only in exchange-traded futures, which generally are standardized as to maturity date, underlying financial instrument, and other contract terms. Upon entering into a futures contract, the fund is required to deposit with the broker cash or securities in an amount equal to a certain percentage of the contract value (initial margin deposit); the margin deposit must then be maintained at the established level over the life of the contract. Subsequent payments are made or received by the fund each day to settle daily fluctuations in the value of the contract (variation margin), which reflect changes in the value of the underlying financial instrument. Variation margin is recorded as unrealized gain or loss until the contract

is closed. The value of a futures contract included in net assets is the amount of unsettled variation margin; net variation margin receivable is reflected as an asset, and net variation margin payable is reflected as a liability on the accompanying Statement of Assets and Liabilities. Risks related to the use of futures contracts include possible illiquidity of the futures markets, contract prices that can be highly volatile and imperfectly correlated to movements in hedged security values and/or interest rates, and potential losses in excess of the fund's initial investment. During the year ended May 31, 2010, the fund's exposure to futures, based on underlying notional amounts, was generally between 0% and 6% of net assets.

Interest Rate Swaps The fund is subject to interest rate risk in the normal course of pursuing its investment objectives and uses swap contracts to help manage such risk. The fund may use swaps in an effort to manage exposure to changes in interest rates and credit quality, to adjust overall exposure to certain markets, to enhance total return or protect the value of portfolio securities, to serve as a cash management tool, and/or to adjust portfolio duration and credit exposure. Interest rate swaps are agreements to exchange cash flows based on the difference between specified interest rates applied to a notional principal amount for a specified period of time. The value of a swap included in net assets is the unrealized gain or loss on the contract plus or minus any unamortized premiums paid or received, respectively. Appreciated swaps and premiums paid are reflected as assets, and depreciated swaps and premiums received are reflected as liabilities on the accompanying Statement of Assets and Liabilities. Net periodic receipts or payments required by swaps are accrued daily and are recorded as realized gain or loss for financial reporting purposes; fluctuations in the fair value of swaps are reflected in the change in net unrealized gain or loss and are reclassified to realized gain or loss upon termination prior to maturity or cash settlement. Risks related to the use of interest rate swaps include the potential for unanticipated movements in interest and/or currency rates, the possible failure of a counterparty to perform in accordance with the terms of the swap agreements, potential government regulation that could adversely affect the fund's swap investments, and potential losses in excess of the fund's initial investment. During the year ended May 31, 2010, the fund's exposure to swaps, based on underlying notional amounts, was generally between 0% and 6% of net assets.

Counterparty Risk and Collateral The fund has entered into collateral agreements with certain counterparties to mitigate counterparty risk associated with over-the-counter (OTC) derivatives, including swaps and forward currency

exchange contracts. Subject to certain minimum exposure requirements (which range from \$100,000 to \$500,000), collateral generally is determined based on the net aggregate unrealized gain or loss on all OTC derivative contracts with a particular counterparty. Collateral, both pledged by and for the benefit of the fund, is held in a segregated account by a third-party agent and can be in the form of cash or debt securities issued by the U.S. government or related agencies. Securities posted as collateral by the fund are so noted in the accompanying Portfolio of Investments and remain in the fund's net assets. As of May 31, 2010, no collateral was pledged by either the fund or counterparties.

At any point in time, the fund's risk of loss from counterparty credit risk on OTC derivatives is the aggregate unrealized gain on appreciated contracts in excess of any collateral pledged by the counterparty for the benefit of the fund. Counterparty risk related to exchange-traded futures and options contracts is minimal because the exchange's clearinghouse provides protection against defaults. In accordance with standard derivatives agreements, counterparties to OTC derivatives may be able to terminate derivative contracts prior to maturity in the event the fund fails to maintain sufficient asset coverage; its net assets decline by stated percentages; or it otherwise fails to meet the terms of its agreements, which would cause the fund to accelerate payment of any net liability owed to the counterparty under the contract. For exchange-traded derivatives such as futures and options, each broker, in its sole discretion, may change margin requirements applicable to the fund.

NOTE 4 - OTHER INVESTMENT TRANSACTIONS

Consistent with its investment objective, the fund engages in the following practices to manage exposure to certain risks and/or to enhance performance. The investment objective, policies, program, and risk factors of the fund are described more fully in the fund's prospectus and Statement of Additional Information.

Restricted Securities The fund may invest in securities that are subject to legal or contractual restrictions on resale. Prompt sale of such securities at an acceptable price may be difficult and may involve substantial delays and additional costs.

TBA Purchase Commitments During the year ended May 31, 2010, the fund entered into to be announced (TBA) purchase commitments, pursuant to which it agrees to purchase mortgage-backed securities for a fixed unit price, with

payment and delivery at a scheduled future date beyond the customary settlement period for that security. With TBA transactions, the particular securities to be delivered are not identified at the trade date; however, delivered securities must meet specified terms, including issuer, rate, and mortgage term, and be within industry-accepted “good delivery” standards. The fund generally enters into TBA transactions with the intention of taking possession of the underlying mortgage securities. Until settlement, the fund maintains cash reserves and liquid assets sufficient to settle its TBA commitments.

T. Rowe Price Term Asset-Backed Opportunity Fund, L.L.C. During the year ended May 31, 2010, the fund invested in the T. Rowe Price Term Asset-Backed Opportunity Fund, L.L.C. (private fund), a private investment company managed by Price Associates that participates in the Term Asset-Backed Securities Loan Facility (TALF) program created and administered by the Federal Reserve Bank of New York (FRBNY). The TALF program provides eligible borrowers with term loans secured by eligible asset-backed securities and/or commercial mortgage-backed securities, which are either owned by the borrower or purchased by the borrower and subsequently pledged as collateral for a TALF loan. TALF loans generally are nonrecourse in nature. The private fund is treated as a partnership for federal income tax purposes. It has a limited life extending five years from final termination of the TALF program, currently scheduled for June 30, 2010, with two possible one-year extensions. Invested capital generally will be returned to investors as underlying securities are liquidated and the TALF loans mature, with the balance paid at maturity of the private fund. Ownership interests in the private fund may not be redeemed, sold, or assigned. As of May 31, 2010, the fund had outstanding capital commitments in the amount of \$6,116,000 which may be called at the discretion of the private fund’s manager.

Other Purchases and sales of portfolio securities other than short-term and U.S. government securities aggregated \$72,612,000 and \$67,788,000, respectively, for the year ended May 31, 2010. Purchases and sales of U.S. government securities aggregated \$1,094,036,000 and \$1,067,008,000, respectively, for the year ended May 31, 2010.

NOTE 5 - FEDERAL INCOME TAXES

No provision for federal income taxes is required since the fund intends to continue to qualify as a regulated investment company under Subchapter M of the Internal Revenue Code and distribute to shareholders all of its taxable income

and gains. Distributions determined in accordance with federal income tax regulations may differ in amount or character from net investment income and realized gains for financial reporting purposes. Financial reporting records are adjusted for permanent book/tax differences to reflect tax character but are not adjusted for temporary differences.

The fund files U.S. federal, state, and local tax returns as required. The fund's tax returns are subject to examination by the relevant tax authorities until expiration of the applicable statute of limitations, which is generally three years after filing of the tax return but could be longer in certain circumstances.

Reclassifications between income and gain relate primarily to the character of paydown gains and losses on asset-backed securities. For the year ended May 31, 2010, the following reclassifications were recorded to reflect tax character; there was no impact on results of operations or net assets:

(\$000s)	
Undistributed net investment income	\$ 5,150
Undistributed net realized gain	(5,149)
Paid-in capital	(1)

Distributions during the years ended May 31, 2010 and May 31, 2009, totaled \$64,494,000 and \$64,239,000, respectively, and were characterized as ordinary income for tax purposes. At May 31, 2010, the tax-basis cost of investments and components of net assets were as follows:

(\$000s)	
Cost of investments	\$ 1,417,406
Unrealized appreciation	\$ 66,704
Unrealized depreciation	(2,145)
Net unrealized appreciation (depreciation)	64,559
Undistributed ordinary income	10,083
Capital loss carryforwards	(26,383)
Paid-in capital	1,437,799
Net assets	\$ 1,486,058

The fund intends to retain realized gains to the extent of available capital loss carryforwards. The fund's unused capital loss carryforwards as of May 31, 2010, expire: \$5,093,000 in fiscal 2012, \$4,682,000 in fiscal 2013, \$7,179,000 in fiscal 2014, \$9,033,000 in fiscal 2015, \$306,000 in fiscal 2016 and \$90,000 in fiscal 2018.

NOTE 6 - RELATED PARTY TRANSACTIONS

The fund is managed by T. Rowe Price Associates, Inc. (the manager or Price Associates), a wholly owned subsidiary of T. Rowe Price Group, Inc. The investment management agreement between the fund and the manager provides for an annual investment management fee, which is computed daily and paid monthly. The fee consists of an individual fund fee, equal to 0.15% of the fund's average daily net assets, and a group fee. The group fee rate is calculated based on the combined net assets of certain mutual funds sponsored by Price Associates (the group) applied to a graduated fee schedule, with rates ranging from 0.48% for the first \$1 billion of assets to 0.285% for assets in excess of \$220 billion. The fund's group fee is determined by applying the group fee rate to the fund's average daily net assets. At May 31, 2010, the effective annual group fee rate was 0.30%.

In addition, the fund has entered into service agreements with Price Associates and two wholly owned subsidiaries of Price Associates (collectively, Price). Price Associates computes the daily share price and provides certain other administrative services to the fund. T. Rowe Price Services, Inc., provides shareholder and administrative services in its capacity as the fund's transfer and dividend disbursing agent. T. Rowe Price Retirement Plan Services, Inc., provides subaccounting and recordkeeping services for certain retirement accounts invested in the fund. For the year ended May 31, 2010, expenses incurred pursuant to these service agreements were \$110,000 for Price Associates; \$593,000 for T. Rowe Price Services, Inc.; and \$211,000 for T. Rowe Price Retirement Plan Services, Inc. The total amount payable at period-end pursuant to these service agreements is reflected as Due to Affiliates in the accompanying financial statements.

The fund is also one of several mutual funds sponsored by Price Associates (underlying Price funds) in which the T. Rowe Price Spectrum Funds (Spectrum Funds) may invest. The Spectrum Funds do not invest in the underlying Price funds for the purpose of exercising management or control. Pursuant to a special servicing agreement, expenses associated with the

operation of the Spectrum Funds are borne by each underlying Price fund to the extent of estimated savings to it and in proportion to the average daily value of its shares owned by the Spectrum Funds. Expenses allocated under this agreement are reflected as shareholder servicing expense in the accompanying financial statements. For the year ended May 31, 2010, the fund was allocated \$882,000 of Spectrum Funds' expenses, of which \$617,000 related to services provided by Price. The amount payable at period-end pursuant to this agreement is reflected as Due to Affiliates in the accompanying financial statements. At May 31, 2010, approximately 33% of the outstanding shares of the fund were held by the Spectrum Funds.

The fund may invest in the T. Rowe Price Reserve Investment Fund and the T. Rowe Price Government Reserve Investment Fund (collectively, the T. Rowe Price Reserve Investment Funds), open-end management investment companies managed by Price Associates and considered affiliates of the fund. The T. Rowe Price Reserve Investment Funds are offered as cash management options to mutual funds, trusts, and other accounts managed by Price Associates and/or its affiliates and are not available for direct purchase by members of the public. The T. Rowe Price Reserve Investment Funds pay no investment management fees.

To the Board of Directors and Shareholders of T. Rowe Price GNMA Fund

In our opinion, the accompanying statement of assets and liabilities, including the portfolio of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of T. Rowe Price GNMA Fund (the “Fund”) at May 31, 2010, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as “financial statements”) are the responsibility of the Fund’s management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at May 31, 2010 by correspondence with the custodian and brokers, and confirmation of the underlying funds by correspondence with the transfer agent and recordkeeper, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP
Baltimore, Maryland
July 16, 2010

TAX INFORMATION (UNAUDITED) FOR THE TAX YEAR ENDED 5/31/10

We are providing this information as required by the Internal Revenue Code. The amounts shown may differ from those elsewhere in this report because of differences between tax and financial reporting requirements.

The fund's distributions to shareholders included \$316,000 from short-term capital gains.

INFORMATION ON PROXY VOTING POLICIES, PROCEDURES, AND RECORDS

A description of the policies and procedures used by T. Rowe Price funds and portfolios to determine how to vote proxies relating to portfolio securities is available in each fund's Statement of Additional Information, which you may request by calling 1-800-225-5132 or by accessing the SEC's Web site, www.sec.gov. The description of our proxy voting policies and procedures is also available on our Web site, www.troweprice.com. To access it, click on the words "Our Company" at the top of our corporate homepage. Then, when the next page appears, click on the words "Proxy Voting Policies" on the left side of the page.

Each fund's most recent annual proxy voting record is available on our Web site and through the SEC's Web site. To access it through our Web site, follow the directions above, then click on the words "Proxy Voting Records" on the right side of the Proxy Voting Policies page.

HOW TO OBTAIN QUARTERLY PORTFOLIO HOLDINGS

The fund files a complete schedule of portfolio holdings with the Securities and Exchange Commission for the first and third quarters of each fiscal year on Form N-Q. The fund's Form N-Q is available electronically on the SEC's Web site (www.sec.gov); hard copies may be reviewed and copied at the SEC's Public Reference Room, 450 Fifth St. N.W., Washington, DC 20549. For more information on the Public Reference Room, call 1-800-SEC-0330.

APPROVAL OF INVESTMENT MANAGEMENT AGREEMENT

On March 9, 2010, the fund's Board of Trustees (Board) unanimously approved the continuation of the investment advisory contract (Contract) between the fund and its investment manager, T. Rowe Price Associates, Inc. (Adviser). The Board considered a variety of factors in connection with its review of the Contract, also taking into account information provided by the Adviser during the course of the year, as discussed below:

Services Provided by the Adviser

The Board considered the nature, quality, and extent of the services provided to the fund by the Adviser. These services included, but were not limited to, management of the fund's portfolio and a variety of related activities, as well as financial and administrative services, reporting, and communications. The Board also reviewed the background and experience of the Adviser's senior management team and investment personnel involved in the management of the fund. The Board concluded that it was satisfied with the nature, quality, and extent of the services provided by the Adviser.

Investment Performance of the Fund

The Board reviewed the fund's average annual total returns over the 1-, 3-, 5-, and 10-year periods, as well as the fund's year-by-year returns, and compared these returns with a wide variety of previously agreed upon comparable performance measures and market data, including those supplied by Lipper and Morningstar, which are independent providers of mutual fund data. On the basis of this evaluation and the Board's ongoing review of investment results, and factoring in the severity of the market turmoil during 2008 and 2009, the Board concluded that the fund's performance was satisfactory.

Costs, Benefits, Profits, and Economies of Scale

The Board reviewed detailed information regarding the revenues received by the Adviser under the Contract and other benefits that the Adviser (and its affiliates) may have realized from its relationship with the fund, including research received under "soft dollar" agreements and commission-sharing arrangements with broker-dealers. The Board considered that the Adviser may receive some benefit from its soft-dollar arrangements pursuant to which it receives research from broker-dealers that execute the applicable fund's portfolio transactions. The Board also received information on the estimated costs incurred and profits realized by the Adviser and its affiliates from advising T. Rowe Price mutual funds, as well as estimates of the gross profits realized from managing the fund in particular. The Board concluded that the Adviser's profits were reasonable in light of the services provided to the fund. The Board also considered whether the fund or other funds benefit under the fee levels set forth in the Contract from any economies of scale realized by the Adviser. Under the Contract, the fund pays a fee to the Adviser composed of two components—a group fee rate based on the aggregate assets of certain T. Rowe Price mutual funds (including the fund) that declines at certain asset levels and an individual fund fee rate that is assessed on the assets of the fund. The Board concluded that the advisory fee structure for the fund continued to provide for a reasonable sharing of benefits from any economies of scale with the fund's investors.

APPROVAL OF INVESTMENT MANAGEMENT AGREEMENT (CONTINUED)

Fees

The Board reviewed the fund's management fee rate, operating expenses, and total expense ratio and compared them with fees and expenses of other comparable funds based on information and data supplied by Lipper. The information provided to the Board indicated that the fund's management fee rate was above the median for comparable funds, and the fund's total expense ratio was above the median for certain groups of comparable funds but at or below the median for other groups of comparable funds. The Board also reviewed the fee schedules for institutional accounts of the Adviser and its affiliates with smaller mandates. Management informed the Board that the Adviser's responsibilities for institutional accounts are more limited than its responsibilities for the fund and other T. Rowe Price mutual funds that it or its affiliates advise and that the Adviser performs significant additional services and assumes greater risk for the fund and other T. Rowe Price mutual funds that it advises than it does for institutional accounts. On the basis of the information provided, the Board concluded that the fees paid by the fund under the Contract were reasonable.

Approval of the Contract

As noted, the Board approved the continuation of the Contract. No single factor was considered in isolation or to be determinative to the decision. Rather, the Board was assisted by the advice of independent legal counsel and concluded, in light of a weighting and balancing of all factors considered, that it was in the best interests of the fund to approve the continuation of the Contract, including the fees to be charged for services thereunder.

ABOUT THE FUND'S TRUSTEES AND OFFICERS

Your fund is overseen by a Board of Trustees (Board) that meets regularly to review a wide variety of matters affecting the fund, including performance, investment programs, compliance matters, advisory fees and expenses, service providers, and other business affairs. The Board elects the fund's officers, who are listed in the final table. At least 75% of Board members are independent of T. Rowe Price Associates, Inc. (T. Rowe Price), and T. Rowe Price International, Inc. (T. Rowe Price International); "inside" or "interested" trustees are employees or officers of T. Rowe Price. The business address of each trustee and officer is 100 East Pratt Street, Baltimore, Maryland 21202. The Statement of Additional Information includes additional information about the fund trustees and is available without charge by calling a T. Rowe Price representative at 1-800-225-5132.

Independent Trustees

Name (Year of Birth) Year Elected*	Principal Occupation(s) During Past Five Years and Directorships of Other Public Companies
William R. Brody (1944) 2009	President and Trustee, Salk Institute for Biological Studies (2009 to present); Director, Novartis, Inc. (2009 to present); Director, IBM (2007 to present); President and Trustee, Johns Hopkins University (1996 to 2009); Chairman of Executive Committee and Trustee, Johns Hopkins Health System (1996 to 2009)
Jeremiah E. Casey (1940) 2006	Director, National Life Insurance (2001 to 2005); Director, NLV Financial Corporation (2004 to 2005)
Anthony W. Deering (1945) 1985	Chairman, Exeter Capital, LLC, a private investment firm (2004 to present); Director, Under Armour (2008 to present); Director, Vornado Real Estate Investment Trust (2004 to present); Director, Mercantile Bankshares (2002 to 2007); Member, Advisory Board, Deutsche Bank North America (2004 to present)
Donald W. Dick, Jr. (1943) 2001	Principal, EuroCapital Partners, LLC, an acquisition and management advisory firm (1995 to present)
Karen N. Horn (1943) 2003	Senior Managing Director, Brock Capital Group, an advisory and investment banking firm (2004 to present); Director, Eli Lilly and Company (1987 to present); Director, Simon Property Group (2004 to present); Director, Norfolk Southern (2008 to present); Director, Georgia Pacific (2004 to 2005); Director, Fannie Mae (2006 to 2008)
Theo C. Rodgers (1941) 2005	President, A&R Development Corporation (1977 to present)

*Each independent trustee oversees 125 T. Rowe Price portfolios and serves until retirement, resignation, or election of a successor.

Independent Trustees (continued)

Name (Year of Birth) Year Elected*	Principal Occupation(s) During Past Five Years and Directorships of Other Public Companies
John G. Schreiber (1946) 1992	Owner/President, Centaur Capital Partners, Inc., a real estate investment company (1991 to present); Cofounder and Partner, Blackstone Real Estate Advisors, L.P. (1992 to present)
Mark R. Tercek (1957) 2009	President and Chief Executive Officer, The Nature Conservancy (2008 to present); Managing Director, The Goldman Sachs Group, Inc. (1984 to 2008)

*Each independent trustee oversees 125 T. Rowe Price portfolios and serves until retirement, resignation, or election of a successor.

Inside Trustees

Name (Year of Birth) Year Elected* [Number of T. Rowe Price Portfolios Overseen]	Principal Occupation(s) During Past Five Years and Directorships of Other Public Companies
Edward C. Bernard (1956) 2006 [125]	Director and Vice President, T. Rowe Price; Vice Chairman of the Board, Director, and Vice President, T. Rowe Price Group, Inc.; Chairman of the Board, Director, and President, T. Rowe Price Investment Services, Inc.; Chairman of the Board and Director, T. Rowe Price Global Asset Management Limited, T. Rowe Price Global Investment Services Limited, T. Rowe Price Retirement Plan Services, Inc., T. Rowe Price Savings Bank, and T. Rowe Price Services, Inc.; Director, T. Rowe Price International, Inc.; Chief Executive Officer, Chairman of the Board, Director, and President, T. Rowe Price Trust Company; Chairman of the Board, all funds
Michael C. Gitlin (1970) 2010 [39]	Vice President, T. Rowe Price, T. Rowe Price Global Investment Services Limited, T. Rowe Price Group, Inc., and T. Rowe Price International, Inc.; Director of Fixed Income, T. Rowe Price (2009 to present); Global Head of Trading, T. Rowe Price (2007 to 2009); formerly Head of U.S. Equity Sales, Citigroup Global Markets (2005 to 2007)

*Each inside trustee serves until retirement, resignation, or election of a successor.

Officers

Name (Year of Birth)	Position Held With GNMA Fund	Principal Occupation(s)
Christopher P. Brown (1977)	Vice President	Assistant Vice President, T. Rowe Price
Roger L. Fiery III, CPA (1959)	Vice President	Vice President, T. Rowe Price, T. Rowe Price Group, Inc., T. Rowe Price International, Inc., and T. Rowe Price Trust Company
John R. Gilner (1961)	Chief Compliance Officer	Chief Compliance Officer and Vice President, T. Rowe Price; Vice President, T. Rowe Price Group, Inc., and T. Rowe Price Investment Services, Inc.
Gregory S. Golczewski (1966)	Vice President	Vice President, T. Rowe Price and T. Rowe Price Trust Company
Gregory K. Hinkle, CPA (1958)	Treasurer	Vice President, T. Rowe Price, T. Rowe Price Group, Inc., and T. Rowe Price Trust Company; formerly Partner, PricewaterhouseCoopers LLP (to 2007)
Keir R. Joyce, CFA (1972)	Vice President	Vice President, T. Rowe Price and T. Rowe Price Group, Inc.
Alan D. Levenson, Ph.D. (1958)	Vice President	Vice President, T. Rowe Price and T. Rowe Price Group, Inc.
Patricia B. Lippert (1953)	Secretary	Assistant Vice President, T. Rowe Price and T. Rowe Price Investment Services, Inc.
Andrew McCormick (1960)	President	Vice President, T. Rowe Price, T. Rowe Price Group, Inc., and T. Rowe Price Trust Company; formerly Chief Investment Officer, IMPAC Mortgage Holdings (to 2008); Senior Portfolio Manager, Avenue Capital Group (to 2006); and Senior Vice President, Portfolio Transactions, Federal National Mortgage Association (to 2005)

Unless otherwise noted, officers have been employees of T. Rowe Price or T. Rowe Price International for at least five years

Officers (continued)

Name (Year of Birth) Position Held With GNMA Fund	Principal Occupation(s)
David Oestreicher (1967) Vice President	Director and Vice President, T. Rowe Price Investment Services, Inc., T. Rowe Price Trust Company, and T. Rowe Price Services, Inc.; Vice President, T. Rowe Price, T. Rowe Price Global Asset Management Limited, T. Rowe Price Global Investment Services Limited, T. Rowe Price Group, Inc., T. Rowe Price International, Inc., and T. Rowe Price Retirement Plan Services, Inc.
Deborah D. Seidel (1962) Vice President	Vice President, T. Rowe Price, T. Rowe Price Investment Services, Inc., and T. Rowe Price Services, Inc.
Julie L. Waples (1970) Vice President	Vice President, T. Rowe Price
John D. Wells (1960) Vice President	Vice President, T. Rowe Price, T. Rowe Price Group, Inc., and T. Rowe Price Savings Bank

Unless otherwise noted, officers have been employees of T. Rowe Price or T. Rowe Price International for at least five years

INVESTMENT SERVICES AND INFORMATION

KNOWLEDGEABLE SERVICE REPRESENTATIVES

By Phone: 1-800-225-5132. Available Monday through Friday from 8 a.m. until 10 p.m. ET and Saturday from 8:30 a.m. until 5 p.m. ET.

In Person at a T. Rowe Price Investor Center. Please visit the Web at troweprice.com/investorcenter or call 1-800-225-5132 to locate a center near you.

ACCOUNT SERVICES

Automated 24-Hour Services Including Tele* AccessSM and account access through the T. Rowe Price Web site at troweprice.com.

Automatic Investing. From your bank account or paycheck.

Automatic Withdrawal. Scheduled, periodic redemptions.

IRA Rebalancing. Automatically rebalance to ensure that your accounts reflect your desired asset allocations.

BROKERAGE SERVICES[‡]

Trade stocks, mutual funds, ETFs, bonds, options, CDs, precious metals, and more at competitive commissions.

INVESTMENT INFORMATION

Consolidated Statement. Overview of all of your accounts.

Shareholder Reports. Manager reviews of their strategies and results.

T. Rowe Price Report. Quarterly investment newsletter.

T. Rowe Price Investor. Quarterly publication of insightful financial articles.

Investment Guides. International Investing Guide; Guide to Bond Funds; Retirement Savings Guide; and Retirement Readiness Guide.

FINANCIAL INTERMEDIARIES AND ADVISORS

By Phone: 1-877-804-2315. Contact us Monday through Friday from 8:30 a.m. until 6 p.m. ET.

By Mail: T. Rowe Price, Financial Institution Services, P.O. Box 89000, Baltimore, MD 21289-4232.

CUSTOMERS WHO TRADE THROUGH A FINANCIAL INTERMEDIARY

Please contact your intermediary or financial professional for assistance.

[‡] Options trading involves additional risk and is not suitable for all investors. Brokerage services offered by T. Rowe Price Investment Services, Inc., member FINRA/SIPC.

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LOG IN AND MANAGE YOUR INVESTMENTS ONLINE

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We offer a consolidated view of your T. Rowe Price mutual fund and brokerage accounts. You can sort accounts, customize their groupings, and/or grant View Access to others as you see fit. Analyze your portfolio with **Portfolio Growth Tracker**. Track the historical growth of your mutual fund investments over time. The analysis consists of three components: Activity Summary, Asset Allocation, and Net Investment versus Market Value.

ONLINE SERVICING

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Enroll to receive your transaction confirmations, investor statements, prospectuses, and shareholder reports online instead of by U.S. mail. You will receive an e-mail with a link to our Web site informing you that your document is available to view online, print, or download. For your convenience and recordkeeping purposes, you will continue to receive your end-of-year summary statement by mail.

Join our E-mail Program to receive market and fund information by e-mail.

Receive timely market reports, performance of T. Rowe Price mutual funds, investment and market insights from T. Rowe Price managers, and more.

INVESTMENT GUIDANCE AND TOOLS

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Morningstar® Portfolio Manager enables you to track, rebalance, and analyze your portfolio.

Morningstar Portfolio X-Ray® is a comprehensive tool that provides an in-depth examination of your exposure to different sectors, stock types, sub-asset classes, and global diversification.

Retirement Income Calculator.

FINANCIAL INTERMEDIARIES AND ADVISORS

troweprice.com/financialintermediaries

This secure site is designed for professional financial intermediaries and advisors. Financial professionals may access daily prices and historical performance of mutual funds; view market research, manager commentary, and sales ideas; and access literature and forms. For U.S. technical assistance, call 1-888-358-8490 or e-mail us at onlinehelp@troweprice.com. For non-U.S. technical assistance, call +1 (410) 345 4400 or contact us via e-mail.

T. ROWE PRICE RETIREMENT SERVICES

T. Rowe Price offers unique retirement services that can help you meet a broad variety of planning challenges. Our retirement tools are suitable for individuals, the self-employed, small businesses, corporations, and nonprofit organizations. For more information, call **1-800-IRA-5000** or visit our Web site at **troweprice.com/retirement**.

INVESTMENT ACCOUNTS

Rollover IRAs. When you are changing jobs, retiring, or deciding what to do with the money left in a former employer's retirement plan, a Rollover IRA can be the smart move. Call toll-free 1-800-IRA-5000. Our rollover specialists can open your account over the phone and handle most of the paperwork for you. They'll even contact your former employer to help move your money.

Roth IRAs. Your contributions can grow tax-deferred for retirement and distributions are potentially tax-free. Open your account over the phone by calling 1-800-IRA-5000 or online at troweprice.com/ira.

Traditional IRAs. Call 1-800-IRA-5000 or visit troweprice.com/ira to open one of these tax-deferred retirement accounts. In some cases, contributions may be tax-deductible.

Small Business Retirement Plans. If you're self-employed or run a small business or professional practice, T. Rowe Price can help you establish a cost-effective retirement plan that's easy to set up and maintain.

403(b) Custodial Accounts. For those employed by a school, university, church, or other nonprofit organization.

INVESTMENT GUIDANCE

T. Rowe Price Advisory Planning Services offers a wide range of services that provide expert advice based on your individual needs and financial goals, including consultations with an advisory counselor. Please contact one of our specialists at **1-800-844-9424** to determine the most appropriate service to fit your needs.*

* Services offered by T. Rowe Price Advisory Services, Inc., a federally registered investment adviser. There may be costs associated with these services.

T. ROWE PRICE MUTUAL FUNDS

This page contains supplementary information that is not part of the shareholder report.

STOCK FUNDS

Domestic

Blue Chip Growth*
Capital Appreciation*
Capital Opportunity*
Diversified Mid-Cap Growth
Diversified Small-Cap Growth
Dividend Growth*
Equity Income*
Equity Index 500
Extended Equity Market Index
Financial Services
Growth & Income
Growth Stock*
Health Sciences
Media & Telecommunications
Mid-Cap Growth**
Mid-Cap Value**
New America Growth*
New Era
New Horizons
Real Estate*
Science & Technology*
Small-Cap Stock*
Small-Cap Value*
Spectrum Growth
Tax-Efficient Equity
Total Equity Market Index
U.S. Large-Cap Core*
Value*

ASSET ALLOCATION FUNDS

Balanced
Personal Strategy Balanced
Personal Strategy Growth
Personal Strategy Income
Retirement 2005*
Retirement 2010*
Retirement 2015*
Retirement 2020*

ASSET ALLOCATION FUNDS (CONT.)

Retirement 2025*
Retirement 2030*
Retirement 2035*
Retirement 2040*
Retirement 2045*
Retirement 2050*
Retirement 2055*
Retirement Income*

BOND FUNDS

Domestic Taxable

Corporate Income
GNMA
High Yield*
Inflation Protected Bond
New Income*
Short-Term Bond*
Spectrum Income
Strategic Income*
Summit GNMA
U.S. Bond Index
U.S. Treasury Intermediate
U.S. Treasury Long-Term

Domestic Tax-Free

California Tax-Free Bond
Georgia Tax-Free Bond
Maryland Short-Term
Tax-Free Bond
Maryland Tax-Free Bond
New Jersey Tax-Free Bond
New York Tax-Free Bond
Summit Municipal Income
Summit Municipal Intermediate
Tax-Free High Yield
Tax-Free Income*
Tax-Free Short-Intermediate
Virginia Tax-Free Bond

MONEY MARKET FUNDS

Taxable

Prime Reserve
Summit Cash Reserves
U.S. Treasury Money

Tax-Free

California Tax-Free Money
Maryland Tax-Free Money
New York Tax-Free Money
Summit Municipal Money Market
Tax-Exempt Money

INTERNATIONAL/GLOBAL FUNDS

Stock

Africa & Middle East
Emerging Europe & Mediterranean
Emerging Markets Stock
European Stock
Global Infrastructure*
Global Large-Cap Stock*
Global Real Estate*
Global Stock*
Global Technology
International Discovery
International Equity Index
International Growth & Income*
International Stock*
Japan
Latin America
New Asia
Overseas Stock
Spectrum International

Bond

Emerging Markets Bond
International Bond*

For more information about T. Rowe Price funds or services, please contact us directly at 1-800-225-5132. 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.

Investments in the money market funds are not insured or guaranteed by the FDIC or any other government agency. Although the funds seek to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the funds.

* T. Rowe Price Advisor and R Classes may be available for these funds. T. Rowe Price Advisor and R Classes are offered only through financial intermediaries. For more information about T. Rowe Price Advisor and R Classes, contact your financial professional or call T. Rowe Price at 1-877-804-2315.

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



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